



# Council

## Budget Meeting

Town Hall  
Wallasey

22 February, 2012

Dear Councillor

You are hereby summoned to attend a meeting of the Council to be held at **6.15 pm on Thursday, 1 March 2012** in the Council Chamber, within the Town Hall, Wallasey, to take into consideration and determine upon the following subjects :

**Contact Officer:** Andrew Mossop  
**Tel:** 0151 691 8501  
**e-mail:** [andrewmossop@wirral.gov.uk](mailto:andrewmossop@wirral.gov.uk)  
**Website:** <http://www.wirral.gov.uk>

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## AGENDA

### 1. DECLARATIONS OF INTEREST

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

### 2. MAYOR'S COMMUNICATIONS

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

### 3. PETITIONS

To receive petitions submitted in accordance with Standing Order 21.

### 4. MINUTES (Pages 1 - 36)

To receive as a correct record the minutes of the meeting(s) of the Council held on 13 February, 2012.

**5. MATTERS FOR NOTING (Pages 37 - 40)**

The Budget Council Procedure, approved by Cabinet on 21 February, 2012, is attached.

**6. MATTERS REQUIRING APPROVAL BY THE COUNCIL**

**6a COUNCIL BUDGET 2012/13 (Pages 41 – 94)**

On a motion by the Leader of the Council, to approve recommendations from the Cabinet meeting held on 21 February 2012 (attached), subject to consideration of any amendments received in accordance with Standing Order 7(2) or Standing Order 13 (Budget Council Procedure) - see item 5 above and 8 below.

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

In such circumstances, the Budget and Policy Framework provides for the Director to call another meeting of the Council within a further five days. The Council will then be required to reconsider its decision, and the Leader's written submission, within a further five working days. The actual position is that a reserve date (Wednesday 7 March) has been set aside for considering any objection by the Leader. At that second meeting the Council can:

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

by a simple majority of votes cast at the meeting.

The minutes of the Cabinet meeting on 21 February will be circulated separately. The following reports to Cabinet are attached, unless stated otherwise:

- Council Budget 2012/13
- Schools Budget 2012/13  
*(Copies of the Estimates 2012/13 (Blue Book) have been circulated separately to all Members)*
- Treasury Management and Investment Strategy 2012/15 (Report attached)
- Carbon Budget 2012/13 (Report attached)

**6b PAY POLICY STATEMENT 2012/13 (Pages 95 – 114)**

The following matter will also be referred to the Council by the Employment and Appointments Committee at its meeting on 28 February, 2012:

- Pay Policy Statement 2012/13 (Report attached)

The Localism Act 2011 requires the Council to approve a Pay Policy by 31 March, 2012.

**6c CHANGING GOVERNANCE ARRANGEMENTS -  
PROPOSAL TO RETURN TO A COMMITTEE SYSTEM**

The Council will consider a report from the Director of Law, HR and Asset Management, on a proposal to return to a Committee system of governance (Report to follow).

**7. MATTERS REFERRED FROM OVERVIEW AND SCRUTINY COMMITTEES**

To consider and determine any references from overview and scrutiny committees, in particular any referrals from the special meeting of the Council Excellence O&S Committee at its meeting on 28 February, 2012.

**8. MATTERS FOR DEBATE**

Pursuant to Standing Order 5(2)(n), and in accordance with Standing Order 5(4), to consider written comments, objections or amendments to minutes submitted under Standing Order 7(2) and 13.

The Cabinet has agreed the procedure for this Council meeting which envisages one debate on the Budget.

**9. VACANCIES**

To receive nominations, in accordance with Standing Order 25(6), in respect of any proposed changes in the membership of the Cabinet and committees, and to approve nominations for appointments to outside organisations.

**10. ANY OTHER BUSINESS**

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



Director of Law, HR and Asset Management

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## COUNCIL

Monday, 13 February 2012

Present: The Mayor (Councillor Moira McLaughlin) in the Chair  
Deputy Mayor (Councillor Gerry Ellis)

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

Apologies Councillors P Gilchrist

Prior to the Mayor formally opening the meeting, the Mayor's Chaplain, Revd Bernard McConnell, led the Council in prayers.

### 100 **DECLARATIONS OF INTEREST**

The members of the Council were invited to consider whether they had a personal or prejudicial interest in connection with the matter to be determined at this meeting and, if so, to declare it and state the nature of such interest.

No such declarations were made.

### 101 **MAYOR'S COMMUNICATIONS**

One apology for absence was received from Councillor Gilchrist.

102 **FREEDOM OF ENTRY CONSIDERATION**

The Council considered a recommendation from Cabinet (minute 282 refers), at its meeting on 2 February, 2012, to confer Freedom of Entry to the Borough on the 234 (Wirral) Transport Squadron Royal Logistic Corps (Volunteers); and the 107 (Lancashire & Cheshire) Field Squadron Royal Engineers (Volunteers), both with Centres in Wirral in recognition of the service provided by each of them.

On a motion by Councillor Steve Foulkes, seconded by Councillor Jeff Green and with the full support of Councillor Tom Harney, it was –

**Resolved (unanimously) – That Cabinet minute 282 (2/2/12) be approved and consequently, in accordance with Section 249(5) of the Local Government Act 1972:**

**(1) This Council, do confer upon**

**The 107 (Lancashire & Cheshire) Field Squadron Royal Engineers (Volunteers) and the 234 (Wirral) Transport Squadron Royal Logistic Corps (Volunteers)**

**The Honorary Freedom of the Borough**

**in recognition of the service provided and the support to the Authority and residents of the Borough, during times of conflict and in peacetime and in the light of the long and close association between the Borough and the Squadrons, so granting to the 107 (Lancashire & Cheshire) Field Squadron Royal Engineers (Volunteers) and the 234 (Wirral) Transport Squadron Royal Logistic Corps (Volunteers)**

**Freedom of Entry into the Borough**

**and the right, privilege, honour and distinction of marching through the streets of Wirral on ceremonial occasions with bayonets fixed, drums beating and Colours flying.**

**(2) the Freedoms of Entry to the Borough be granted at a public / community ceremony to be held in Hamilton Square, Birkenhead on 21 April 2012; and**

**(3) the ceremony at (2) above be followed by a Medal Parade, officiated over by the Mayor, and a Civic Reception at Birkenhead Town Hall.**

# COUNCIL

Monday, 13 February 2012

Present: The Mayor (Councillor Moira McLaughlin) in the Chair  
Deputy Mayor (Councillor Gerry Ellis)

Councillors	RL Abbey	T Harney	D Realey
	T Anderson	P Hayes	L Rennie
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	E Boulton	M Hornby	L Rowlands
	A Bridson	P Johnson	J Salter
	A Brighthouse	M Johnston	H Smith
	S Clarke	AER Jones	T Smith
	W Clements	C Jones	W Smith
	A Cox	P Kearney	J Stapleton
	J Crabtree	J Keeley	A Sykes
	G Davies	S Kelly	S Taylor
	P Davies	B Kenny	J Walsh
	WJ Davies	I Lewis	G Watt
	D Dodd	A McArdle	S Whittingham
	P Doughty	D McCubbin	R Wilkins
	D Elderton	AR McLachlan	I Williams
	S Foulkes	C Meaden	KJ Williams
	P Gilchrist	D Mitchell	P Williams
	P Glasman	B Mooney	S Williams
	JE Green	S Mountney	K Wood
	P Hackett	S Niblock	
	J Hale	C Povall	

## 103 DECLARATIONS OF INTEREST

The Mayor, in opening this extraordinary meeting, made the following statement to the Council:

“I’m aware that there may be some concern about my involvement in this part of tonight’s meeting, and whether or not there is a requirement of me to declare a prejudicial interest. I am going to make a statement which sets out what my position will be, and the thinking and the advice I have had which has influenced me in reaching the decision as to what my involvement should properly be. It is a statement by me, and not part of any debate which may follow. In reaching my decision, I’ve consulted the Director of Law, who at my request will repeat the advice he gave me in a few moments. I have taken advice from an advisor from Standards for England, which accords with that given to me by the Director of Law, and I have consulted the Mayor’s Guidance Hand book, Paul Millwards “Civic Ceremonial”.

The events covered in this part of the Klonowski report have been the subject now of several internal investigations, three external investigations, a grievance hearing and a disciplinary hearing. Quite a number of members will have been involved with it in some way, whether through involvement with the working party on charging, in one of the internal or external investigations, have given evidence to the Klonowski enquiry

or as part of the panel for the grievance hearing or disciplinary hearing, and they may well have sought advice as I have.

I was the Lead Member for part of the time covered by the report. I gave evidence at the disciplinary hearings at the request of the members' panel, and I am currently Mayor, and these are the areas on which I sought advice.

Also I have previously declared a prejudicial interest on the advice of the Director of Law because of my friendship with a former Director of Social Services. My friendship with him continues.

I declared a prejudicial interest through the period covered by the disciplinary hearing against Officers, which followed from the publication of the PIDA in 2008 until that process was completed in 2009, at which point the former Director made it clear he would have no further involvement in any investigation, and I was then advised that I was no longer required to declare a prejudicial interest, but should continue to declare a personal interest.

At the first opportunity available to me after that, which was in November 2009, I made a speech to Council in which I set out what I had known about the charging policy and related issues, when I became aware of problems and my actions up to that time.

On that occasion I apologised to those people who had been affected by service failure that had taken place "on my watch" as Cabinet Lead.

I repeated that apology on two further occasions, once in 2010 and again in 2011.

Those apologies were sincerely given, and were an acceptance by me of a failure to be aware of the full extent of the problem. That failure by me was, and is, a matter great regret to me. Accepting that failure, however, is very different from demonstrating a lack of integrity.

I completely reject that at any time in this matter I have been involved in any deliberate wrong doing, any attempt to cover up wrong doing, or to protect others.

Allegations of this nature have been made against me, unbeknown to me, and similar ones against three other Councillors. They were looked at and dismissed by Standards Board for England, as not warranting further investigation with the judgement, and I'm quoting from the judgement statement "no cogent evidence was produced to support the allegations". Tonight members will discuss the part of the Klonowski report which covers Social Services. The section of the AKA report which covers corporate governance may also be discussed, as may the Martin Smith report on allegations of bullying by officers of the Council ,and the PIDA.

I have not been involved in the evidence gathering process for any of these reports and was not asked to be and though the Klonowski report has been redacted, I can tell you, I'm not referred to in it.

So to my position to day as Mayor, which is very different form the one I had 6 years ago or even last year. Indeed the Mayor's Guidance hand book clearly states, and



I'm quoting "Being Mayor is very different to being a Councillor. The role has different rules and different restraints. "

As Mayor, it is my duty to Chair meetings of this Council and to do so in a fair way. The responsibility I have, during the whole year, and at all times when I'm performing my duties, and again I'm quoting from the guidance is "To be politically neutral and step back from politics for the term of office ", and a Mayor is obviously excluded from participation in any debate. In this respect, it is different from the position of Deputy Mayor who only has that requirement at times when they are acting for the Mayor. I have, during my term of office rigorously fulfilled the requirement to be impartial.

While Chairing meetings of this Council I have done everything I can to facilitate open and respectful debate between the parties, and I have been even-handed at times when I have had to remind members of their responsibility not to overstep the boundary of proper behaviour in this chamber. And I will continue to Chair Council in this way.

Similarly, when I'm engaged on civic duties, I have remained completely apolitical. I have treated all elected members in the same way, and I hope they will agree, all with courtesy, and have made no political comment on any subject.

Making the decision as to what is the proper position for me to take at this meeting has been difficult. I have listened carefully to the advice I've been given and I have balanced up different factors. I am in a different position now than I have been in before.

I have not been involved in the production of any of the internal or external reports which have lead to the Klonowski report being commissioned, nor have I been asked to, and I have not been involved in the production of the Klonowski report itself, nor was I asked to be, and I have not been referred to in it.

But I have a continuing friendship with someone who features heavily in the report, though I have not discussed the content with him. The guidance on this is the test as to whether or not an association with a person involved in an issue would be viewed by a member of the General public as likely to influence the judgement of a member. The final responsibility, of course, in making a decision rests with the member, and so I feel I must err on the side of caution by declaring a personal prejudicial interest by virtue of the fact that I have a friendship with an interested party, and pass over the chairing of this part of the meeting to the Deputy Mayor.

I believe this is the correct decision and would be supported as such in the event of challenge."

The Director of Law, HR and Asset Management confirmed that this was his advice to the Mayor that she should declare a personal prejudicial interest by virtue of her friendship with an interested party.

Councillor Mrs P M Williams, having then also taken advice from the Director of Law, HR and Asset Management, declared a personal interest in this item due to issues which concerned her being currently dealt with and left the chamber for the duration of discussion on this item (see minute 104 post).

The Mayor, having vacated the Chair for this item and having left the chamber, the Deputy Mayor, Councillor G Ellis, took the Chair for this item.

104 **ANNA KLONOWSKI ASSOCIATES LTD (AKA) - INDEPENDENT REVIEW OF THE COUNCIL'S RESPONSE TO CLAIMS MADE BY MARTIN MORTON (AND OTHERS)**

Councillor Jeff Green, having received advice that all Members would be entitled to receive an un-redacted version of the AKA report suggested that it would not be appropriate to debate this matter until an un-redacted copy had been circulated and moved –

'That in accordance with Standing Order 9(k) this meeting stands adjourned until 7.00pm on Monday 20 February, 2012.'

This motion was seconded by Councillor Tom Harney.

The Leader of the Council, in response, commented that irrespective of redaction or not there were issues around the report which wouldn't go away. An Action Plan had been agreed by the Cabinet and it would be a negation of democracy not to allow every single Member to comment on this.

The motion was then put and it was –

**Resolved (34:29) (One abstention) - That in accordance with Standing Order 9(k) this meeting stands adjourned until 7.00pm on Monday 20 February, 2012.**

105 **AUDIT COMMISSION HESPE PIDA FOLLOW UP REPORT**

This item was deferred until a future meeting.

# COUNCIL

Monday, 13 February 2012

Present: The Mayor (Councillor Moira McLaughlin) in the Chair  
Deputy Mayor (Councillor Gerry Ellis)

Councillors	RL Abbey	T Harney	D Realey
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	D Elderton	AR McLachlan	I Williams
	S Foulkes	C Meaden	KJ Williams
	P Gilchrist	D Mitchell	P Williams
	P Glasman	B Mooney	S Williams
	JE Green	S Mountney	K Wood
	P Hackett	S Niblock	
	J Hale	C Povall	

## 106 DECLARATIONS OF INTEREST

Councillors L Rennie, I Lewis, S Niblock and D Roberts declared a personal interest in Motion 4 (Council Tax) (see minute 117 post) by virtue of their appointment on the Merseyside Fire and Rescue Authority.

Councillor T Smith declared a personal interest in Motion 4 (Council Tax) (see minute 117 post) by virtue of his appointment on the Merseyside Police Authority.

Councillor D Mitchell declared a prejudicial interest in Motion 2 (Benefits Cap) (see minute 115 post) by virtue of him being in receipt of benefits.

## 107 PETITIONS

In accordance with Standing Order 21, the Mayor received petitions submitted by –

Councillor H Smith, on behalf of 310 signatories requesting the Council to implement a 20mph speed limit in residential areas in Pensby and Thingwall.

Councillor A McArdle, on behalf of 44 signatories requesting traffic calming measures be put in place in Sandbrook Lane, Moreton to protect children in and around the vicinity

Councillor J Crabtree, on behalf of 50 signatories requesting traffic calming measures throughout the length of Bidston Village Road.

Councillor R Abbey, on behalf of 66 signatories requesting traffic calming measures to be put in place in Pasture Avenue, Moreton.

Councillor H Smith, on behalf of 10 signatories, against the licensing hours for the new off license premises on 46 Hoylake Road, Bidston.

Councillor D Dodd, on behalf of 159 signatories requesting a crossing superintendent or crossing on Claremount Road, or other means of traffic calming in order to ensure the safety of children, crossing this busy road in order to get to school.

Councillor P Glasman, on behalf of 2457 signatories opposing the plans to merge and move services between the Countess of Chester and Arrowse Park Hospitals. As this petition was in excess of 1500 signatures, a debate would be triggered at the next ordinary Council meeting on 16 April, 2012, in accordance with Standing Order 34(1) and the petition organiser would be invited to address the Council.

**Resolved - That the petitions be noted and referred to the appropriate chief officer in accordance with Standing Order 34 and the petition submitted by Councillor Glasman be debated at the next ordinary Council meeting on 16 April, 2012.**

## 108 MINUTES

The minutes of the meeting of the Council held on 12 December, 2011, had been circulated to members and it was –

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

## 109 LEADER OF THE COUNCIL

The Leader of the Council suggested that in light of natural justice it would not be proper for the Council to consider the following motions as the basis on which they were being proposed was in connection with the AKA report which, the Council at its earlier extraordinary meeting (minute 104 refers), had agreed to defer consideration of until 20 February.

It was then moved by the Leader and seconded by Councillor P Davies –

‘That consideration of the two motions be deferred until 20 February, 2012.’

The motion was put and lost (29:35) (Two abstentions).

**Motion moved in accordance with Article 7.3 (iii) (d)**

Proposed by Councillor Tom Harney

Seconded by Councillor Dave Mitchell

- (1) Now that the Council has received the AKA Ltd Final Report Independent Review of Wirral Metropolitan Borough Council's Response to Claims Raised by Mr Martin Morton (and others), we can all see the extent of the alleged mismanagement, incompetence, cover-up and negligence over a long period of time. These are extremely serious allegations relating to the care and safeguarding of some of the most vulnerable people in society. People to whom the Council owes a duty of care.
- (2) Although the report documents the failure of Council Officers, Council believes that it is incumbent upon all Councillors to ask themselves whether they could have asked more, or different, questions and uncovered or prevented some of these failings at a much earlier stage. In view of the apparent scale of wrongdoing and the length of time over which this happened, Council believes the Leader of the Council should explain whether he knew what was going on, and if not, why not.
- (3) Council believes that, despite all the advice and support available, the current Leader's approach has not been as inclusive as was promised. In practice, the Leader's approach has been to say publicly that he wants to work with all Parties, but then to carry on as before. Council is not convinced that the current Leader is committed to finding an all-party solution to the many questions raised in the Report. It is of considerable concern that this behaviour has contributed to the serious danger of collapse that this Council now finds itself in. It clearly isn't working and we need a fresh approach and a true commitment to put aside political differences and work together in an All-Party Cabinet to concentrate exclusively on putting right the many wrongs identified. Council believes that Councillor Foulkes is not the right person to lead such an All-Party approach.
- (4) Therefore, Council resolves, in accordance with Article 7.3(iii) (d) of the Constitution, that Councillor Foulkes be removed from the Office of Leader of the Council with immediate effect.
- (5) That Council elect a new Leader in accordance with Council Procedure Rule 5B.

**Motion moved in accordance with Article 7.3 (iii) (d)**

Proposed by Councillor Jeff Green

Seconded by Councillor Lesley Rennie

(1) Wirral Council is in crisis:

- We stand publicly accused of mismanagement, incompetence, negligence and cover up.
- We have been found guilty of failing to listen or believe Martin Morton and allowing him to be bullied, belittled, browbeaten and driven from a job he loved.
- We have shown ourselves to be incapable or unwilling to apply basic controls on the expenditure of Council Taxpayers money or of being able to provide protection from abuse, compassion & care to some of the most vulnerable members of our society and their families.

- Not one senior officer or politician has been held accountable by the Council for the failings identified in the AKA Limited report.
- (2) Council believes the nature of the crisis the Council now finds itself in is so grave, the imminence of collapse so real, that all Members must come together, under fresh leadership, to work together on behalf of our residents & communities, as equals and in genuine partnership.
- (3) Council resolves:
- (i) That, In accordance with Article 7.3 (iii) (d) of the Constitution, Cllr Foulkes be removed from the office of Leader of the Council with immediate effect.'
  - (ii) That Council elect a new Leader in accordance with Council Procedure Rule 5B
- (4) The next Leader of the Council is recommended to:
- Establish an all party 'emergency Cabinet' of 4 Conservative, 4 Labour and 2 Liberal Democrat Members to be reviewed at Annual Council 2012
  - Provide opportunities for all Council Members to question and share any ideas or concerns they may have
  - Review current officer delegations to ensure openness, transparency and effective democratic oversight of decision making.

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

Proposed by Councillor Phil Davies  
 Seconded by Councillor George Davies

*Delete all and replace with:*

This Council recognises the gravity of the contents of the AKA report and the importance of taking action to put right what is wrong and of learning the lessons from the past so events like these cannot occur again.

Council accepts that one of the issues raised as part of the Corporate Governance Review is that Wirral's intensely adversarial local politics in a frequently hung Council have not been helpful in creating a climate where problems can be raised and discussed at an early stage and dealt with by all parties in a constructive and co-operative manner before those problems become damaging and intractable.

Council believes that it was the expressed wish of all members to change this and move to a more constructive style of working, with opportunities for members of every party to find better ways of working together for the good of the people of Wirral.

Council therefore welcomes the setting up of the new all party Improvement Board, with an independent chair, under the auspices of the LGA, with representatives from the LGA, an external Chief Executive, the District Auditor and Anna Klonowski, the author of the AKA report in addition to the three party leaders.

Council further welcomes the fact that this board will draw on best practice to oversee the improvement of Wirral Council, and will closely monitor progress against the Action plan drawn up as a result of this comprehensive and damning report.

Council also recognises that both opposition Party Leaders were invited to participate in the Corporate Governance Committee, that all members were invited to contribute to the Key Lines of Enquiry decided on by the Corporate Governance Committee, that a seminar was organised for all members on the Corporate Governance Report, and that a Special Council has been called specifically to allow all members to debate the second AKA report.

In the light of the above, Council therefore expresses its very real disappointment that a report which should be used as a catalyst for creating positive change and building new ways of working together is instead being used once more as a weapon in a political battle, in a way which risks destabilising the Council and destroying the very opportunities for improvement which the authors of the motions say they want.

Council notes that these motions are being proposed just a week before Budget Cabinet, giving any new incoming administration little chance to set a well researched and responsible budget which takes into account the need to provide stability for the Council and to take it forward in line with the Draft Corporate Plan.

Council further notes that this is a classic case of the “abnormal being seen as normal” on Wirral because there are very few Councils which would even consider changing an administration this close to setting a budget, with only two months left to run until the local elections.

Council notes that in the period covered in this report there have been three different Council Leaders, two Chief Executives and three Directors of Social Services, and a variety of different political administrations ranging from majority control, to minority control to Liberal Democrat Coalitions with both Labour and Conservatives, all of which may have missed vital opportunities to intervene, or to ask the right questions, which could have prevented matters reaching this point. Council therefore believes that there is some collective responsibility for events, as well as individual accountability.

Council also recognises that a failure of officers to keep members sufficiently informed of key events, possibly because of fears engendered by Wirral’s style of politics, is a theme that runs through critical reports received by this Council.

Council therefore opposes the Motions of No Confidence and expresses its clear belief that the way forward lies in maintaining a stable administration, allowing all three parties to play a full part in the Improvement Board, and creating an environment that encourages members to work together for the good of the Council and of Wirral residents.

To that end, Council condemns the cynical move made by the Conservative Group to use these serious matters as an excuse to lure Liberal Democrats back into a de facto Coalition just before the elections by promising a three party Cabinet which they know cannot be delivered, and which can only leave the Conservatives and Liberal Democrats once more in alliance with each other, mirroring the situation of their national parties.

Following a debate and Councillors Harney and Green having replied the amendment was put and lost (30:36).



**In accordance with Standing Order 9(p), the following amended composite motion was put, which had been accepted by the Liberal Democrats:**

Proposed by Councillor Jeff Green  
Seconded by Councillor Lesley Rennie

(1) Wirral Council is in crisis:

- We stand publicly accused of mismanagement, incompetence, negligence and cover up.
- We have been found guilty of failing to listen or believe Martin Morton and allowing him to be bullied, belittled, browbeaten and driven from a job he loved.
- We have shown ourselves to be incapable or unwilling to apply basic controls on the expenditure of Council Taxpayers money or of being able to provide protection from abuse, compassion & care to some of the most vulnerable members of our society and their families.
- Not one senior officer or politician has been held accountable by the Council for the failings identified in the AKA Limited report.

(2) Council believes the nature of the crisis the Council now finds itself in is so grave, the imminence of collapse so real, that all Members must come together, under fresh leadership, to work together on behalf of our residents & communities, as equals and in genuine partnership.

(3) Now that the Council has received the AKA Ltd Final Report Independent Review of Wirral Metropolitan Borough Council's Response to Claims Raised by Mr Martin Morton (and Others), we can all see the extent of the alleged mismanagement, incompetence, cover-up and negligence over a long period of time. These are extremely serious allegations relating to the care and safeguarding of some of the most vulnerable people in society. People to whom the Council owes a duty of care.

(4) Although the report documents the failure of Council Officers, Council believes that it is incumbent upon all Councillors to ask themselves whether they could have asked more, or different, questions and uncovered or prevented some of these failings at a much earlier stage. In view of the apparent scale of wrongdoing and the length of time over which this happened, Council believes the Leader of the Council should explain whether he knew what was going on, and if not, why not.

(5) Council believes that, despite all the advice and support available, the current Leader's approach has not been as inclusive as was promised. In practice, the Leader's approach has been to say publicly that he wants to work with all Parties, but then to carry on as before. Council is not convinced that the current Leader is committed to finding an all-party solution to the many questions raised in the Report. It is of considerable concern that this behaviour has contributed to the serious danger of collapse that this Council now finds itself in. It clearly isn't working and we need a fresh approach and a true commitment to put aside political differences and work together in an All-Party Cabinet to concentrate



exclusively on putting right the many wrongs identified. Council believes that Councillor Foulkes is not the right person to lead such an All-Party approach.

- (6) Therefore, Council resolves, in accordance with Article 7.3(iii) (d) of The Constitution, that Councillor Foulkes be removed from the Office of Leader of the Council with immediate effect.
- (7) That Council elects a new Leader in accordance with Council Procedure Rule 5B.
- (8) The next Leader of the Council is recommended to:
  - Establish an all party 'emergency Cabinet' of 4 Conservative, 4 Labour and 2 Liberal Democrat Members to be reviewed at Annual Council 2012
  - Provide opportunities for all Council Members to question and share any ideas or concerns they may have
  - Review current officer delegations to ensure openness, transparency and effective democratic oversight of decision making.
- (9) Pursuant to Council Standing Order 5A(2)(e), Council resolves that with effect from the 14 February 2012, the Chair of the Employment and Appointments Committee be reallocated to the Conservative Group and the Chair of the Children and Young People OSC be reallocated to the Labour Group.

The Mayor then adjourned the meeting at 8.30pm to enable circulation and consideration of Councillor Green's amended motion.

The meeting reconvened at 8.45pm.

Councillor Green's amended composite motion was then put and carried (36:30).

**Resolved (36:30) –**

**(1) Wirral Council is in crisis:**

- **We stand publicly accused of mismanagement, incompetence, negligence and cover up.**
- **We have been found guilty of failing to listen or believe Martin Morton and allowing him to be bullied, belittled, browbeaten and driven from a job he loved.**
- **We have shown ourselves to be incapable or unwilling to apply basic controls on the expenditure of Council Taxpayers money or of being able to provide protection from abuse, compassion & care to some of the most vulnerable members of our society and their families.**
- **Not one senior officer or politician has been held accountable by the Council for the failings identified in the AKA Limited report.**

**(2) Council believes the nature of the crisis the Council now finds itself in is so grave, the imminence of collapse so real, that all Members must come together, under fresh leadership, to work together on behalf of our residents & communities, as equals and in genuine partnership.**

- (3) Now that the Council has received the AKA Ltd Final Report Independent Review of Wirral Metropolitan Borough Council's Response to Claims Raised by Mr Martin Morton (and Others), we can all see the extent of the alleged mismanagement, incompetence, cover-up and negligence over a long period of time. These are extremely serious allegations relating to the care and safeguarding of some of the most vulnerable people in society. People to whom the Council owes a duty of care.
- (4) Although the report documents the failure of Council Officers, Council believes that it is incumbent upon all Councillors to ask themselves whether they could have asked more, or different, questions and uncovered or prevented some of these failings at a much earlier stage. In view of the apparent scale of wrong-doing and the length of time over which this happened, Council believes the Leader of the Council should explain whether he knew what was going on, and if not, why not.
- (5) Council believes that, despite all the advice and support available, the current Leader's approach has not been as inclusive as was promised. In practice, the Leader's approach has been to say publicly that he wants to work with all Parties, but then to carry on as before. Council is not convinced that the current Leader is committed to finding an all-party solution to the many questions raised in the Report. It is of considerable concern that this behaviour has contributed to the serious danger of collapse that this Council now finds itself in. It clearly isn't working and we need a fresh approach and a true commitment to put aside political differences and work together in an All-Party Cabinet to concentrate exclusively on putting right the many wrongs identified. Council believes that Councillor Foulkes is not the right person to lead such an All-Party approach.
- (6) Therefore, Council resolves, in accordance with Article 7.3(iii) (d) of The Constitution, that Councillor Foulkes be removed from the Office of Leader of the Council with immediate effect.
- (7) That Council elects a new Leader in accordance with Council Procedure Rule 5B.
- (8) The next Leader of the Council is recommended to:
- Establish an all party 'emergency Cabinet' of 4 Conservative, 4 Labour and 2 Liberal Democrat Members to be reviewed at Annual Council 2012
  - Provide opportunities for all Council Members to question and share any ideas or concerns they may have
  - Review current officer delegations to ensure openness, transparency and effective democratic oversight of decision making.
- (9) Pursuant to Council Standing Order 5A(2)(e), Council resolves that with effect from the 14 February 2012, the Chair of the Employment and Appointments Committee be reallocated to the Conservative Group and the Chair of the Children and Young People OSC be reallocated to the Labour Group.

The Mayor then adjourned the meeting for a further period of 10 minutes.

The meeting reconvened at 9.05pm.

In accordance with Standing Order 5B (1) the Council was required to elect a new Leader.

Proposed by Councillor Steve Foulkes  
Seconded by Councillor George Davies

That Councillor Phil Davies be elected as Leader of Wirral Council.

Having confirmed his acceptance of the nomination, the motion was then put and lost (30:36).

In accordance with Standing Order 5B (5) it was then –

Proposed by Councillor L Rennie  
Seconded by Councillor A Hodson

That Councillor Jeff Green be elected as Leader of Wirral Council.

Having confirmed his acceptance of the nomination, the motion was put and carried (36:30).

**Resolved – (36:30) - That Councillor Jeff Green be elected as Leader of Wirral Council.**

## 110 LEADER'S ANNOUNCEMENTS

Councillor Jeff Green, having been elected Leader of the Council gave an acceptance speech in which –

- He stated that he would not be announcing his new Cabinet until after he had had some all Party conversations and that it was important for Councillors on all sides to find ways to work together.
- He announced that the Budget Cabinet meeting would move from Monday 20 to Tuesday 21 February and 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.
- He stated that it was important to accelerate the work of the Democracy Working Party and commented that in a survey of all Members, 60 per cent of respondents had expressed the desire to move away from the 'Strong Leader' model towards a Committee system of governance. He would support the work of the Local Government Association Wirral Improvement Board.

- He referred to the earlier special meeting of Cabinet which, inter alia, had considered a report on revisions to the senior management structure within the Department of Adult Social Services and that there was a need to pause on this.
- In respect of the Audit and Risk Management Committee, he stated that its current powers were inadequate and the need for it to be more activist in exploring some of the risks of the organisation.
- A matter of priority was that Mr Martin Morton was once again employed by the Authority and officers needed to progress this immediately.

In response the Leader of the Labour Group referred to the fact that the Special Cabinet earlier that day, had referred a zero per cent Council Tax increase budget to the Council meeting on 1 March and agreed the reorganisation of the Department of Adult Social Services senior management structure to be referred to the Employment and Appointments Committee.

The Director of Law, HR and Asset Management informed the Council that a future Cabinet could change decisions taken at a previous Cabinet meeting.

#### 111 **MATTERS REQUIRING APPROVAL BY THE COUNCIL**

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

One matter from Cabinet on 2 February, 2012, minute 274 (Draft Corporate Plan 2012/13) was submitted for approval but was the subject of an objection (see minute 122 post).

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

**Resolved – That the following matters referred by Cabinet at its meeting on 2 February, 2012, be approved:**

- (i) **Minute 281 - Procurement Efficiencies**
- (ii) **Minute 283 - Enterprise Zone – Business Rates Discounts**
- (iii) **Minute 284 - Local Development Framework for Wirral – Evidence Base**
- (iv) **Minute 285 - Housing Market Renewal Transitional Funding Bid Including Proposed Exit Plan and Suggested Amended Housing Investment Programme for 2011/12**
- (v) **Minute 287 - Appointment of Chief Inspector of Weights and Measures**
- (vi) **Minute 289 - Local Transport Settlement – Additional Funding: Integrated Transport Block (ITB) 2011/12**
- (vii) **Minute 290 - Joint Recycling and Waste Management Strategy**

#### 112 **MATTERS FOR NOTING**

**Resolved – That the following matters be noted, as required by the Constitution:**

- (i) **Minute 259 (Cabinet - 12/1/12) – Report on Visit to China – September / October 2011 (Reason – for information).**

**(ii) Minute 301 (Cabinet – 2/2/12) – Urgent Business Approved by the Chair (Part 1) – Leasowe Millennium Centre (Reason – waiving of call-in).**

113 **QUESTIONS**

Mr J Brace, having given the appropriate notice in accordance with Standing Order 11, submitted a question on the AKA (Anna Klonowksi Associates Ltd) report.

The Leader of the Council responded accordingly.

114 **MOTION: FREEMASONRY**

Proposed by Councillor Phil Davies

Seconded by Councillor Anne McArdle

This Council believes that, in the interest of free and open government, and in order to avoid any accusations of a failure to be open and transparent in their dealings with the Council and the public, that any member of the Freemasons be obliged to declare their interest, and to this end:

- (i) Instructs the Chief Executive to make urgent arrangements so that all Council Members who are Freemasons declare the membership in the register of interest immediately.
- (ii) Instructs the Chief Executive to establish an employees' register of interest in which all who are Freemasons declare their membership immediately.

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

Proposed by Councillor Pat Williams

Seconded by Councillor Mark Johnston

*After 'and the public,' delete all and replace with:*

that any Members who are Freemasons are obliged to declare their interest (along with membership of e.g. sports clubs, political parties, trades unions and charitable organisations) as part of the current Member's Code of Conduct (Part 2: Interests: 8(1)(a)(ii)(bb))

Council notes that Part 2, Section 2 of the NJC for Local Government Services National Agreement on Pay & Conditions of Service requires Employees to give notice in writing of any private interest which is likely to give them an opportunity, during the course of their employment with the Council, to confer an advantage at any time upon themselves or their relatives or may weaken public confidence in their impartiality.

Council recognises that these safeguards exist to protect the reputation of the Council, its Members and Employees and encourages the enforcement of these existing rules.

Council requests the Standards Committee to review the Code of Conduct for Members, and Employment and Appointments Committee to review the Code of

Conduct for Officers to ensure that these Codes are fit for purpose and are being adhered to.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and carried (36:29) (One abstention).

The substantive motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

**This Council believes that, in the interest of free and open government, and in order to avoid any accusations of a failure to be open and transparent in their dealings with the Council and the public that any Members who are Freemasons are obliged to declare their interest (along with membership of e.g. sports clubs, political parties, trades unions and charitable organisations) as part of the current Member's Code of Conduct (Part 2: Interests: 8(1)(a)(ii)(bb)).**

**Council notes that Part 2, Section 2 of the NJC for Local Government Services National Agreement on Pay & Conditions of Service requires Employees to give notice in writing of any private interest which is likely to give them an opportunity, during the course of their employment with the Council, to confer an advantage at any time upon themselves or their relatives or may weaken public confidence in their impartiality.**

**Council recognises that these safeguards exist to protect the reputation of the Council, its Members and Employees and encourages the enforcement of these existing rules.**

**Council requests the Standards Committee to review the Code of Conduct for Members, and Employment and Appointments Committee to review the Code of Conduct for Officers to ensure that these Codes are fit for purpose and are being adhered to.**

**115 MOTION: BENEFITS CAP**

Proposed by Councillor Andrew Hodson  
Seconded by Councillor Les Rowlands

- (1) Council notes that some people are receiving more in benefits than those who work and with average earnings of £26,000 per annum.
- (2) While Council believes that support and help must be protected and improved for those who cannot work due to age or illness, Council does not believe it is right that the earnings of those who do work is sometimes less than the incomes of those who do not work.
- (3) Council welcomes the introduction by the Coalition Government of a 'Benefits Cap'.

- (4) Council, however, is concerned that proposals by the Shadow Work and Pensions Secretary for a lower cap for claimants in the North West and other regions outside of London and the South East, are going too far and too fast.

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

Proposed by Councillor Ann McArdle  
Seconded by Councillor George Davies

*Delete everything and replace with the following:*

Council notes that:

- (1) There is a need for a benefit cap. A cap is important because it can help ensure everyone has confidence that work pays and there is fairness in the benefits system.
- (2) The Tory led Coalition Government's current proposals will lead to 20,000 people becoming homeless nationally. The Department for Communities and Local Government said this in a letter to Prime Minister's Office. The DCLG also said that the cost of this could help to wipe out the £270 million the government said their benefit cap would save per annum and even end up costing more than it saves for council taxpayers.
- (3) Council believes there are alternatives in setting a benefit cap that are fairer for working people, do not have the same risk of homelessness, and save more money. This could be achieved by introducing a cap set in line with local differences in circumstances such as work incentives, earnings, house prices, and the consequent impact on homelessness.
- (4) Council accepts there is a strong case for local differences. Most of the benefits paid out under the cap will go towards housing costs and private sector landlords, but when these vary so much, it is simply not fair on working people to set the cap nationally. For example, £500 a week might buy a one bedroom apartment in central London, but in Wirral a similar sum would enable someone to buy a decent house in most areas.
- (5) One cap set nationally is not be fair for working people across the country. The levels of the cap should be set by an independent body of experts, just as the Low Pay Commission determines the minimum wage. This would not be going too far or too fast and the process might actually command cross-party support. The tests should be: fairness for working people, ensuring work pays, avoiding homelessness, and saving taxpayers money.

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

Proposed by Councillor Stuart Kelly  
Seconded by Councillor Phil Gilchrist

*Add to end of paragraph (3):*



Council recognises that considerable work is in hand as the Welfare Reform Bill progresses, to ease the transition for families and to provide assistance in hardship cases, exempt households that are entitled to working tax credit from the cap, provide transitional support to help manage families into more appropriate accommodation, and introduce further discretionary housing benefit of up to £80 million in 2013-14, and a further £50 million in 2014-15.

*Insert new paragraph (4):*

- (4) Council is anxious that those who require long-term support, have serious and uncontrollable life-threatening conditions, or whose condition deteriorates, should be placed in the Support Group for receipt of Employment Support Allowance. Further, it remains important to make sure that people get the benefit that they are entitled to, and that the work capability assessment process is right and takes particular account of fluctuating conditions. In addition, Council recognises that many people will receive six months' statutory sick pay before they start to receive ESA, so they will be receiving benefits for 18 months. It is important that the Government continue the work that is being done to help employers to support employees when they become disabled or fall sick, and to help them stay in work where possible.

*Renumber existing paragraph (4) as paragraph (5)*

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The mover of the motion agreed to accept the amendment moved by Councillor Kelly.

The amendment proposed by Councillor McArdle was put and lost (29:35) (One abstention)

The motion, as amended by Councillor Kelly's amendment was put and carried (35:29) (One abstention).

**Resolved (35:29) (One abstention) –**

- (1) Council notes that some people are receiving more in benefits than those who work and with average earnings of £26,000 per annum.**
- (2) While Council believes that support and help must be protected and improved for those who cannot work due to age or illness, Council does not believe it is right that the earnings of those who do work is sometimes less than the incomes of those who do not work.**
- (3) Council welcomes the introduction by the Coalition Government of a 'Benefits Cap'. Council recognises that considerable work is in hand as the Welfare Reform Bill progresses, to ease the transition for families and to provide assistance in hardship cases, exempt households that are entitled to working tax credit from the cap, provide transitional support to help manage families into more appropriate accommodation, and**



introduce further discretionary housing benefit of up to £80 million in 2013-14, and a further £50 million in 2014-15.

- (4) Council is anxious that those who require long-term support, have serious and uncontrollable life-threatening conditions, or whose condition deteriorates, should be placed in the Support Group for receipt of Employment Support Allowance. Further, it remains important to make sure that people get the benefit that they are entitled to, and that the work capability assessment process is right and takes particular account of fluctuating conditions. In addition, Council recognises that many people will receive six months' statutory sick pay before they start to receive ESA, so they will be receiving benefits for 18 months. It is important that the Government continue the work that is being done to help employers to support employees when they become disabled or fall sick, and to help them stay in work where possible.
- (5) Council, however, is concerned that proposals by the Shadow Work and Pensions Secretary for a lower cap for claimants in the North West and other regions outside of London and the South East, are going too far and too fast.

#### 116 MOTION: IMPROVING TRANSPARENCY AND ACCOUNTABILITY

Proposed by Councillor Mark Johnston

Seconded by Councillor Tom Harney

- (1) Council believes that "compromise deals" can help release employees from the work force, can be an effective tool and have a part to play in Human Resources management.
- (2) However, Council also believes that "compromise deals" should be used only in exceptional circumstances and as a last resort, not a routine tool, and that any process should be democratically accountable, open and transparent.
- (3) Currently, under the Scheme of Delegation of Functions to Officers (part 3, schedule 4, page 111, paragraph 28), Chief Officers have the right to make compromise deals with staff to end their employment. Such deals only have to be reported to the Employment and Appointments Committee and Members can only have a vote on the matter if there is a pensions cost.
- (4) Council notes that current use of "compromise deals" can lead to the perception that deals are being done behind closed doors without the oversight of the Employment and Appointments Committee or Elected Member scrutiny.
- (5) Council strongly believes that "compromise deals" that offer financial or other types of incentive, should not be used to remove poorly performing staff from the Council work force. Training, support and, ultimately, the disciplinary procedure are the correct tools to be used in relation to poorly performing staff.
- (6) Council also believes that "compromise deals" should not be used to cover up underlying problems, situations of concern or to remove staff quietly and quickly. To do so has the potential to put the Council's reputation at risk.

- (7) Therefore, Council insists that all future “compromise deals”, that include an element of financial or other incentive, are subject to a full democratically accountable process. Council asks that the Employment & Appointments Committee are tasked with forming a Sub-Committee to assess and sign off any compromise deals before any such offer is made to employees. The process and scope of reporting to be agreed by this Sub-Committee. Members for this Sub-Committee are to be co-opted from the list of Members available for the Appeals Sub-Committee with a proportionality of 1:1:1. The Chair for any such meeting can be decided by agreement of the Sub-Committee.
- (8) Council would also ask that all such “compromise deals”, once agreed by the Sub-Committee, are reported to the next meeting of the Employment and Appointments Committee, under exempt items if the details are of a sensitive nature.

### **Amendment submitted in accordance with Standing Order 7(2)**

Proposed by Councillor Ann McLachlan  
Seconded by Councillor Adrian Jones

*Delete everything and replace with the following:*

Council welcomes any proposals which improve transparency and accountability across all Council decision-making processes, but believes that Compromise Agreements are an effective protection for the Authority against post-employment claims of unfair or other forms of dismissal from former employees.

Council further believes that the delegation of powers to Chief Officers to enter into such agreements should not be undermined as they can be an effective management measure to deal with a range of employment situations. To require such agreements to be signed off by elected members would create a layer of bureaucracy unnecessary in an organisation which has confidence in its senior managers to manage the workforce effectively.

Council recognises that a Compromise Agreement should not be used in circumstances where it would be more appropriate to use the Authority Capability procedure or its Disciplinary procedure.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and lost (29:36) (One abstention).

The motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

- (1) Council believes that “compromise deals” can help release employees from the work force, can be an effective tool and have a part to play in Human Resources management.**

- (2) However, Council also believes that “compromise deals” should be used only in exceptional circumstances and as a last resort, not a routine tool, and that any process should be democratically accountable, open and transparent.
- (3) Currently, under the Scheme of Delegation of Functions to Officers (part 3, schedule 4, page 111, paragraph 28), Chief Officers have the right to make compromise deals with staff to end their employment. Such deals only have to be reported to the Employment and Appointments Committee and Members can only have a vote on the matter if there is a pensions cost.
- (4) Council notes that current use of “compromise deals” can lead to the perception that deals are being done behind closed doors without the oversight of the Employment and Appointments Committee or Elected Member scrutiny.
- (5) Council strongly believes that “compromise deals” that offer financial or other types of incentive, should not be used to remove poorly performing staff from the Council work force. Training, support and, ultimately, the disciplinary procedure are the correct tools to be used in relation to poorly performing staff.
- (6) Council also believes that “compromise deals” should not be used to cover up underlying problems, situations of concern or to remove staff quietly and quickly. To do so has the potential to put the Council’s reputation at risk.
- (7) Therefore, Council insists that all future “compromise deals”, that include an element of financial or other incentive, are subject to a full democratically accountable process. Council asks that the Employment & Appointments Committee are tasked with forming a Sub-Committee to assess and sign off any compromise deals before any such offer is made to employees. The process and scope of reporting to be agreed by this Sub-Committee. Members for this Sub-Committee are to be co-opted from the list of Members available for the Appeals Sub-Committee with a proportionality of 1:1:1. The Chair for any such meeting can be decided by agreement of the Sub-Committee.
- (8) Council would also ask that all such “compromise deals”, once agreed by the Sub-Committee, are reported to the next meeting of the Employment and Appointments Committee, under exempt items if the details are of a sensitive nature.

117 **MOTION: COUNCIL TAX**

Proposed by Councillor Jeff Green

Seconded by Councillor Lesley Rennie

Council:

- (1) Notes that, between 1997 and 2010, Council Tax more than doubled, hitting pensioners and those on low incomes particularly hard.

- (2) Therefore welcomes the offer from the Coalition Government to make an additional £3.3million available to freeze Council Tax in Wirral for a second year.
- (3) Disagrees with the Shadow Local Government Minister in his remarks that the freeze is 'a gimmick'.
- (4) Also welcomes the decision to replace capping of Council Tax by the Government with the opportunity of a local referendum on Council Tax rises exceeding 3.5%.
- (5) Recommends that any of its Members on precepting and levying Boards vote against any increase above 0%.

### **Amendment submitted in accordance with Standing Order 7(2)**

Proposed by Councillor Steve Foulkes  
Seconded by Councillor Phil Davies

*Remove everything and replace with the following:*

Council:

- (1) Notes that between 1997 and 2010, Wirral moved down the Council Tax league table from being the authority with the fourth highest level of Council Tax in the country to just under 200.
- (2) In the context of the draconian cuts being inflicted on local government by the Tory/LibDem coalition government, the Labour administration does not believe that it is reasonable to inflict any increase in Council Tax on Wirral residents in 2012/13.
- (3) Condemns the government for reneging on its previous commitment to provide sufficient funding to those authorities who agreed a zero Council Tax increase in their base budgets on an ongoing basis. This means that Wirral will have to find more cuts next year to fund this freeze.
- (4) Recognises that in reaching decisions on their budgets for next year, members on precepting and levying Boards will have to balance the need to provide sufficient funding to deliver acceptable standards of services while minimising the cost to Council Tax payers.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and lost (29:36) (One abstention).

The motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

**Council:**

- (1) Notes that, between 1997 and 2010, Council Tax more than doubled, hitting pensioners and those on low incomes particularly hard.
- (2) Therefore welcomes the offer from the Coalition Government to make an additional £3.3million available to freeze Council Tax in Wirral for a second year.
- (3) Disagrees with the Shadow Local Government Minister in his remarks that the freeze is 'a gimmick'.
- (4) Also welcomes the decision to replace capping of Council Tax by the Government with the opportunity of a local referendum on Council Tax rises exceeding 3.5%.
- (5) Recommends that any of its Members on precepting and levying Boards vote against any increase above 0%.

118 **MOTION: FAILURE TO ACT**

Proposed by Councillor Tom Harney  
 Seconded by Councillor Dave Mitchell

- (1) Council is extremely concerned that many actions approved by Council as part of the current year's (2011-12) Budget Resolution, many of which also form part of the current (2011-14) Corporate Plan, have not been carried out.
- (2) These failures to implement include (Council Minute 104, 1/03/2011 refers):
  - a) "Wirral's Future consultation identified anti-social behaviour as a key concern to Wirral residents and it is vital that we provide the most effective action possible. We will conduct a full review of the Council's and partner organisation approach, including the implementation of our commitment to community justice in this vital area. Therefore we will provide funding to the ASB team for a further twelve months to enable this review to take place: £290,000"
  - b) "A thorough evaluation of the results and economic impact of our 'Keeping It Local Initiative' will be reported to an appropriate meeting of Cabinet."
  - c) "Wirral's Future be a part of it' has been a huge success enabling Wirral people to get involved in reshaping Council services and deciding what is after all, their Council's priorities. We therefore request that the interim Chief Executive takes all necessary steps, within current resources, to initiate the next phase of 'Wirral's Future' consultation programme for 2011/12 to further embed our Administration's approach of listening, engaging and consulting with our residents."
  - d) "We are committed to making our roads safer in residential areas and outside our schools by implementing statutory 20 mph speed restrictions in non-major routes in residential areas throughout Wirral. Any of the £275,000 committed

to this project last year and still not spent will be rolled forward and added to a further £275,000 in 2011-12.

- e) "Our employees are the Council's most valuable resource as it is they who oversee or deliver services to the people we serve. It is therefore vital that we continue to improve the way we communicate with each other. We will therefore ensure all staff have an e-mail address and access to a computer. It is noted that this can be achieved at no additional cost to the Council"
- (3) Council believes that failure to carry out these actions (or failure to seek elected member approval for alternative courses of action) represents examples of current and continuing failures of corporate governance.
- (4) Council recognises that any change of Council Administration is likely to result in a change of priorities and of policies. However, Council believes that it is incumbent on the incoming Administration to seek the support of Full Council for changes to the Budget and Policy framework of the Council and notes that this has not been done.
- (5) Council condemns the current Administration for their failures to act on the current Budget and Policy Framework.
- (6) Council also condemns the lack of transparency by the current Administration for failing to set out or seek approval for their policies and spending priorities.
- (7) Council believes that this shows a cavalier disregard by the current Administration for good corporate governance and the principles of transparency and accountability.
- (8) Therefore, it is the view of Council that the Labour Party has learnt nothing from the issues reported to Cabinet in September on Corporate Governance.

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

Proposed by Councillor Brian Kenny  
Seconded by Councillor Jean Stapleton

*Remove everything and replace with the following:*

Council recognises that:

- (1) The Neighbourhood Planning initiative, championed by the Labour administration and involving Area Forums, local residents and community groups, has identified anti-social behaviour as a key priority. The outcomes from neighbour planning will inform the forthcoming budget.
- (2) The previous administration failed to earmark resources to undertake an evaluation of the 'Keeping it local initiative'. Consideration therefore needs to be given as to how such an evaluation can be funded so that continuation of this initiative is based on clear evidence of any benefits.

- (3) Last year's 'Wirral's Future – be part of it' exercise was fundamentally flawed in a number of aspects, notably, its failure to involve elected members via the scrutiny process in discussions about the future provision of Council services, and the failure to establish a mechanism to require members of the various Task Forces which were set up to register an interest if the organisation which employed them was likely to benefit from any recommendations.
- (4) The failure of the Conservative/LibDem coalition government to publish the necessary regulations has prevented the Council from introducing 20 mph speed restrictions across Wirral. The Labour administration is however determined to make progress on this and will be making an announcement shortly.
- (5) It is hypocritical for the Liberal Democrats to criticise the current administration for lack of transparency when they were part of an administration which during the last municipal year suspended the Council's constitution to prevent scrutiny committees from questioning their budget proposals.
- (6) This administration will also take no lessons from the Liberal Democrats about good corporate governance when they were part of an administration with the Conservatives which agreed to nearly 1200 posts being deleted from the Council without any reorganisation plans being published and no analysis of the impact of such a massive reduction in posts on Council services.
- (7) This administration supported all of the recommendations put forward by Anna Klonowski in her report on improving corporate governance and has developed an improvement plan to deliver ten key lines of enquiry based on the five work streams set out in the AKA report. All members of the Council have been invited to contribute to this work. Council thanks those members who have engaged.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and lost (29:36) (One abstention).

The motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

- (1) Council is extremely concerned that many actions approved by Council as part of the current year's (2011-12) Budget Resolution, many of which also form part of the current (2011-14) Corporate Plan, have not been carried out.**
- (2) These failures to implement include (Council Minute 104, 1/03/2011 refers):**
  - (a) "Wirral's Future consultation identified anti-social behaviour as a key concern to Wirral residents and it is vital that we provide the most effective action possible. We will conduct a full review of the Council's**



and partner organisation approach, including the implementation of our commitment to community justice in this vital area. Therefore we will provide funding to the ASB team for a further twelve months to enable this review to take place: £290,000"

- (b) "A thorough evaluation of the results and economic impact of our 'Keeping It Local Initiative' will be reported to an appropriate meeting of Cabinet."
  - (c) "Wirral's Future be a part of it' has been a huge success enabling Wirral people to get involved in reshaping Council services and deciding what is after all, their Council's priorities. We therefore request that the interim Chief Executive takes all necessary steps, within current resources, to initiate the next phase of 'Wirral's Future' consultation programme for 2011/12 to further embed our Administration's approach of listening, engaging and consulting with our residents."
  - (d) "We are committed to making our roads safer in residential areas and outside our schools by implementing statutory 20 mph speed restrictions in non-major routes in residential areas throughout Wirral. Any of the £275,000 committed to this project last year and still not spent will be rolled forward and added to a further £275,000 in 2011-12."
  - (e) "Our employees are the Council's most valuable resource as it is they who oversee or deliver services to the people we serve. It is therefore vital that we continue to improve the way we communicate with each other. We will therefore ensure all staff have an e-mail address and access to a computer. It is noted that this can be achieved at no additional cost to the Council"
- (3) Council believes that failure to carry out these actions (or failure to seek elected member approval for alternative courses of action) represents examples of current and continuing failures of corporate governance.
  - (4) Council recognises that any change of Council Administration is likely to result in a change of priorities and of policies. However, Council believes that it is incumbent on the incoming Administration to seek the support of Full Council for changes to the Budget and Policy framework of the Council and notes that this has not been done.
  - (5) Council condemns the current Administration for their failures to act on the current Budget and Policy Framework.
  - (6) Council also condemns the lack of transparency by the current Administration for failing to set out or seek approval for their policies and spending priorities.



- (7) Council believes that this shows a cavalier disregard by the current Administration for good corporate governance and the principles of transparency and accountability.
- (8) Therefore, it is the view of Council that the Labour Party has learnt nothing from the issues reported to Cabinet in September on Corporate Governance.

119 **MOTION: NATIONAL CUTS**

Proposed by Councillor David Elderton  
Seconded by Councillor John Hale

Council:

- (1) Notes the failure of the previous Government to end 'boom and bust' and that increases in public sector spending were outstripping economic growth in the rest of the economy.
- (2) Believes that we are all in this together and that all parties must recognise the scale of the debt crisis facing the economy if urgent and necessary action to restore public finances is to succeed.
- (3) Therefore welcomes the decision by Ed Miliband and Ed Balls to accept the reductions in public spending being made by the Coalition Government and calls on Labour politicians in Wirral to accept the need for reductions in public spending.
- (4) Also notes that the Leader of the Opposition and the Shadow Chancellor have also committed to support the limits on public sector pay and wishes them success in persuading their paymasters in the trade unions to also accept this pay restraint.

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

Proposed by Councillor Bernie Mooney  
Seconded by Councillor Paul Doughty

*Delete everything and replace with the following:*

This Council:-

- (1) Supports the actions of the previous Labour government to invest public money in improving schools, hospitals, and other vital public services.
- (2) Recognises that the UK's economic problems were the result of irresponsible bankers and a global recession;
- (3) Believes that the Tory/LibDem coalition government is cutting too far and too fast and, as a consequence, is presiding over record levels of borrowing and appalling levels of unemployment.

- (4) Rejects the government's argument that 'we are all in this together' when they cut benefits for the poorest members of society and refuse to deal effectively with bank bonuses.
- (5) Supports Labour's plan for jobs and growth:
  - (a) A £2 billion tax on bank bonuses to fund 100,000 jobs
  - (b) Bringing forward long-term investment projects
  - (c) Reversing January's damaging VAT rise
  - (d) A one year cut in VAT to 5% on home improvements
  - (e) A one year national insurance break

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

Proposed by Councillor Dave Mitchell  
Seconded by Councillor Pat Williams

*Add additional paragraph:*

- (5) Finally, Council notes that, despite the economic difficulties faced by the country, the Liberal Democrats in Government have been working hard to deliver real benefits to the British people, working hard to ensure that the burden of the country's economic difficulties are shared fairly and to protect the most vulnerable in our society:
  - Income Tax - Nearly 900,000 of the lowest earners were lifted out of paying tax altogether in 2011 and a further 23 million people received a £200 tax cut. This will happen again this April, and again the April after that, until no one pays any income tax on the first £10,000 they earn.
  - Pupil Premium - 2011 saw the Pupil Premium take effect, giving schools extra money for the most disadvantaged children. The Pupil Premium will double to £1.25 billion in 2012 and rise every year until 2015, when it will be worth £2.5 billion. Liberal Democrats also extended free early years education to the 140,000 poorest two-year-olds and have announced the doubling of provision for next year.
  - Apprenticeships - More than 440,000 new apprenticeships started in 2010/11, a 50% increase on the previous year. Lib Dems have now announced a £1 billion 'Youth Contract' to help every young person who wants it to get work or training, including 410,000 new work places for 18-24 year-olds over three years.
  - Pensions - Thanks to the Lib Dem 'triple lock', the Basic State Pension was raised by £4.50 per week in 2011 and will rise again by a record £5.30 per week from April this year. Under Labour in 2000, pensioners only received a 75p per week rise.

- Banks - In 2011, the £2.5 billion bank levy was introduced and the Coalition Government has accepted in full, proposals championed by the Lib Dems to separate high street and casino-style investment banking.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment proposed by Councillor Mooney was put and lost (29:36) (One abstention).

The amendment proposed by Councillor Mitchell was put and carried (36:29) (One abstention).

The substantive motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

**Council:**

- (1) Notes the failure of the previous Government to end ‘boom and bust’ and that increases in public sector spending were outstripping economic growth in the rest of the economy.**
- (2) Believes that we are all in this together and that all parties must recognise the scale of the debt crisis facing the economy if urgent and necessary action to restore public finances is to succeed.**
- (3) Therefore welcomes the decision by Ed Miliband and Ed Balls to accept the reductions in public spending being made by the Coalition Government and calls on Labour politicians in Wirral to accept the need for reductions in public spending.**
- (4) Also notes that the Leader of the Opposition and the Shadow Chancellor have also committed to support the limits on public sector pay and wishes them success in persuading their paymasters in the trade unions to also accept this pay restraint.**
- (5) Finally, Council notes that, despite the economic difficulties faced by the country, the Liberal Democrats in Government have been working hard to deliver real benefits to the British people, working hard to ensure that the burden of the country’s economic difficulties are shared fairly and to protect the most vulnerable in our society:**
  - **Income Tax - Nearly 900,000 of the lowest earners were lifted out of paying tax altogether in 2011 and a further 23 million people received a £200 tax cut. This will happen again this April, and again the April after that, until no one pays any income tax on the first £10,000 they earn.**
  - **Pupil Premium - 2011 saw the Pupil Premium take effect, giving schools extra money for the most disadvantaged children. The Pupil**

**Premium will double to £1.25 billion in 2012 and rise every year until 2015, when it will be worth £2.5 billion. Liberal Democrats also extended free early years education to the 140,000 poorest two-year-olds and have announced the doubling of provision for next year.**

- **Apprenticeships - More than 440,000 new apprenticeships started in 2010/11, a 50% increase on the previous year. Lib Dems have now announced a £1 billion 'Youth Contract' to help every young person who wants it to get work or training, including 410,000 new work places for 18-24 year-olds over three years.**
- **Pensions - Thanks to the Lib Dem 'triple lock', the Basic State Pension was raised by £4.50 per week in 2011 and will rise again by a record £5.30 per week from April this year. Under Labour in 2000, pensioners only received a 75p per week rise.**
- **Banks - In 2011, the £2.5 billion bank levy was introduced and the Coalition Government has accepted in full, proposals championed by the Lib Dems to separate high street and casino-style investment banking.**

**120 MOTION: LIBRARIES PAY THE PRICE FOR PARKS**

Proposed by Councillor Dave Mitchell

Seconded by Councillor Alan Brighthouse

- (1) Council expresses its concern at the lack of transparency over the use of £500,000 of money, part of a capital allocation previously set aside for essential works to libraries and sports centres, for gardening equipment.
- (2) Council strongly believes that, if additional money was required for the purchase of new grass-cutting equipment to meet the shortfall in funding arising from the Labour Cabinet's decision to keep park maintenance 'in house', the Capital Programme should have been increased by an appropriate sum.
- (3) Council is dismayed that re-designating £500,000 from the cultural services capital allocation for gardening equipment will deprive other cultural assets of much needed investment.
- (4) Council is reminded that, when Labour came back into office, the Leader promised that libraries would be 'safe in their hands'. Council is outraged that, by the evidence so far, the Administration's management of the council's assets means Wirral's library buildings, sports centres and museums may now be in danger of neglect and decline.
- (5) Council is also reminded that, in 2009, when previously in office, Labour started the process to transfer the Council's Parks maintenance to a private contractor to improve and modernise the service and save money. Yet, when they came back into office in 2011, they did a u-turn on this policy - after around £250,000 had already been spent in preparation work.

- (6) The effect of this mismanagement has been to place the Council in a position where it has to incur additional costs or risk not being able to cut the grass in our parks and roadsides.
- (7) Finally, Council notes that, had park maintenance been assigned to an external contractor, this half a million pounds of additional costs for equipment would have been built into the contract price as part of a contract and still saved money on the overall cost of providing the service.
- (8) Council, therefore, denounces this shocking waste of money by the Labour Administration (already £750,000 on this matter alone and still counting), and their actions, which are putting much loved libraries and sports centres at risk of decline and decay.

#### **Amendment submitted in accordance with Standing Order 7(2)**

Proposed by Councillor Chris Meaden  
Seconded by Councillor Phil Davies

*Delete all and replace with:*

Council notes that the Capital Programme agreed in December 2009 contained an allocation for Cultural Services Assets which clearly stipulated that Parks formed part of that allocation.

Capital spend on the purchase of equipment for the proper maintenance of parks and open spaces is a perfectly acceptable use of such capital and it is absurd to suggest that this money, allocated to parks, has in some way been taken away from money to be spent on libraries or sports centres, which will also receive their own allocation, or will lead to the risk of decline and decay of libraries and sports centres.

Council rejects such blatant and distorted electioneering propaganda and condemns an attack on measures needed to ensure the proper protection and improvement of Wirral's parks and open spaces.

In the light of the criticisms raised by the District Auditor over the HESPE contract, Council recognises that the decision not to award a ten year contract privatising Wirral's Parks and Countryside Services was the correct decision and welcomes the progress made so far to provide an excellent in house service to the people of Wirral.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and lost (29:36) (One abstention).

The motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

- (1) Council expresses its concern at the lack of transparency over the use of £500,000 of money, part of a capital allocation previously set aside for essential works to libraries and sports centres, for gardening equipment.**

- (2) Council strongly believes that, if additional money was required for the purchase of new grass-cutting equipment to meet the shortfall in funding arising from the Labour Cabinet's decision to keep park maintenance 'in house', the Capital Programme should have been increased by an appropriate sum.
- (3) Council is dismayed that re-designating £500,000 from the cultural services capital allocation for gardening equipment will deprive other cultural assets of much needed investment.
- (4) Council is reminded that, when Labour came back into office, the Leader promised that libraries would be 'safe in their hands'. Council is outraged that, by the evidence so far, the Administration's management of the council's assets means Wirral's library buildings, sports centres and museums may now be in danger of neglect and decline.
- (5) Council is also reminded that, in 2009, when previously in office, Labour started the process to transfer the Council's Parks maintenance to a private contractor to improve and modernise the service and save money. Yet, when they came back into office in 2011, they did a u-turn on this policy - after around £250,000 had already been spent in preparation work.
- (6) The effect of this mismanagement has been to place the Council in a position where it has to incur additional costs or risk not being able to cut the grass in our parks and roadsides.
- (7) Finally, Council notes that, had park maintenance been assigned to an external contractor, this half a million pounds of additional costs for equipment would have been built into the contract price as part of a contract and still saved money on the overall cost of providing the service.
- (8) Council, therefore, denounces this shocking waste of money by the Labour Administration (already £750,000 on this matter alone and still counting), and their actions, which are putting much loved libraries and sports centres at risk of decline and decay.

121 **MOTION: NATIONAL CITIZEN SERVICE**

Proposed by Councillor Ian Lewis  
 Seconded by Councillor Sheila Clarke

Council:

- (1) Believes that younger people in Wirral have an important role to play in the life of the Borough and notes that many are already playing a part in community and voluntary organisations with people of all ages.

- (2) Notes the visit by the Minister for Civil Society, Nick Hurd MP to Leasowe Recreation Centre to meet participants in a pilot scheme for National Citizen Service during 2011 and congratulates those young people who took part, and those who organised it.
- (3) Therefore welcomes the decision by the Coalition Government to offer 30,000 places to young people from around the UK in the next stage of National Citizen Service.
- (4) Requests that all Council Departments be made aware of the programme and for those staff working with young people to promote the opportunities for 16 year olds to take part this year.
- (5) Instructs the Chief Executive of the Council to write to the Minister to express its support for National Citizen Service.

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

Proposed by Councillor Ann McLachlan

Seconded by Councillor Tony Smith

Council welcomes schemes to engage our young people and build their skills and encourage participation in the wider Community, but believes that the National Citizen Service is a costly pilot scheme, being introduced at a time when youth services are being slashed across the country.

Council believes that this scheme will not reach out to those disaffected and disadvantaged young people in a way that a fully funded and integrated Youth Service could do and calls on the Coalition Government to restore the £100million it is cutting from Youth Service Funding nationally.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment was put and lost (29:36) (One abstention).

The motion was put and carried (36:29) (One abstention).

**Resolved (36:29) (One abstention) –**

**Council:**

- (1) Believes that younger people in Wirral have an important role to play in the life of the Borough and notes that many are already playing a part in community and voluntary organisations with people of all ages.**
- (2) Notes the visit by the Minister for Civil Society, Nick Hurd MP to Leasowe Recreation Centre to meet participants in a pilot scheme for National Citizen Service during 2011 and congratulates those young people who took part, and those who organised it.**



- (3) Therefore welcomes the decision by the Coalition Government to offer 30,000 places to young people from around the UK in the next stage of National Citizen Service.
- (4) Requests that all Council Departments be made aware of the programme and for those staff working with young people to promote the opportunities for 16 year olds to take part this year.
- (5) Instructs the Chief Executive of the Council to write to the Minister to express its support for National Citizen Service.

122 **OBJECTION: MINUTE 274 (CABINET - 2 FEBRUARY, 2012) - DRAFT CORPORATE PLAN 2012/13**

Proposed by Councillor Jeff Green  
Seconded by Councillor Lesley Rennie

Council thanks all of our partner organisations and OSC for their contribution in what has proved to be a wholly inadequate timescale for meaningful consultation on the Administration's draft Corporate Plan.

For the avoidance of doubt this Council does not accept the Draft Corporate Plan 2012/13 and instead instructs Officers to continue to work to those goals and targets set out in the existing Corporate Plan.

Council requests Officers to report back to Cabinet on any adjustments that have been made to Departmental plans predicated on the now rejected current Administration's Plan.

Council further instructs officers to prepare a report that sets out a process and timetable that will deliver an updated Plan within 6 months that:

- Captures any work done to date, particularly focussing on comments provided by OSCs and partner organisations
- Leads to the preparation of an updated draft plan by the middle of May
- Builds in a 6 week policy public consultation period
- Reports back to Council at the end of August
- Informs the Budget Planning process and enables publication of a draft Budget to December Council

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

**Resolved (36:29) (One abstention) – That the objection be approved.**

123 **VACANCIES**

The Leader of the Council stated that he would notify the Director of Law, HR and Asset Management of changes to Committee places (see minute 109 ante) and of any consequential changes arising from his Cabinet appointments.



## COUNCIL – 1 March 2012

### BUDGET COUNCIL PROCEDURE

1. **Mayor's communications**

2. **Declarations of Interest / Restrictions on voting**

Note: a letter on what restrictions might apply has been sent to all members

3. **Petitions**

Note: if a petition relates to the setting of the Budget, the member who presents it should be given the opportunity during the main debate to speak about it, in order that the Council can take account of it in that context.

4. **Matters requiring approval by the Council**

#### **BUDGET**

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

Minutes formally seconded

#### **Budget debate**

There will be one debate on the Budget (Cabinet minute xxx). Any alternative proposals to those of the Cabinet should have been lodged with the Director of Law, H.R. and Asset Management by **12.00noon on Monday 27 February**.

The Cabinet's Budget proposals are formally moved.

Formally seconded

Any amendments to the Cabinet's Budget recommendations are formally moved.

Each amendment is formally seconded.

### **Mayor calls speakers:**

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

The Leader of the Opposition, speaking to his Group's budget (15 minutes)

Movers of other amendments (7 minutes)

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

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

**Note:** The Portfolio Holder for Children's Services will be allocated 5 minutes by virtue of speaking on the Schools' Budget element.)

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

The Secunder of the Cabinet's budget (7 minutes)

The Secunder of the Opposition's budget (5 minutes)

Seconders of other amendments (3 minutes each)

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

### **Voting:**

The first vote will be on the Opposition's budget, and if it falls .....

The Council votes on any other amendments.

### **Decision**

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

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

In such circumstances, the Budget and Policy Framework provides for the Director to call another meeting of the Council within a further five days. The Council will then be required to reconsider its decision, and the Leader's written submission, within a further five working days. The actual position is that a reserve date (**Wednesday 7 March**) has been set aside for considering any objection by the Leader. At that second meeting the Council can:

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

**Other objections**

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

**5. Vacancies**

**6. Any other business**

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## WIRRAL COUNCIL BUDGET 2012 - 2013

The budget presented to cabinet this evening is designed to enable the new Council Administration to take the urgent action required to address the crisis of confidence local people have in this Authority.

It will enable us to tackle the urgent concerns regarding the Council's ability to **protect** our most vulnerable residents and put us on the path to providing high quality services that are designed and delivered according to the wishes and needs of our communities.

Given the time we have had available we have accepted the budgetary assumptions made by the previous Administration (after all they have had nine months to examine the books). However we absolutely reject the Labour administrations decision to axe in excess of £1 million From the Day Services budget for 2013/14.

We will act to put right the injustices identified in the Anna Klonowski report. We will pay back in full all those who were overcharged back to 1997. We will reinstate Martin Morton if that is what he wishes, and we will ensure all who need to be held accountable for those dreadful failings are dealt with.

We believe the Council exists to **serve** local people not to tell them what we think is best for them and we have placed this principle at the heart of this budget.

Residents across Wirral are making careful decisions about their household budgets and monthly outgoings. To support them the Government has announced funding that has enabled us to freeze their Council Tax. In addition, when consulted, local people said that a cut in Council Tax was a clear priority for them. Therefore today we are announcing:

A rebate equivalent to a 3% cut in the Council Tax. With a commitment to work in future years to make this permanent

An extension of the current council tax relief scheme for the over 75s scheme to over 70s households

And for all households who pay via direct debit, provide the opportunity to spread their payments across twelve rather than ten months.

Combined with this year's freeze and rebate over 70s households in Band B with a Direct Debit will pay £36.94 less each month.

As a result of sticking to our fundamental principal that people rather than Council's know how to spend their own money best it has allowed us to inject an additional £4 million into local businesses and Wirral's economy as residents have more money to spend locally. We will continue to strive to rebalance our local economy for the benefit of families' right across Wirral.

### Cutting the cost of Council administration

It has never been more important to ensure that local tax payers' money is invested wisely when we spend tax payers money we should treat it as if it were coming from our own pockets. We have as a matter of urgency reviewed all reserves and departmental budgets for further savings opportunities. We regret that the austerity measures introduced last year have not been taken forward by the previous administration and therefore intend to act now to ensure waste is reduced in order that the money spent on Council bureaucracy can be directed to the services where it is needed the most.

By taking the difficult decisions necessary in our last budget we have ensured that further staff reductions are not required. This enables us to redirect staffing levels to the front line services that serve the public, keep young people and vulnerable adults safe.

We currently spend around £123 million on our pay bill. It is important that we ensure this is invested wisely and savings are made wherever possible. We are therefore putting in place arrangements for improved management of staff turnover. This measure will reduce our staffing bill by 2%.

We will review the Council's current facilities agreement with the Trade Unions with the aim of continuing reasonable paid facility time for trade union duties while aiming to reduce the amount we spend on full time Trade Union Officials. For the next twelve months we will fund this activity from the Council's efficiency budget and conduct a full review to ensure Wirral's Trades Unions can effectively represent their members if the payment for full time officers is withdrawn.

Management of staff turnover	£2, 470,000
Strategic Change Programme	£2, 060,000
Council Trade Union contribution	£270,000
Efficiency Investment Budget reduction	£2, 500,000
Austerity measures including supplies	£74,000

The Strategic Change programme delivered £10.725 million of efficiencies last year. We are disappointed that little progress has been made during the current year to ensure the Strategic Change Programme delivers the necessary savings required in the future and instructs the Director of Finance to bring forward an early report on how this will be addressed.

To ensure the required rigor and all parties have an opportunity to contribute to the work of the Strategic Change Programme we will establish the Strategic Change Board on an all party basis and chaired by the Leader of the Council.

### **Your FAMILY: Services for Children and Young People**

In last years budget we stated:

*'Wirral is home to almost 78,000 children and young people. It is a good place to grow up and most children and young people will fulfil the aspirations that we, their parents and their carers have for them. However, some children and young people experience real disadvantage, poverty, hardship and failure to achieve the results they should in School. Our work will continue to be targeted at seeking to ensure that all of our young people grow up in safety and have the best possible start in life'.*

We remain true to this pledge and welcome the Government's decision to award the Council an additional **£569,000** in Early Intervention Grant which will enable us to provide all disadvantaged two year olds with fifteen hours of free early education from September 2013.

We will also target resources to ensure our children are safe and have access to the opportunities they deserve.

- Early Intervention and Child Protection **£1 million**

We believe that as a Council we have no more important duty than to protect the lives of vulnerable children and the £1 million we are announcing today will fund into a range of measures for 2012/13 to keep Wirral children safe and enhance our front line children's services. This will include the crucial role School's play as part of the 'team around the child'. A new pilot to employ an experienced Social worker to work with a cluster of schools to ensure intervention takes place at the earliest stage possible.

### **Caring for our most vulnerable children**

- We are committed to tackling inter generational child poverty in Wirral, and congratulate the 'Roots and Wings' group for the work they have completed to develop our strategy. We will now make a significant investment to deliver on this work.
- We believe that the Roots & Wings group made up, as it is, of Voluntary, Community and Faith Group representatives is best placed to determine & prioritise where investments should be made to best effect in local communities. **£ 400,000**
- To ensure support is targeted towards children requiring extra help we will work with Frank Field MP and Cambridge University to ensure accurate information is available allowing resources to be prioritised on those most in need via a better understanding of 'school readiness'  
**£100,000**
- We will continue our successful investment into every Sure Start Centre that enables our dedicated staff to offer even more opportunities for the children and families they serve for a second year. This will include an additional £2,000 grant for every Centre in 2012/13 to buy new equipment and offer families the opportunity to enjoy day trips and outings - **£38,000**
- Residents who provide foster care opportunities for children to be brought up in a safe and caring environment deserve all the support we can provide. We are therefore ensuring that foster care allowances are increased in line with national recommendations - **£160,000**
- We particularly welcome the Governments recommendation that the friends and family who step in to foster a child in need should also receive assistance. **£450,000**
- Wirral Council is the 'parent' to around 680 Looked After Children who are in our care. Many receive valuable support and assistance from their peers on the Children in Care Council. We congratulate them for the work they have undertaken this year utilizing last years budget provision and award them a further grant to continue this activity. **£20,000**
- We will encourage Voluntary, Community and Faith sector organisations to provide placements for 100 young people who are not in employment, education or training. This will provide valuable experience, raise confidence and work readiness with the longer term aim of gaining employment **£220,000**
- We will also extend the successful coaching and mentoring programme for young people who are at risk through sport. The programme will increase their aspirations and provide them with the guidance, skills, qualifications and confidence needed to access job opportunities. **£50,000**

## **Your FAMILY: Adult Social Services**

The Council's services for Vulnerable Adults needs to be improved. Never again must the safeguarding of vulnerable people be put at risk by thoughtless budget cuts. We will therefore reverse the previous administrations proposed cut of over £1 million from day services for 2013/14.

- We welcome the Government's additional grant I for adults with learning disabilities. **£170, 000**
- We will invest to improve the range and quality of our Adult Social Services. **£1.5million**
- We will invest to improve standards in safeguarding practices **£500,000**
- While options are considered we are providing additional funding this year to maintain Fernleigh. **£500,000**

## **Keeping people in good health**

The transfer of public health responsibilities to the Council and the establishment of our health and wellbeing board provides the opportunity to strengthen cross-sector working between the Council, the NHS and the voluntary sector to reduce inequalities, increase efficiency and improve health outcomes.

Keeping people in good health means that we need to go beyond provision of separate services and single-issues, and look at providing an integrated response and model of support in our communities. The approach recommended is to assess what services we have currently supporting different parts of the borough, to assess how those services can work more closely together and to develop a model where we can ensure that people can get the support they need as easily and simply as possible. They are likely to include services for supporting people on healthy lifestyles, self-care and independent living, families and early years, work, learning and skills, health protection and personal safety, community development and leisure and welfare.

This would enable those commissioning and providing services to offer a holistic and systematic offer of support to all those who could benefit from it. We will also identify areas of Wirral where we can implement this in the first instance so that we can evaluate the benefits before rolling out more widely.

This work has been identified as a work stream for the Health & Wellbeing Board, and will initially be supported by place-based leadership funding from the National Leadership Council.

- No one deserves our support more than the men and women who have served their country in the Armed Forces. We congratulate all the volunteers and Council staff who have been involved in the Veterans Unit which signpost members of the armed forces, their families and local veterans to a range of support service and allocate further resources for 2012/13 to support this vital work. **£10,000**



## Your NEIGHBOURHOOD

The most important influence on residents overall quality of life is the house and street where they live. Last year we made budget provision to enable a major consultation to take place to enable local people to say what really matters to them in their street.

We will ensure that all suggestions and concerns from that consultation are proactively taken forward by Council Officers and are acted upon. More importantly we will delegate additional resources to Area Forums to for them to invest in their Neighbourhoods as they wish.

**£500, 000**

### Investing in the people's priorities

In addition to the budget provision made last year:

- A budget of **£30, 000** allocated to each Area Forum to invest as residents choose .
- An additional **£10,000** per Area Forum to spend as they wish on a range of pavement improvements, drop kerbs and potholes.
- An additional **£4,000** per Area Forum to spend as they wish for the clean up of children's play areas -
- Residents have told us that fly tipping continues to be a blight on local neighbourhoods. It is local people who are best informed about where these problems are and we are allocating resources that can be directed by our Area Forums to target as they see fit. - **£5,000 per forum**

Our libraries are about more than books. They are a vital part of what makes Wirral special and are at the heart of our communities.

- We will reappoint a 'Libraries Champion' to work with the Reader Organisation (chaired by Sue Charteris) to oversee work on a new library model based on delivering soft social care, education and community development. This will be carried out in partnership with the Director of Public Health and piloted at one library with the aim of replicating it across the entire library network.
- In addition we will ensure that the 'Get into reading' project continues through investing a further year's funding in this important project prioritising those who have mental health needs. **£100,000**
- The active and enthusiastic Allotment Associations around Wirral are an important part of our local neighbourhoods. We therefore make a further fund available this year to spend as they wish. **£ 50,000**
- We will make a further investment in our waste infrastructure while ensuring that that the review of the waste contract is prioritized to ensure maximum value for money **£677,000**

In addition:

- The cleanliness and safety of Wirral's neighbourhoods makes an enormous difference to the lives of local people. We will double the size of the dog fouling enforcement team and ensure, directed by our Area Forums, they take a more proactive approach. **£120, 000**

- Anti-social behaviour was again identified as a key concern to Wirral residents and it is vital that we provide the most effective action possible. We are disappointed that the full review of this activity requested was not undertaken this year and provide funding from the Council's Efficiency Fund for a further twelve months to ensure that this now takes place. This work must identify how resources can be targeted in the most effective and efficient way taking full regard of the wishes of local communities.

**£290, 000**

- There has been a failure to implement the requested 20 mph zones in residential areas. We therefore bring forward the past two years funding to ensure the scheme is implemented as a matter of urgency.

**£550, 000**

## Your ECONOMY

Wirral's economy faces many challenges. However, we also have assets across the Borough that, with Government support, will enable us to rebalance our economy and take advantage of new markets and opportunities. The Governments announcement of the Wirral Waters Enterprise Zone and the securing of international investment will finally begin to make a real difference to the lives of local people.

We will give priority to supporting our small businesses and making Wirral a place where business chooses to invest and create jobs. We will seek to achieve a rebalanced economy that retains and attracts our young people and provides opportunity for all to realise their full potential. We will also continue to ensure that every young person leaving school has access to training or a job work that will include today's announcement of £220,000 to create work experience opportunities in the Community, Voluntary and Faith sector.

- We will invest in Wirral's Green economy through a pilot project to ensure local businesses benefit fully from the opportunities presented by this crucial sector, particularly those in local green sector businesses who are already grasping this opportunity. This will deliver extra training, up skilling, and apprentices to enable people moving into the sector, including the unemployed to access appropriate training opportunities in Wirral. There will also be a major marketing event to promote Wirral's green sector businesses and job opportunities. These budget recommendations have come forth from a detailed scrutiny review of the sector.

**£500,000**

- Helping to ensure our local shopping areas remain vibrant is something we commenced last year through the introduction of an Empty Shops Fund, alongside the 'free after three' and the 'big clean up' initiatives. This year, we want to build upon that and provide funds for local Trader groups to bid in to with suggestions of what they would propose to do to improve the vitality of their shopping areas. We would expect the bids that are supported to demonstrate how local trader groups will come together and contribute their time and/or resources to the bids successful outcome. This process will work alongside and compliment any successful bids into the Coalition Governments Mary Portas pilots.

**£500,000**

- To encourage local people to shop in Wirral all car parking from Monday through to Friday will continue to be 'free after three' for another twelve months **£400,000**
- Continuing to support local business to thrive and grow is vital in order to rebalance Wirral's economy. Over the last five years the Council has assisted in safeguarding and creating almost 6000 jobs and supported almost £100 million of private sector investment. We will continue to provide dedicated business support and advice to all

who have the potential to grow, helping them to identify new business opportunities and access new markets.

We will continue to support Wirral businesses by providing assistance through specialist advice, grants and the Wirral Business Angels programme and further develop and enhance the business workshops delivered through Invest Wirral.

Last years budget made significant investments in to helping people into work. This year we will again continue to invest in the successful Wirral Apprentice Programme that has already helped 313 young people into jobs. To build on this success we will continue to invest in our successful programmes: The Reach Out consortia has already assisted 759 people into work. This successful initiative is planned to end in May 2012, but we believe that its continuation is crucial as we seek to drive down the number of residents who are out of work. Unlike other Councils we delivered this activity through voluntary, community and faith sector groups to maximize their experience and links to our communities and hardest to reach groups an approach we are pledged to continue. We therefore instruct the Director of Regeneration, Housing and Planning to bring forward a report detailing how this work will be tendered to ensure no gap in delivery. In addition we will continue to invest in additional apprentices, training and grants to businesses that will increase employment and help to rebalance our local economy. **£1.5 million**

### **Investing in community assets**

The New Brighton Development is becoming established as a key leisure asset for the local community and has potential to attract even more investment from the private sector. We will invest **£1.2 million** this year to enhance the quality of the environment around it, such as pavements, street lighting and car parking.

The Open Golf Championship attracted significant investment to Wirral and showcased what our beautiful peninsula has to offer. We will invest a further **£1.2 million** to ensure that Hoylake becomes a fantastic gateway for visitors including the creation of a new town square.

We believe that it is important to prioritise investments that will make a difference to the lives of local people and help to generate investments and jobs. We will therefore fund these projects through the re-phasing of capital work on Council Offices.

### **Your COUNCIL**

This Council must change. We must end the corrosive and insular culture that has lead to the loss of confidence and respect in this Council from our staff and residents In the future we must be guided by clear values based on what makes us unique as professionals who work with integrity.

For this Administration this will mean all of us (Council staff and politicians) at all times demonstrating:

1. **Unity** - Trusting and supporting each other, we work as one team to protect and serve the people of Wirral. We sustain strong relationships based on tolerance and mutual cooperation
2. **Integrity** - We act consistently, with honesty and transparency. Everything we do must stand the test of public scrutiny
3. **Understanding**- We listen, we are considerate and show respect to colleagues, customers and the communities around us

4. **Excellence** - We strive to achieve the highest standards, confidently using our professional expertise in the work we do
5. **Responsibility** - We accept responsibility and accountability for what we do. We take ownership for our actions and work together to achieve them

These are not just a set of words. They form a contract between this Administration, within teams, Directorates and Wirral as a whole. We should aim to demonstrate the values in our day to day work, to colleagues and customers. We need to feel safe to challenge if we feel our values are not being followed. And we need to recognise and reward people where we do see these values in action.

We will ensure our business is conducted in the most transparent manner possible involving as many Council Members as possible. We today instruct the Director of Law, Hr and Asset Management to bring forward at the earliest possible opportunity a report detailing how this Council will return to the Committee System to ensure that decision making rests in the hands of the many not the few.

We must also ensure that the wishes of Council Members are implemented properly and that performance management is given greater prominence than has hitherto been the case. We believe that Members must play a leadership role in this and so we are instructing the Director of Law, HR and Asset Management to establish a new all Party Business Delivery Board to support the cabinet by detailed oversight of progress on our Corporate Plan.

We will ensure this Council is in the future focussed upon serving and protecting local people In particular those who are most vulnerable and in need. This Council must do this through the engagement and empowerment of individuals and communities in both the design and delivery of local services, and by working together with partners in the public, private and the community, voluntary and faith and independent sectors. We therefore instruct the Chief Executive to bring forward proposals to change the Council's policy framework to ensure that lawful consultation and engagement are central to all budget & decision making processes in the future.

Our staff are those who are best placed to point out where we are failing and to tell us how we can improve the services that we will deliver. We are therefore investing to ensure we listen and properly engage with them in the future:

- We will appoint an independent ombudsman to ensure that staff are able to raise any issues of concern they wish in the future without fear of reprisal. **£45, 000**
- We will invest to improve standards and practice across the Council. **£300, 000**
- To ensure we consult all our staff fully on their views we will conduct an independent survey **£ 12,000**
- We recognise the importance of leading by example as an employer and we will again make provision for a payment of £250 for our lower paid workers – those earning under a full time equivalent of £21, 000. **£600,000**
- We will now implement the Liberal Democrat proposal that was rejected last year that in future the Council will set an example by paying a living wage to all our staff **£30,000**
- We welcome the proposed new General Advice Contract that will provide a free and independent information and advice service open to all Wirral residents but specifically targeted towards meeting the needs of families living in poverty. The

service will be responsive to those in greatest need, providing a package of information, advice and support in relation to welfare and benefits, debt and financial management, employment and housing. - **£260,000**

- We also recognise the importance of the contribution the Council can make through our One Stop Shop services to provide a range of financial advice services to residents. We instruct the Director of Finance to bring back an urgent report regarding how this is delivered to include how staff can advise on fuel tariffs and how to ensure everyone is assisted to open bank accounts to improve financial inclusion in the borough.

In addition it be noted that this budget is achievable, sustainable and increases the Council's balances by £2.75 million over the minimum requirement to assist in the challenges for future years.

Any requirement of the Local Authority Social Services Act 1970 to consider reports be dispensed with on the grounds that, in the opinion of the Council, the matters are urgent.

That for the financial year 2012/13 the Council will ensure that no pensioner household over 70 will have any increase in Council Tax liability, excluding the consequences of any police and fire increases. This applies where:

- (i) the Council Tax payer pays Council Tax in Wirral as their main home and all individuals in the household that are counted as resident for Council Tax purposes are aged 70 or over on 1 April 2012 (but where the qualifying age criterion is met after 1 April 2012 eligibility will be effective from the relevant birth date only);
- (ii) this reduction will be calculated after deduction of all other Council Tax discounts and reliefs;
- (iii) application must be made for the reduction where it is not currently in payment or the potential claimant is not in receipt of Council Tax Benefit;

No pensioner household in receipt of full Council Tax Benefit will qualify for the reduction.

It be noted that, at its meeting on 8 December 2011 the Council calculated the Council Tax Base for 2012/13 as 106,058 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, under Section 31B(3) of the Local Government Finance Act 1992, as amended (the 'Act').

The following amounts be calculated by the Council for the year 2012/13 in accordance with Sections 31 to 36 of the Act.

- (a) £818,279,900 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act;
- (b) £685,368,900 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (c) £132,911,000 being the amount by which the aggregate at (a) exceeds the aggregate at (b), calculated by the Council in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year.

- (d) £1,253.20 being the amount at (c) divided by the Council Tax Base, calculated by the Council in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year.

<b>Wirral Services</b>		<b>Valuation Bands</b>					
A	£835.47	B	£974.71	C	£1,113.96	D	£1,253.20
E	£1,531.69	F	£1,810.18	G	£2,088.67	H	£2,506.40

being the amounts given by multiplying the amount at (d) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings in Valuation Band D, calculated in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings as listed in different valuation bands.

**It is noted that this equates to 0% Wirral Council Tax rise.**

It be noted that for the year 2012/13 the major precepting authorities have stated the following amounts of precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<b>Fire</b>		<b>Valuation Bands</b>					
A	£44.91	B	£52.39	C	£59.88	D	£67.36
E	£82.33	F	£97.30	G	£112.27	H	£134.72

<b>Police</b>		<b>Valuation Bands</b>					
A	£100.41	B	£117.14	C	£133.88	D	£150.62
E	£184.09	F	£217.56	G	£251.03	H	£301.23

Having calculated the aggregate in each case of the amounts for Wirral services and the Fire and Police precepts, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of council tax for the year 2012/13 for each of the categories of dwelling shown below:-

<b>Wirral Council</b>		<b>Valuation Bands</b>					
A	£980.79	B	£1,144.24	C	£1,307.72	D	£1,471.18
E	£1,798.11	F	£2,125.04	G	£2,451.97	H	£2,942.35

**It is noted that this equates to a 0.48% overall increase in Council Tax.**

**WIRRAL COUNCIL**

**CABINET PROPOSAL      21 FEBRUARY 2012**

**SUMMARY OF GENERAL FUND ESTIMATES**

	<b>BASE ESTIMATE 2011/12 £</b>	<b>CURRENT ESTIMATE 2011/12 £</b>	<b>BASE ESTIMATE 2012/13 £</b>
<b>EXPENDITURE</b>			
<b>Departmental budgets</b>	<b>266,426,900</b>	<b>273,337,000</b>	<b>264,389,500</b>
Merseytravel	28,817,000	28,817,000	29,060,000
Local Pay Review	956,300	545,900	545,900
Contribution to Fund EVR/VS Scheme	5,794,700	0	0
EVR / VS Scheme 2012 Savings	0	0	(910,000)
<b>Net budget</b>	<b>301,994,900</b>	<b>302,699,900</b>	<b>293,085,400</b>
Potential Overspends	0	2,000,000	0
Council Tax Reimbursement	0	0	4,000,000
Contribution from Balances	(7,165,900)	(9,688,300)	(9,604,500)
<b>BUDGET REQUIREMENT</b>	<b>294,829,000</b>	<b>295,011,600</b>	<b>287,480,900</b>
<b>INCOME</b>			
Revenue Support Grant	37,498,000	37,498,000	(471,100)
National Non Domestic Rate	121,312,000	121,312,000	145,208,200
Council Tax Freeze Grant	3,285,000	3,285,000	6,572,800
Local Support Services Grant	0	1,482,600	1,804,900
Council Tax Income	131,434,000	131,434,000	132,911,000
Collection Fund Surplus	1,300,000	0	1,455,100
<b>TOTAL INCOME</b>	<b>294,829,000</b>	<b>295,011,600</b>	<b>287,480,900</b>
<b>STATEMENT OF GENERAL BALANCE</b>			
General Balance at 1 April	14,070,600	14,070,600	18,405,300
Adjustment (following 2010/11 outturn)	0	1,000,000	0
Contribution from Capitalisation	0	2,600,000	0
Budgeted Contribution	(7,165,900)	(9,688,300)	(9,604,500)
Release of Housing Benefit Reserves	0	5,000,000	0
Release of Other Reserves and Provisions	0	5,423,000	0
<b>GENERAL BALANCE AT 31 MARCH</b>	<b>6,904,700</b>	<b>18,405,300</b>	<b>8,800,800</b>

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## WIRRAL COUNCIL

### CABINET

21 FEBRUARY 2012

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

#### **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.

#### **2.0 RECOMMENDATIONS**

- 2.1 That Members approve the Treasury Management and Investment Strategy for 2012-2015.
- 2.2 That the Prudential Indicators be adopted.
- 2.3 That Members approve the Minimum Revenue Provision policy.
- 2.4 That the Council Officers listed within Appendix E, of the Strategy Statement, be authorised to approve payments from Council bank accounts for all treasury management activities.

#### **3.0 REASONS FOR RECOMMENDATIONS**

- 3.1 The Chartered Institute of Public Finance and Accountancy Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the 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, Members are asked to approve 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 Approval and implementation of this strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are none arising 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

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Treasury Management and Investment Strategy 2011 to 2014	21 February 2011
Cabinet - Treasury Management Annual Report 2010/11	23 June 2011
Cabinet - Treasury Management Performance Monitoring	21 July 2011
Cabinet - Treasury Management Performance Monitoring	3 November 2012
Cabinet - Treasury Management Performance Monitoring	2 February 2012



Wirral Council

Treasury Management and  
Investment Strategy 2012-2015

## **CONTENTS**

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**

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

- 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 &amp; DEBT PORTFOLIO POSITION

	<b>Current Portfolio</b> as at 31 Dec 11 £m
<b>External Borrowing:</b>	
Fixed Rate – PWLB	97
Fixed Rate – Market	174
Variable Rate – PWLB	0
Variable Rate – Market	0
<b>Total External Borrowing</b>	<b>271</b>
<b>Other long-term liabilities:</b>	
PFI	62
Finance Leases	3
<b>Total Other Long-Term Liabilities</b>	<b>65</b>
<b>Total External Debt</b>	<b>336</b>
<b>Investments:</b>	
<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
<b>Total Investments</b>	<b>135</b>
<b>Net Borrowing Position</b>	<b>201</b>

## 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
<b>Total Financing and Funding</b>	<b>49,259</b>	<b>73,696</b>	<b>33,737</b>	<b>29,109</b>	<b>12,825</b>

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:**

<b>Ratio of Finance Costs to net Revenue Stream</b>	<b>2011/12 Approved %</b>	<b>2011/12 Revised %</b>	<b>2012/13 Estimate %</b>	<b>2013/14 Estimate %</b>	<b>2014/15 Estimate %</b>
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:**

<b>Capital Financing Requirement</b>	<b>2011/12 Approved £m</b>	<b>2011/12 Revised £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>	<b>2014/15 Estimate £m</b>
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:**

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

**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:**

<b>Gross and Net Debt</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
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:**

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

#### 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:**

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

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:**

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

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:**

<b>Maturity structure of fixed rate borrowing</b>	<b>Lower Limit 2012/13 %</b>	<b>Upper Limit 2012/13 %</b>
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:**

	<b>2011/12 Approved £m</b>	<b>2011/12 Revised £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>	<b>2014/15 Estimate £m</b>
<b>Upper Limit for total principal sums invested over 364 days</b>	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
<b>Official Bank Rate</b>													
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													
<b>3-month LIBID</b>													
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
<b>1-yr LIBID</b>													
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
<b>5-yr gilt</b>													
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
<b>10-yr gilt</b>													
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
<b>20-yr gilt</b>													
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
<b>50-yr gilt</b>													
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

## CABINET

21 FEBRUARY 2012

<b>SUBJECT:</b>	<b>CARBON BUDGET 2012-13</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, H.R. &amp; ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>ENVIRONMENT</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 2011/12 (Appendix A); the revisions that are required to meet Corporate Goals; and, provide the Carbon Budget for 2012/13.
- 1.2 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to:
- Establish the Council's carbon footprint and quantify tonnes of CO<sub>2</sub> emitted as a direct result of Council operations for 2010 onwards;
  - Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
  - Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.
- 1.3 Appendix A sets out the Carbon Budget Performance Table for the Council's buildings. The Carbon Budget Impact Statement (Appendix B) summarises the measures and projects aimed at reducing carbon emissions.
- 1.4 Progress against the actions requested by Members at Cabinet 21 February 2011 (Minute 331 refers) is also included in the report.
- 1.5 The Carbon Budget process will be further developed in light of anticipated changes to the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) and organisational needs.
- 1.6 The Carbon Budget is not a statutory requirement but is Wirral's only method of managing CO<sub>2</sub> emissions in order to comply with the Corporate Objective to 'reduce our carbon footprint' and the CRCEES.
- 1.7 The carbon budget is not financial but meeting the annual targets will have an impact on costs. Reductions in carbon emissions are achieved by reducing

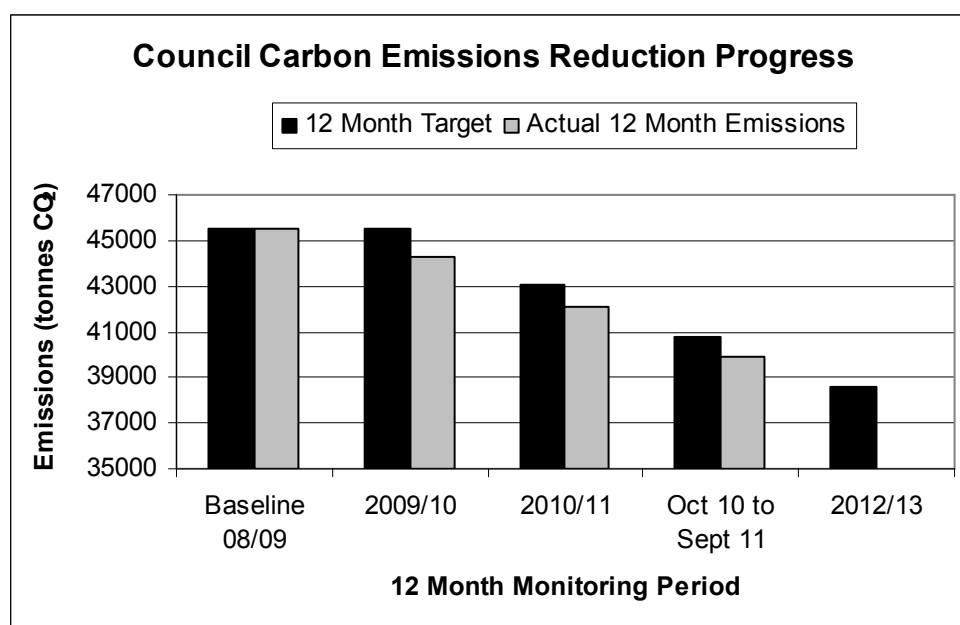
energy use and there are financial savings that will be made from the avoided costs of energy and CRCEES allowances.

1.8 This report does not contain exempt information.

## 2.0 BACKGROUND AND KEY ISSUES

### 2.1 Background

2.1.1 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010 (Minute 335 refers). To date, the rate at which emissions have been reducing has exceeded that which is required to meet the 60% reduction target by 2025. Annual targets for carbon management are modified to reflect changes to the council estate.



2.1.2 The Carbon Budget was approved by cabinet on 22 February 2010 (Minute 335 refers). The method of apportioning emissions between Departments has since altered to reflect the Asset Register listing by service responsible for a site or building. Total emissions were not affected.

2.1.3 The Carbon Budget is not financial, but it is presented at the same time as the financial budget as directed by Council.

2.1.4 The Sustainability Unit calculates the carbon emission figures for a twelve month period every six months. This information is used to compile a performance report for the past year and is used to encourage Departments to meet their carbon target and so aid the carbon management process. For the purposes of reporting on the carbon budget, the most recent carbon reporting period is used. In this



case it is the reporting period from 1 October 2010 to 30 September 2011.

2.1.5 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.

## **2.2 Progress against Cabinet Minutes**

2.2.1 Appendix A shows the Council's progress towards emissions targets set by the Carbon Budget. Taking account of the performance over the year 1 October 2010 to 30 September 2011, corporate emissions are calculated to be within 0.56% of the 2011/12 target.

2.2.2 As directed by Members, the Sustainability Unit is working with the Merseyside Pension Fund (MPF) to implement the carbon budget as part of its normal business activities. Wirral is responsible for the operation of the MPF and is obliged to report their activities for CRCEES. Initial meetings have taken place and work will continue to ensure the MPF contributes to Wirral's carbon reduction targets.

2.2.3 Council 14 December 2009 (Minute 77 refers) instructed the Director of Finance to bring forward an appropriate evaluation model for quantifying CO<sub>2</sub> emissions as part of the procurement process for new Council contracts and other spend. The Council's Procurement Team are collaborating with 30 other local authorities through a project being run by dCarbon North West, which aims to understand, inform and encourage sustainable business practices throughout the supply chain.

2.2.4 The dCarbon North West project is designed to help businesses make cost savings through reduced energy use and enable them to promote their green credentials to existing and potential customers.

2.2.5 dCarbon Northwest utilises the on-line supplier engagement tool CAESER (<http://nqc.com/CAESER>), managed by NQC Ltd, to help organisations assess their carbon management. Completing the assessment will provide a tailored report, which also provides support and recommendations for action where relevant. The on-line system can then also be used to communicate any improvements that they can make in the future. Access to the system will be given to all participants so that they will be able to see the 'Carbon Spend' information of each organisation and the Council can use this as part of the procurement process.

2.2.6 Progress on reducing the Council's Carbon Footprint was reported to Sustainable Communities Overview and Scrutiny Committee on 23 November 2011 (Min 7 refers).

2.2.7 A briefing on the ethos of the Carbon Budget was delivered in December 2011 as part of the Members' Training and Development Programme.

2.2.8 Departmental Management Teams (DMT's) have been provided with a series of actions on improving energy efficiency to communicate to their staff.

### **2.3 Current Initiatives**

2.3.1 Current initiatives to reduce the Council's Carbon footprint are shown in Appendix B.

2.3.2 The Sustainability Unit has scheduled quarterly attendance at each Department's DMT meetings in order to assist and advise management teams on how to meet their Carbon Targets without compromising service delivery.

2.3.3 Work is scheduled to commence in April on proposals for a management framework that will comply with ISO 50001 (Energy management systems). This will clarify roles and responsibilities and give clear directions to achieve the structural carbon savings required. The system will be tailored to the Council's changing needs in order to drive down emissions, control costs and reduce risks.

2.3.4 Training sessions for Energy Champions and Building Attendants/Caretakers have been arranged and should improve the flow of information back to DMT's on issues around maintenance of equipment and plant and identified energy inefficiencies and waste. Local or strategic solutions may be required to address the issues raised and the appropriate approaches will be determined through the Asset Review Board.

2.3.5 DMT's have been reminded that access to individual building energy information is available via the energy database web access. This facility provides energy and carbon emission information that can be used to track progress.

### **2.4 Development of the Carbon Budget**

2.4.1 Wirral Council's Carbon Budget was first developed in 2009 and set annual performance targets to 2012/13 based on NI (National Indicator) 185 and 194 method and inclusion criteria. Targets for 2013/14 onwards now need to be set to continue the scheme.

2.4.2 This presents an ideal opportunity to review the Carbon Budget process based on the following:

- Lessons learnt to date;
- Alignment with the most recent industry standard (ISO 50001:2011 Energy management systems);

- Alignment with CRCEES (Carbon Reduction Commitment Energy Efficiency Scheme); and,
- Consultation with affected departments and organisations.

2.4.3 NI's 185 and 194 were deleted from the single data list and the CRCEES now provides the most rigorous CO<sub>2</sub> emissions report. The CRCEES is subject to regular internal and external audit and gives the performance figures greater authority.

2.4.4 A consultation on draft legislative proposals aimed at simplifying the CRCEES is due to start in February 2012; government aims to implement a simplified scheme for Phase 2 of the CRCEES starting in April 2013.

2.4.5 It is recommended that the current Carbon Budget method be applied until April 2013. A report will be produced following the results of the Government's consultation on simplification of the CRCEES detailing recommended alterations to the Carbon Budget process as well as organisational carbon budget targets for 2013/14 onward. The Sustainability Unit will consult internally as part of the development process.

### **3.0 RELEVANT RISKS**

3.1 The greatest risk is not meeting the required corporate targets set out in the carbon budget. Failure to meet targets will mean that energy costs and CRCEES charges could increase.

3.2 There is a risk that individual departments may not meet their targets. The Sustainability Unit is working with DMT's and staff to help meet the carbon reduction targets and reduce this risk which also carries financial implications.

3.3 The absence of an effective carbon management system to deliver the Carbon Budget increases the risk of not meeting the targets as detailed in the Corporate Plan. Accreditation with an approved management system will reduce this risk and ensure that the carbon management system is fully mainstreamed and that focus on carbon reduction is maintained.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 Regular reporting on the Carbon Budget on a departmental basis is based on the Council Resolution passed on 14 December 2009. The only other option is to do nothing which is not a reasonable alternative as it would increase the financial costs of the CREES.

## **5.0 CONSULTATION**

- 5.1 A briefing on the ethos of the Carbon Budget was delivered as part of the Members' Training and Development Programme.
- 5.2 Departmental Management Team (DMT) meetings are being attended quarterly to consult, assist and inform Management on how to achieve their carbon targets which will contribute to reaching corporate goals.

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

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

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

- 7.1 There are no direct financial implications arising from this report. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost. At present, the CRCEES requires the Council to purchase allowances at a rate of £12 per tonne to cover all reportable emissions.
- 7.2 There are no IT implications arising directly from this report.
- 7.3 There are no staffing implications arising directly from this report.
- 7.4 The rationalisation of the Council's estate will greatly assist in the delivery of the Carbon Budget as detailed in Appendix B.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 There are no direct legal implications arising from this report.

## **9.0 EQUALITIES IMPLICATIONS**

- 9.1 The potential impact of the proposal has been reviewed with regard to equality and it is concluded that there is no relevance to equality.

## **10.0 CARBON REDUCTION IMPLICATIONS**

- 10.1 Reducing Wirral's carbon footprint has been identified in the Corporate Plan as one of the goals for the next three years.
- 10.2 If the proposals contained within the carbon Budget Impact Statement 2012/13 are fully realised, the Council will reduce CO<sub>2</sub> emissions by

approximately 2,490 tonnes which will positively assist in meeting future emissions targets.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 The disposal of Council owned properties outlined in Appendix B could have planning implications. Any future applications for planning permission would be assessed for compliance with the statutory development plan, which currently comprises of the Wirral Unitary Development Plan (as saved by direction of the Secretary of State on 28<sup>th</sup> September 2007 and the North West of England Regional Spatial Strategy to 2021 (September 2008).

## **12.0 RECOMMENDATIONS**

12.1 It is recommended that:

12.2 The progress towards the 2011/12 target included in Appendix 1 is noted.

12.3 The Carbon Budget for 2012/13 included in Appendix A is approved.

12.4 The actions described in Appendix B are noted and endorsed.

12.5 The current Carbon Budget method be applied until April 2013 and that a further report detailing recommended alterations as a result of the review of the Carbon Budget process together with Carbon Budget targets for 2013/14 will be brought to a future meeting of Cabinet.

## **13.0 REASONS FOR RECOMMENDATIONS**

13.1 To set a Carbon Budget that will help the Council to meet local and national emissions targets, assist in the management and operation of the CRCEES and contribute to reducing energy consumption and costs.

13.2 To allow a review of the Carbon Budget method that will permit improvements to be implemented that will ensure it complements other mandatory schemes and removes duplication of effort.

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## **APPENDICES**

**Appendix A** – Carbon Budget Performance Table for Local Authority Buildings

**Appendix B** – Carbon Budget Impact Statement

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010
Cabinet	25 November 2010
Cabinet	21 February 2011
Budget Council	1 March 2011
Cabinet	14 April 2011

## Appendix A - Carbon Budget Performance Table for Local Authority Buildings

Baseline Carbon Footprint (2008/09): 45,481 tonnes

Responsible Department	*2011/12 CO2 Emissions Target (tonnes)	**Actual Emissions Oct 10 to Sept 2011 (tonnes)	*2012/13 CO2 Emissions Target (tonnes)	Reduction required to meet 2012/13 CO2 Emissions Target (tonnes)
ADULT SOCIAL SERVICES	1,673	1,621	1,575	98
SCHOOLS	17,129	15,843	16,238	891
CYPD	1,032	1,043	996	36
CORPORATE SERVICES	0	0	0	0
LHR & AM	4,642	4,321	3,923	719
FINANCE	734	726	697	37
TECHNICAL SERVICES	14,460	16,340	12,630	1,830
<b>TOTAL</b>	<b>39,670</b>	<b>39,894</b>	<b>36,059</b>	<b>3,611</b>

\* When the first Carbon Budget was agreed, targets were set for the three years 2010/11, 2011/12 and 2012/13. Annual targets are revised at each six monthly update when available data is reviewed to compensate for: underperformance; changes in the Council's estate and meet corporate carbon emissions reduction goals. The targets above take these updates into account.

\*\*The last full twelve month period for which data is available.

## Appendix B - Carbon Budget Impact Statement

### CARBON BUDGET IMPACT STATEMENT 2012-13

Description of Action	Carbon (Tonnes of CO2) Reductions/Increases	Outcomes	Risks	Other Impacts/Comments
Install Voltage Optimisation System at alternative site to Treasury	-20	Positive impact on emissions Reduced maintenance Costs	Installation at Treasury proved non feasible as mainframe cannot be taken out of service. Alternative site not yet identified	Reduced cost
PV Installation at Cheshire Lines Building	-2	Positive impact on emissions		FITS Income Installation Complete
Disposal of Alexander Hall	-13	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Returned to Council 09/12/11 – completion date uncertain
Disposal of Brookfield Children's Home	-32	Structural reduction in carbon emissions should the site be disposed of.	Site re-use may impact on carbon emissions	Site mothballed – may be re-used
Disposal or Transfer of DASS Properties (Mapleholme, Pensall, Poulton, Meadowcroft)	-581	Structural reduction in carbon emissions should the identified homes be transferred out of Council control or sold.	Emissions reduction dependent on completion	Completion anticipated October 2012
Disposal of Delamere Community Centre	-11	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated July 2012
Disposal of Kylemore Community Centre	-15	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated August 2012
Disposal of Vale House	-47	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated July 2012
Overton Community Centre	-25	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion uncertain



### CARBON BUDGET IMPACT STATEMENT 2012-13

Description of Action	Carbon (Tonnes of CO2) Reductions\Increases	Outcomes	Risks	Other Impacts/Comments
Disposal of Bromborough Social Centre	-22	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion uncertain
Disposal of Willowtree	-159	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated December 2012
Disposal of Hillcroft	-8	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated August 2012
Disposal of 245 Liscard Road	-8	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion uncertain
Disposal of Oakenholt Road Complex	-39	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated July 2012
Disposal of 96 Manor Road	-15	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated October 2012
Disposal of Poulton Primary	-65	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated August 2012
Disposal of Esher House	-56	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated October 2012
Disposal of Old Court House	-88	Structural reduction in carbon emissions	Emissions reduction dependent on completion	Completion anticipated December 2012
Combined Heat and Power	-400 to 550	Positive effect on emissions	Long term contract Approval not gained from SCP or successor	Reduced cost Improved energy efficiency

## CARBON BUDGET IMPACT STATEMENT 2012-13

Description of Action	Carbon (Tonnes of CO <sub>2</sub> ) Reductions\Increases	Outcomes	Risks	Other Impacts/Comments
<b>Solar PV Project</b>	-300	Positive effect on emissions. Environmentally Friendly Renewable Source of Energy	Outcome of consultation on FITS modifications proposed by DECC	To be assessed on the outcome of current tender exercise
<b>Awareness Raising</b>		Introduce a cultural change to make saving energy a normal part of service delivery; educate staff at all levels; and, motivate and maintain performance levels.	Impact difficult to assess Reduced performance if not fully implemented	Improved energy efficiency
<b>Provision of additional Electric heaters</b>	<b>TBC</b>	Supplementary heating necessary where existing systems are out of service or faulty to maintain reasonable comfort  Negative impact on emissions	Long term use will increase emissions	Higher electricity cost due to increased use
<b>Decrease temperature set points by 1 Deg C where possible.</b>	<b>-274</b>	Positive impact on emissions	Local control and unrealistic expectations	Reduced gas costs
<b>Remote monitoring and lamp upgrade to 900 main road streetlamps</b>	<b>-310</b>	Structural reduction in carbon emissions	Programme is stopped	Financial savings (will depend on updating the unmetered supply certificate)
<b>TOTAL PROPOSED EMISSIONS REDUCTION</b>	<b>-2,490</b>	<b>Tonnes of CO<sub>2</sub></b>		

**WIRRAL COUNCIL**

**EMPLOYMENTS AND APPOINTMENTS COMMITTEE**

**28 FEBRUARY 2012**

<b>SUBJECT:</b>	<b>PAY POLICY STATEMENT 2012/13</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TOM HARNEY</b>
<b>KEY DECISION</b>	<b>YES</b>

## **1.0 EXECUTIVE SUMMARY**

1.1 The purpose of this report is for The Employment and Appointments Committee to note The Council's Pay Policy Statement for the financial year 2012/13.

## **2.0 RECOMMENDATION/S**

2.1 It is recommended that The Employment and Appointments Committee:

- (i) Note The Council's Pay Policy Statement 2012/13.
- (ii) Note the proposed introduction of The Living Wage, subject to Cabinet approval.
- (iii) Note the responsibility of The Employment and Appointments Committee to ensure the provisions set out in the Pay Policy are applied consistently throughout the Council, and recommend any amendments to The Full Council.

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

3.1 The Council is required by Section 38 of The Localism Act 2011 to prepare a Pay Policy Statement for the financial year 2012/13, and each subsequent financial year.

3.2 The draft statutory guidance on The Localism Act 2011 recommends that a Committee be given responsibility to coordinate a collective review of the appropriateness of the Pay Policy Statement at least annually, and to make recommendation to The Full Council.

## **4.0 BACKGROUND**

4.1 The Localism Act received Royal Assent on 15 November 2011. Chapter 8 of the Act refers to 'Pay Accountability' and sets out the requirements for Councils to determine and publish annual pay policy statements. The requirements of The Localism Act include:

- i. The Pay Policy statement to be approved by The Full Council, in advance of the financial year to which it relates.
- ii. The first Pay Policy Statement to be prepared for 2012/13.
- iii. The Pay Policy Statement to be published on the Council website.

4.2 The Pay Policy Statement is required to set out the Council's policies relating to the following:

- i. Chief Officer remuneration, including salary, allowances, and enhancements at termination.
- ii. Remuneration of its lowest paid employees.
- iii. The relationship between Chief Officer remuneration and that of other employees.

## **5.0. THE PAY POLICY STATEMENT**

5.1. The Pay Policy Statement 2012/13, which meets the requirements of The Localism Act 2011, is attached at Appendix One for the consideration of The Employment and Appointments Committee.

5.2. The Pay Policy can be amended by resolution. This includes in-year amendments.

## **6.0. THE LIVING WAGE**

6.1. Cabinet, on 21 July 2011 (minute 58) resolved that:

- Officers be requested to report to a future Cabinet meeting on the implications of bringing those Council employees earning below £7.20 per hour up to that level of pay (referred to as a living wage).

6.2 The proposed Pay Policy Statement 2012/13 includes a revised pay structure to take account of the Living Wage, and ensure all Council employees are paid at a rate equal to or higher than the Living Wage hourly rate of £7.20. By introducing the Living Wage, scp 4, 5, 6 and 8 of the Local Government Services (LGS) salary rates are deleted, and the entry level grade at Band A is scp 9 at £7.20 per hour, equivalent to £13,516 per annum. The current salary rates and the proposed salary rates are attached at Appendix Two and Appendix Three respectively.

6.3 The proposed change affects 38 employees who are employed on a casual basis at the current Band A (scp 4-6: £6.47 - £6.65 per hour) and 80 casual coaches who are currently paid at £6.88 per hour.. These employees will move to scp 9 at the new rate of £7.20 per hour.

6.4 The proposed change also affects 148 employees, including 88 casual employees who are paid at the current Band B (scp 8: £7.02 per hour). These employees will move to the scp 10 at the new rate of £7.39 per hour.

## **7.0 RELEVANT RISKS**

- 7.1 The Council is required to prepare and approve its Pay Policy Statement 2012/13 before 31 March 2012. The Council will be at risk of not meeting the requirements of The Localism Bill 2011 if this is not achieved.

## **8.0 OTHER OPTIONS CONSIDERED**

- 8.1 No other options were considered as The Pay Policy Statement is a requirement of The Localism Act 2011.

## **9.0 CONSULTATION**

- 9.1 The Trade Unions have been invited to comment on The Council's Pay Policy Statement.

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

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

## **11. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 11.1 The cost of introducing The Living Wage is £28,200 including on-costs. The introduction of The Living Wage is subject to Cabinet approval.

## **12. LEGAL IMPLICATIONS**

- 12.1 The Council is required to meet the requirements of The Localism Act 2011.

## **13.0 EQUALITIES IMPLICATIONS**

- 13.1 The EIA for The Pay Policy is attached at Appendix Four.

- 13.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? Yes

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

## **14 CARBON REDUCTION IMPLICATIONS**

- 14.1 There are no carbon usage implications or other relevant environmental issues arising from this report.

## **15. PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

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

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## APPENDICES

Appendix One: The Pay Policy Statement 2012/13.  
Appendix Two: The current Salary Rates  
Appendix Three: The proposed Salary Rates  
Appendix Four: The Pay Policy Statement EIA.

## REFERENCE MATERIAL

There is no reference material for this report.

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	21 July 2011



**WIRRAL COUNCIL**

**PAY POLICY STATEMENT**

**2012 – 2013**

DRAFT

## **1. Introduction and Purpose**

- 1.1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.
- 1.2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying:
  - The methods by which salaries of all employees are determined;
  - The detail and level of remuneration of its most senior staff i.e. ‘Chief Officers’, as defined by the relevant legislation;
  - The Employment and Appointments Committee responsibility for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the Full Council.
- 1.3. The Council will consult with the relevant Trade Unions in relation to this Pay Policy, before the Policy is considered by Full Council.
- 1.4. Once approved by the Full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.
- 1.5. The Council may, by resolution, amend this Pay Policy, including after the beginning of the financial year to which it relates.

## **2. Other legislation relevant to pay and remuneration**

- 2.1. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 2.2. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

## **3. Pay Structure**

- 3.1. The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the



## Appendix One

salaries of the large majority of its (non teaching) workforce. The Council's grading structure is attached at Appendix One.

- 3.2. The grading structure for Bands A to H (up to spinal column point (scp) 34) was implemented as part of the Council's Job Evaluation process in August 2008, using the National Joint Council for Local Government Services (NJC) Job Evaluation Scheme.
- 3.3. The current salary rates came into effect on 1 April 2009. There has been no national annual pay award to any group of staff since April 2009.
- 3.4. Where a nationally negotiated pay spine does not apply, the Council will determine the salary rate through local negotiation.
- 3.5. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions.
- 3.6. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 3.7. In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of the national pay bargaining arrangements, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required within a fair, transparent and equality proofed framework.

### **3.8. Variations to pay grade**

- 3.8.1. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.
- 3.8.2. Any temporary supplement to the salary scale for the grade is approved in accordance with The Council's Honoraria Policy, or any applicable market rate supplement policies.

### **3.9. Job Evaluation**

- 3.9.1. The Council has completed stage one of Job Evaluation, which includes up to scp 34: £28,636.
- 3.9.2. The Council has completed stage two of Job Evaluation, which includes Schools based employees, up to scp 34.

## Appendix One

- 3.9.3. Stage one and two have been undertaken using the NJC Job Evaluation Scheme.
- 3.9.4. Stage three and four of Job Evaluation, which includes all salary rates over scp 34, are being undertaken using The Hay Group Scheme, with a view for completion by June 2012.

### **3.10. The Living Wage**

- 3.10.1. Living Wage rates are based on Minimum Income Standards methodology and seek to take account of real living costs for essential goods and services. The current Living Wage rate for outside London is £7.20 per hour.
- 3.10.2. Following a Council resolution, The Cabinet, on 21 July 2011, agreed that arrangements should be made to ensure all Council employees are paid at a rate equal to or higher than the Living Wage. The provision for the Living Wage will be kept under review.
- 3.10.3. The NJC for Local Government Services (NJC) salary rates for 2011 include spinal column points 4, 5, 6 in Band A and scp 8 in Band B, below the Living Wage hourly rate. From 1 April 2012, the Council has set Band A at scp 9, at a locally agreed rate of £7.20, and Band B to scp 10 and 11, as shown at Appendix One.
- 3.10.4. By introducing the Living Wage, scp 4, 5, 6 and 8 are deleted, and the entry level grade is scp 9 at £7.20 per hour, equivalent to £13,516 per annum.
- 3.10.5. Employees paid at Band B scp 8 as at 1 April 2012 will move to scp 10.

### **3.11. New Appointments**

- 3.11.1. New appointments will normally be made at the minimum scp of the relevant pay scale for the grade. Where the candidate is already on or above the minimum scp of the relevant pay scale, the appointment will normally be made at the same scp.
- 3.11.2. The appointment salary can be varied in exceptional circumstances with the approval of The Head of Human Resources and Organisational Development.

### **3.12. Progression through pay grades**

- 3.12.1. An employee's progression through the increments of a particular pay grade are linked to length of service. Increments are awarded on 1 April each year, or for new appointments between 1 October and 31 March, six months from start date.

## Appendix One

- 3.12.2. The arrangements and factors considered in determining an individual's progression through different pay grade are determined by experience, skills and qualifications as set out in the relevant Job Description.

### 4. Senior Management Remuneration

- 4.1. For the purposes of this statement, senior management means 'Chief Officers' as defined within the Localism Act. The posts falling within the statutory definition are set out in '*The Code of Recommended Practice for Local Authorities on Data Transparency (the data transparency code)*'.
- 4.2. The Council's grading structure for Chief Officers is attached at Appendix Two, and includes:

#### **Chief Executive**

The salary falls within a range of 5 incremental points between £121,807, rising to a maximum of £135,341.

#### **Deputy Chief Executive**

The salary range of 5 incremental points between £109,626 to a maximum of £121,807 and is set at 90% of the Chief Executive grade.

#### **Chief Officer / Directors**

The salary package of posts designated as Chief Officers or Directors fall within a range of 5 incremental points between £101,564 rising to a maximum of £112,849.

#### **Deputy Chief Officer/Director**

The salary package of posts designated as Deputy Chief Officers or Deputy Directors fall within a range of 5 incremental points between £76,173 rising to a maximum of £84,637 and is set at 75% of the Chief Officer grade.

#### **Head of Service**

The salary package of posts designated as Head of Service fall within a range of 5 incremental points between £66,017 rising to a maximum of £76,173 and is set at 65% of the Chief Officer grade.

### 5. Recruitment of Chief Officers

- 5.1. The Council's policy and procedures with regard to recruitment of Chief Officers is set out in Part Four of The Council's Constitution. The appointment of Chief Officers and Deputy Chief Officers is delegated to The Employment and Appointments Committee as set out in Part Three of The Council's Constitution.
- 5.2. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Selection and Redeployment Policies as approved by Council.

## Appendix One

5.3. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

5.4. In line with guidance under The Localism Act, proposed appointments to posts with remuneration exceeding £100, 000 will be subject to a vote at Full Council.

### 6. Additions to Salary

6.1. With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets.

6.2. To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's applies the relevant national conditions of service for additional remuneration (e.g. honoraria, ex gratia, 'acting up'), unless this has been locally negotiated, e.g. The Harmonisation Agreement, implemented in August 2008.

6.3. In addition to basic salary, the following posts receive additional pay as set out below:

Post / Tier of post	Payment details
Chief Executive or nominated Chief Officer (currently Director of Law, HR and Asset Management)	Returning Officer duties: <ul style="list-style-type: none"><li>• National statutory amount for Parliamentary/National Elections.</li><li>• Locally determined amount in accordance with national guidance for Local Government Elections.</li></ul>
All eligible employees	Lump Sum or Lease Car Allowances
All eligible employees	Mileage Rates
All eligible employees	Salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately.
All eligible employees	Any arrangements for payment of untaken annual leave falling outside the requirements of relevant legislation.
Eligible Social Workers	Golden Hello: one off payment of £2,000

### 7. Pension Contributions

## Appendix One

- 7.1. The employer's pension contribution is required to be published under S7 of the Accounts and Audit Regulations 2011.
- 7.2. Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.
- 7.3. The rate of contribution is set by Actuaries advising Merseyside Pension Fund and reviewed every three years in order to ensure the scheme is appropriately funded. The current rate, set for 2011/12 is 17.6%.

### **8. Payments on Termination**

- 8.1. The Council's approach to statutory and discretionary payments on termination of employment for all employees, including Chief Officers, prior to reaching normal retirement age, is set out within the Council's Retirement Policy.
- 8.2. The Council adopts a policy of applying an enhanced scheme for redundancy, with a maximum of 66 weeks actual pay (uncapped), depending on age and length of service, in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) regulations 2006. The details are set out in the Council's Retirement Policy

### **9. Lowest Paid Employees**

- 9.1. The lowest paid persons employed by the Council are employed on full time (36 hours) equivalent salaries in accordance with spinal column points 9 (Band A) of the Council's grading structure (locally agreed). The grading structure takes account of the Living Wage hourly rate (see section 3 above). As at 1 April 2012, this is £13,516 per annum, subject to local pay award.
- 9.2. The Council employs Apprentices which are not considered within the definition of 'lowest paid employees' as they are employed under a training contract, starting at minimum wage, with pay progression routes available.
- 9.3. The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
- 9.4. The current pay levels within the Council define the multiple between the average full time equivalent (FTE) earnings and the Chief Executive as 1: 5.84.
- 9.5. The current pay levels within the Council define the multiple between the lowest paid employee full time equivalent (FTE) earnings and average Chief Officer earnings as 1: 6.06.
- 9.6. The current pay levels within the Council define the multiple between the average FTE earnings and the average of Chief Officer earnings as 1: 3.53.

## Appendix One

9.7. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable local Authorities.

### **10. Accountability and Decision Making**

10.1. In accordance with The Constitution of the Council, The Employment and Appointments Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **11. Re-employment / Re-engagement of Employees**

11.1. The Council will not re-employ any former employees that have left the Council with an enhanced retirement package or under the Voluntary Severance Scheme, except in exceptional circumstances and with the approval of The Head of Human Resources and Organisational Development and The Director of Finance.

LGS SALARY RATES (ESTIMATE WITH EFFECT FROM 1.04.2009)

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36	37 (Not Harm)	35	Paw Award		
									Pay Award	All Pts	Extra %
4	A	£12,145	6,072.50	1,012.08	232.92	6.4699	6.2951	6.6548	1.00%	0	0.25%
5		£12,312	6,156.00	1,026.00	236.12	6.5589	6.3816	6.7463			0.25%
6		£12,489	6,244.50	1,040.75	239.52	6.6532	6.4734	6.8433			0.25%
7	B	£12,787	n/a	n/a	245.23	6.8119	6.6278	7.0066			0.25%
8		£13,189	6,594.50	1,099.08	252.94	7.0261	6.8362	7.2268			0.25%
9		£13,589	n/a	n/a	260.61	7.2392	7.0435	7.4460			0.25%
10	C	£13,874	6,937.00	1,156.17	266.08	7.3910	7.1913	7.6022			0.25%
11		£14,733	7,366.50	1,227.75	282.55	7.8486	7.6365	8.0729			
12		£15,039	7,519.50	1,253.25	288.42	8.0116	7.7951	8.2405			
13	D	£15,444	7,722.00	1,287.00	296.19	8.2274	8.0050	8.4625			
14		£15,725	7,862.50	1,310.42	301.58	8.3771	8.1507	8.6164			
15		£16,054	8,027.00	1,337.83	307.88	8.5524	8.3212	8.7967			
16	E	£16,440	8,220.00	1,370.00	315.29	8.7580	8.5213	9.0082			
17		£16,830	8,415.00	1,402.50	322.77	8.9658	8.7234	9.2219			
18		£17,161	8,580.50	1,430.08	329.12	9.1421	8.8950	9.4033			
19	F	£17,802	8,901.00	1,483.50	341.41	9.4836	9.2272	9.7545			
20		£18,453	9,226.50	1,537.75	353.89	9.8304	9.5647	10.1112			
21		£19,126	9,563.00	1,593.83	366.80	10.1889	9.9135	10.4800			
22	G	£19,621	9,810.50	1,635.08	376.29	10.4526	10.1701	10.7512			
23		£20,198	10,099.00	1,683.17	387.36	10.7600	10.4692	11.0674			
24		£20,858	10,429.00	1,738.17	400.02	11.1116	10.8113	11.4290			
25	H	£21,519	10,759.50	1,793.25	412.69	11.4637	11.1539	11.7912			
26		£22,221	11,110.50	1,851.75	426.16	11.8377	11.5177	12.1759			
27		£22,958	11,479.00	1,913.17	440.29	12.2303	11.8997	12.5797			
28	PO1	£23,708	11,854.00	1,975.67	454.67	12.6298	12.2885	12.9907			
29		£24,646	12,323.00	2,053.83	472.66	13.1295	12.7747	13.5047			
30		£25,472	12,736.00	2,122.67	488.50	13.5696	13.2028	13.9573			
31	PO2	£26,276	13,138.00	2,189.67	503.92	13.9979	13.6195	14.3978			
32		£27,052	13,526.00	2,254.33	518.81	14.4113	14.0218	14.8230			
33		£27,849	13,924.50	2,320.75	534.09	14.8358	14.4349	15.2597			
34	PO3	£28,636	14,318.00	2,386.33	549.18	15.2551	14.8428	15.6910			
35		£29,236	14,618.00	2,436.33	560.69	15.5747	15.1538	16.0197			
36		£30,011	15,005.50	2,500.92	575.55	15.9876	15.5555	16.4444			
37	PO4	£30,851	15,425.50	2,570.92	591.66	16.4351	15.9909	16.9047			
38		£31,754	15,877.00	2,646.17	608.98	16.9161	16.4589	17.3995			
39		£32,800	16,400.00	2,733.33	629.04	17.4734	17.0011	17.9726			
40	PO5	£33,661	16,830.50	2,805.08	645.55	17.9320	17.4474	18.4444			
41		£34,549	17,274.50	2,879.08	662.58	18.4051	17.9077	18.9310			
42		£35,430	17,715.00	2,952.50	679.48	18.8744	18.3643	19.4137			
43	PO6	£36,313	18,156.50	3,026.08	696.41	19.3448	18.8220	19.8975			
44		£37,206	18,603.00	3,100.50	713.54	19.8205	19.2849	20.3868			
45		£38,042	19,021.00	3,170.17	729.57	20.2659	19.7182	20.8449			
46	PO7	£38,961	19,480.50	3,246.75	747.20	20.7555	20.1945	21.3485			
47		£39,855	19,927.50	3,321.25	764.34	21.2317	20.6579	21.8384			
48		£40,741	20,370.50	3,395.08	781.33	21.7037	21.1171	22.3238			
49	PO8	£41,616	20,808.00	3,468.00	798.12	22.1699	21.5707	22.8033			
50		£42,320	21,160.00	3,526.67	811.62	22.5449	21.9356	23.1890			
51		£43,038	21,519.00	3,586.50	825.39	22.9274	22.3077	23.5825			
52	PO9	£43,900	21,950.00	3,658.33	841.92	23.3866	22.7545	24.0548			
53		£44,752	22,376.00	3,729.33	858.26	23.8405	23.1961	24.5216			
54		£45,552	22,776.00	3,796.00	873.60	24.2667	23.6108	24.9600			
55	PO10	£46,423	23,211.50	3,868.58	890.30	24.7307	24.0623	25.4373			
56		£47,297	23,648.50	3,941.42	907.07	25.1963	24.5153	25.9162			
57		£48,088	24,044.00	4,007.33	922.24	25.6177	24.9253	26.3496			
58	PO11	£48,979	24,489.50	4,081.58	939.32	26.0923	25.3871	26.8378			
59		£49,827	24,913.50	4,152.25	955.59	26.5441	25.8267	27.3025			
60		£50,667	25,333.50	4,222.25	971.70	26.9916	26.2621	27.7627			
61	PO12	£51,515	25,757.50	4,292.92	987.96	27.4433	26.7016	28.2274			
62		£52,361	26,180.50	4,363.42	1004.18	27.8940	27.1401	28.6910			
63		£53,209	26,604.50	4,434.08	1020.45	28.3457	27.5796	29.1556			
64	PO13	£54,057	27,028.50	4,504.75	1036.71	28.7975	28.0192	29.6203			
65		£54,901	27,450.50	4,575.08	1052.90	29.2471	28.4566	30.0827			
66		£55,739	27,869.50	4,644.92	1068.97	29.6935	28.8910	30.5419			
67	PO14	£56,591	28,295.50	4,715.92	1085.31	30.1474	29.3326	31.0088			
68		£57,437	28,718.50	4,786.42	1101.53	30.5981	29.7711	31.4723			
69		£58,278	29,139.00	4,856.50	1117.66	31.0461	30.2070	31.9332			
70	PO15	£59,130	29,565.00	4,927.50	1134.00	31.5000	30.6486	32.4000			
71		£60,017	30,008.50	5,001.42	1151.01	31.9725	31.1084	32.8860			
72		£60,917	30,458.50	5,076.42	1168.27	32.4520	31.5749	33.3792			
73	PO16	£61,826	30,913.00	5,152.17	1185.70	32.9362	32.0461	33.8773			
74		£62,761	31,380.50	5,230.08	1203.64	33.4343	32.5307	34.3896			

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**DRAFT LGS SALARY RATES  
(ESTIMATE WITH EFFECT FROM 1.04.2011)**

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36 Hourly	
9	<b>A</b>	£13,516	6,758.00	1,126.33	259.21	7.2003	
10	<b>B</b>	£13,874	6,937.00	1,156.17	266.08	7.3910	
11		£14,733	7,366.50	1,227.75	282.55	7.8486	
12	<b>C</b>	£15,039	7,519.50	1,253.25	288.42	8.0116	
13		£15,444	7,722.00	1,287.00	296.19	8.2274	
14		£15,725	7,862.50	1,310.42	301.58	8.3771	
15	<b>D</b>	£16,054	8,027.00	1,337.83	307.88	8.5524	
16		£16,440	8,220.00	1,370.00	315.29	8.7580	
17		£16,830	8,415.00	1,402.50	322.77	8.9658	
18	<b>E</b>	£17,161	8,580.50	1,430.08	329.12	9.1421	
19		£17,802	8,901.00	1,483.50	341.41	9.4836	
20		£18,453	9,226.50	1,537.75	353.89	9.8304	
21		£19,126	9,563.00	1,593.83	366.80	10.1889	
22	<b>F</b>	£19,621	9,810.50	1,635.08	376.29	10.4526	
23		£20,198	10,099.00	1,683.17	387.36	10.7600	
24		£20,858	10,429.00	1,738.17	400.02	11.1116	
25		£21,519	10,759.50	1,793.25	412.69	11.4637	
26	<b>G</b>	£22,221	11,110.50	1,851.75	426.16	11.8377	
27		£22,958	11,479.00	1,913.17	440.29	12.2303	
28		£23,708	11,854.00	1,975.67	454.67	12.6298	
29		£24,646	12,323.00	2,053.83	472.66	13.1295	
30		£25,472	12,736.00	2,122.67	488.50	13.5696	
31	<b>H</b>	£26,276	13,138.00	2,189.67	503.92	13.9979	
32		£27,052	13,526.00	2,254.33	518.81	14.4113	
33		£27,849	13,924.50	2,320.75	534.09	14.8358	
34		£28,636	14,318.00	2,386.33	549.18	15.2551	
35		PO1	£29,236	14,618.00	2,436.33	560.69	15.5747
36		PO2	£30,011	15,005.50	2,500.92	575.55	15.9876
37		PO3	£30,851	15,425.50	2,570.92	591.66	16.4351
38		PO4	£31,754	15,877.00	2,646.17	608.98	16.9161
39		PO5	£32,800	16,400.00	2,733.33	629.04	17.4734
40		PO6	£33,661	16,830.50	2,805.08	645.55	17.9320
41	PO7	£34,549	17,274.50	2,879.08	662.58	18.4051	
42	PO8	£35,430	17,715.00	2,952.50	679.48	18.8744	
43	PO9	£36,313	18,156.50	3,026.08	696.41	19.3448	
44	PO10	£37,206	18,603.00	3,100.50	713.54	19.8205	
45	PO11	£38,042	19,021.00	3,170.17	729.57	20.2659	
46	PO12	£38,961	19,480.50	3,246.75	747.20	20.7555	
47	PO13	£39,855	19,927.50	3,321.25	764.34	21.2317	
48	PO14	£40,741	20,370.50	3,395.08	781.33	21.7037	
49	EPO1	£41,616	20,808.00	3,468.00	798.12	22.1699	
50	EPO2	£42,320	21,160.00	3,526.67	811.62	22.5449	
51	EPO3	£43,038	21,519.00	3,586.50	825.39	22.9274	
52	EPO4	£43,900	21,950.00	3,658.33	841.92	23.3866	
53	EPO5	£44,752	22,376.00	3,729.33	858.26	23.8405	
54	EPO6	£45,552	22,776.00	3,796.00	873.60	24.2667	
55	EPO7	£46,423	23,211.50	3,868.58	890.30	24.7307	
56	EPO8	£47,297	23,648.50	3,941.42	907.07	25.1963	
57	EPO9	£48,088	24,044.00	4,007.33	922.24	25.6177	
58	EPO10	£48,979	24,489.50	4,081.58	939.32	26.0923	
59	EPO11	£49,827	24,913.50	4,152.25	955.59	26.5441	
60	EPO12	£50,667	25,333.50	4,222.25	971.70	26.9916	
61	EPO13	£51,515	25,757.50	4,292.92	987.96	27.4433	
62	EPO14	£52,361	26,180.50	4,363.42	1004.18	27.8940	
63	EPO15	£53,209	26,604.50	4,434.08	1020.45	28.3457	
64	EPO16	£54,057	27,028.50	4,504.75	1036.71	28.7975	
65	EPO17	£54,901	27,450.50	4,575.08	1052.90	29.2471	
66	EPO18	£55,739	27,869.50	4,644.92	1068.97	29.6935	
67	EPO19	£56,591	28,295.50	4,715.92	1085.31	30.1474	
68	EPO20	£57,437	28,718.50	4,786.42	1101.53	30.5981	
69	EPO21	£58,278	29,139.00	4,856.50	1117.66	31.0461	
70	EPO22	£59,130	29,565.00	4,927.50	1134.00	31.5000	
71	EPO23	£60,017	30,008.50	5,001.42	1151.01	31.9725	
72	EPO24	£60,917	30,458.50	5,076.42	1168.27	32.4520	
73	EPO25	£61,826	30,913.00	5,152.17	1185.70	32.9362	
74		£62,761	31,380.50	5,230.08	1203.64	33.4343	

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## Equality Impact Toolkit (new version July 2011)

### Section 1: Your details

**Council officer:** Jenny Woods

**Email address:** [jenniferwoods@wirral.gov.uk](mailto:jenniferwoods@wirral.gov.uk)

**Head of Service:** Chris Hyams

**Department:** Law, HR & Asset Management

**Date:** 26 January 2012

### Section 2: What Council function / proposal is being assessed?

**The Council's Pay Policy Statement 2012/13.**

### Section 3: Is the Council function / proposal relevant to equality? (please tick relevant boxes)

- In services
- In the workforce
- In communities
- Other (please state)
- None (please stop here and email this form to your Head of Service who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

### Section 4: Within the Equality Duty 2010, there are 3 legal requirements. Which of the following are relevant to the Council function / proposal? (please tick relevant boxes)

- To eliminate unlawful discrimination, harassment and victimisation

Appendix Four

- To advance equality of opportunity
- To foster good relations between groups of people

**Section 5: Will the function / proposal have a favourable or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?**

**Please list in the table below and include actions required to mitigate any negative impact.**

Protected characteristic	Favourable or negative impact	Action required to mitigate any negative impact	Lead person	Timescale	Resource implications
All	<p>Positive – the Council sets the pay of its employees through a fair and transparent Job Evaluation Scheme which seeks to objectively measure the different elements of a job. This does not take account of the employee’s age, gender, sexuality, religion or belief, disability, or race.</p> <p>Positive – the Council’s Pay Policy includes a pay structure in-line with the Living Wage, which</p>	N/A	Chris Hyams	<p>N/A</p> <p>By June 2012</p>	<p>N/A</p> <p>Dedicated Job Evaluation Team.</p>

Appendix Four

Age	<p>means that all employees will be paid a minimum of the Living Wage hourly rate of £7.20.</p> <p>Negative – all stages of the Job Evaluation Scheme are not complete.</p> <p>Negative – progression through increments of one grade is based on length of service</p>	<p>A phased approach has been taken by The Council and there are plans in place to implement phase 3 and 4 of Job Evaluation by 2013.</p> <p>Each job is graded fairly through Job Evaluation taking into account the different elements of the job. Therefore appointment at a particular grade does not take account of age. Once in the grade, increments are awarded by length of service at that grade until the top of the grade is achieved.</p>			Contract with The Hay Group.
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**Where and how will the above actions be monitored?**

On a regular basis by the Human Resources team

**If you think there is no negative impact, what is your reasoning behind this?**

**Section 6: What research / data / information have you used in support of this process?**

N/A

**Section 7: Are you intending to carry out any consultation with regard to this Council function / policy?**

Yes

**If 'yes' please continue to section 8.**

**If 'no' please state your reason(s) why:**

(please stop here and email this form to your Head of Service who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 8: How will consultation take place?**

Consultation in relation to Job Evaluation has commenced and is ongoing with the Trade Unions. Consultation is conducted through the Corporate Joint Consultative Committee meetings, held every three weeks, and specific sub-committees set up for Job Evaluation.

Consultation has also taken place in relation to the Council's Pay Policy Statement.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Head of Service who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)