



Council Excellence Overview and Scrutiny Committee

Date:	Tuesday, 27 September 2011
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

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

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

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

- 2. FINANCIAL MONITORING STATEMENT (Pages 1 - 6)**
- 3. BUDGET PROJECTIONS 2012/2015 (Pages 7 - 14)**
- 4. OUTCOME BASED COMMISSIONING (Pages 15 - 18)**
- 5. COMMUNITY BUDGETS (Pages 19 - 22)**
- 6. TREASURY MANAGEMENT PERFORMANCE MONITORING - QUARTER 1 (Pages 23 - 32)**
- 7. PERFORMANCE AND FINANCIAL REVIEW - FIRST QUARTER 2011/2012 (Pages 33 - 46)**

- 8. YOU CHOOSE - BUDGET CONSULTATION (Pages 47 - 54)**
- 9. BUDGET KEY ISSUES (Pages 55 - 64)**
- 10. TIMETABLE FOR CONSIDERATION OF EMERGING BUDGET ISSUES**
- 11. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**
- 12. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

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

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

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

Agenda Item 2

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

27 SEPTEMBER 2011

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 31 August 2011.

2.0 RECOMMENDATION

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

3.0 REASON FOR RECOMMENDATION

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

4.0 BACKGROUND AND KEY ISSUES

MONITORING STATEMENT

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

IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS

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

- On 2 June 2011 Cabinet was advised of changes to National Insurance contributions announced by HM Treasury, estimated to cost £1 million.
 - On 23 June 2011 additional funding of £0.3 million was allocated for the Integrated Transport Unit.
 - On 21 July 2011 £0.2 million was provided to support the Schools Budget in respect of School pay. The same meeting was also advised of the £3.5 million of re-provision that was included for Adult Social Services as part of the Budget Projections report.
- 4.3 On 23 June 2011 Cabinet agreed the Financial Out-turn report for the 2010/11 financial year. In summary this showed a net increase in the balance at 31 March 2011 of £1 million. This included the accounting requirement to fund the cost of the Early Voluntary Retirement / Voluntary Severance Scheme leavers in 2010/11 and so the £4.4 million included for this purpose in the Budget 2011/12 was therefore available to be released to balances.

LATEST DEPARTMENTAL PROJECTIONS

- 4.4 The Statement presents an update of the revenue budget and General Fund balances as at 31 August 2011. At this stage of the financial year departments are reporting pressures and the potentially volatile areas within departments are:-

4.4.1 Adult Social Services

The Interim Director is reporting that the pressures have increased to £7 million. Potential slippage in implementing 2011/12 savings accounts for £2.8 million; underlying demand for older people and people with learning disabilities accounts for £3 million and a shortfall in re-provision available for Community Care Services £1.2 million. The Interim Director is looking at options to reduce any potential overspend.

4.4.2 Children & Young People

The reported pressures have reduced from £6 million at 31 May 2011 to £3.5 million. This is due to a one off contribution from balances relating to Children's Centre income. Increasing demand within Child Care amounts to £2.8 million with foster care accounting for £1.6 million of this. The Integrated Transport Unit has a potential £1.1 million overspend through increased commitments and the non-achievement of savings. £1 million relates to other costs including delayed EVR savings, court fees and social care car allowances. The Interim Director is continuing to explore options to reduce any potential overspend.

4.4.3 Other Departments

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

5.0 RELEVANT RISKS

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

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no options considered in this report.

7.0 CONSULTATION

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

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

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

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

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

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

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

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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APPENDICES

Financial Monitoring Statement 2011/12 - Position as at 31 August 2011.

REFERENCE MATERIAL / SUBJECT HISTORY

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

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2011/12

UPDATED POSITION AS AT 31 AUGUST 2011

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

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT	BUDGET PROJECTIONS 2012-15
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 Following the agreement of the budget for 2011-12 at the Council meeting on 1 March 2011, this report presents the projected budgets for 2012-15. It was presented to the Cabinet on 1 September 2011.

2.0 RECOMMENDATION

2.1 That the budget projections be regularly reviewed.

3.0 REASON FOR RECOMMENDATION

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

4.0 BACKGROUND AND KEY ISSUES

4.1 Assumptions Underpinning the Projections

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

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

4.2 Grant Negotiations

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

4.3 **Other Legislative Issues**

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

4.4 **Balances**

- 4.4.1 The budget for 2011-12 includes balances of £14.1m.
- 4.4.2 The final phase of the Early Voluntary Retirement/Voluntary Severance Scheme covering those staff due to depart in early 2011-12 is projected to utilise £4.4m of the balances.
- 4.4.3. The budget for 2011-12 will utilise £2.8m of the balances to fund one-off expenditure.
- 4.4.4. HM Treasury has announced two increases to National Insurance which will cost an additional £1m.
- 4.4.5. Cabinet on 17 March 2011 agreed to reinstate the budget for Fernleigh for 2011-12 at a cost of £0.5m.
- 4.4.6. Cabinet on 2 June 2011 received details of the Local Services Support Grant and the New Homes Bonus.
- 4.4.7. Cabinet on 23 June 2011 agreed that integrated transport would not deliver the previously agreed savings but would instead cost an additional £0.3m.
- 4.4.8. Closure of the Accounts for 2010-11 which was reported to Cabinet on 23 June 2011 resulted in a net overspending of £3.3m.
- 4.4.9. The Insurance Fund Annual Report presented to Cabinet on 23 June 2011 transferred £0.9m to balances.

- 4.4.10. The Treasury Management Annual Report presented to Cabinet on 23 June 2011 transferred £3.0m to balances.
- 4.4.11. Cabinet on 23 June 2011 agreed to transfer the Connexions Pension Reserve of £4.7m to General Fund balances.
- 4.4.12. This had originally been identified to meet reprovision costs of £3.5m in Adult Social Services in 2011-12.
- 4.4.13. Cabinet on 21 July 2011 agreed to allocate an amount equal to the New Homes Bonus for housing expenditure.
- 4.4.14. Therefore the projected balances are as follows:-

	£m
Budgeted opening balance	14.1
Overspending 2010-11	-3.3
Insurance Fund	0.9
Treasury Management	3.0
Connexions Pension Reserve	4.7
Adult Social Services Reprovision	-3.5
EVR/VS	-4.4
Policy Options 2011-12 only	-2.8
National Insurance	-1.0
Fernleigh	-0.5
Local Services Support Grant	0.5
Integrated Transport	<u>-0.3</u>
Projected Balance	7.4

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

4.5. **Savings**

- 4.5.1. Cabinet has agreed to the following savings:-

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

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

	£000
Looked After Children	670
Disposal of Assets	310
Office Rationalisation	123
Street Lighting	100
DASS Market Management	<u>847</u>
	2,050

4.5.3. The full year effect of the Early Voluntary Retirement/Voluntary Severance scheme savings totalling £24m will be achieved in 2012/13. This will increase to £27m after the additional cost of the pensions has been met in 2017.

5.0 RELEVANT RISKS

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

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

6.0 OTHER OPTIONS CONSIDERED

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

7.0 CONSULTATION

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

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS – FINANCIAL

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

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/184/11

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APPENDICES

Budget Projections 2012-15

REFERENCE MATERIAL

Budget - HM Treasury - March 2011
Independent Public Service Pensions Commission Report - March 2011
Spending Review - HM Treasury - October 2010
Medium Term Financial Strategy 2011-14 - November 2010
Local Government Finance Settlement 2011-13 - DCLG - January 2011
Council Budget 2011-12 - March 2011

SUBJECT HISTORY

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

**Wirral Council
Budget Projections 2012-15**

	2012-13	2013-14	2014-15
	£m	£m	£m
Base Budget	294.8	281.0	267.2
Increased Requirements			
Pay Inflation	1.0	3.5	3.5
Price Inflation	4.2	4.2	4.2
Capital Financing	1.9	2.0	2.0
Pension Fund	0.3	0.3	2.5
National Insurance	1.0	-	-
Academies	0.9	-	-
Waste Disposal	-	1.5	1.5
Merseytravel	-	1.0	1.0
Neighbourhood Management	0.4	-	-
Home to School Transport	0.2	-	-
Integrated Transport	0.3	-	-
Housing	0.3	-	-
DASS Reprovision	3.5	-	-
Council Tax Benefit	-	3.2	-
Other Unavoidable Growth	1.0	1.0	1.0
Efficiency Investment	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
	311.8	299.7	284.9
Reduced Requirements			
Income Inflation	-1.0	-1.0	-1.0
Savings Agreed	- 2.5	-0.5	-0.4
Additional Savings	<u>- 2.0</u>	<u>-</u>	<u>-</u>
	306.3	298.2	283.5
Resources			
Formula Grant	144.8	131.0	117.0
Council Tax Grant	3.3	3.3	3.3
Local Services Support Grant	1.2	1.2	1.2
New Homes Bonus	0.3	0.3	0.3
Council Tax	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>
Forecast Resources	281.0	267.2	253.2
Shortfall	25.3	31.0	30.3

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT:	OUTCOME BASED COMMISSIONING
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES
KEY DECISION?	YES

1.0 **EXECUTIVE SUMMARY**

1.1 The purpose of this report is to provide an update on the development of a strategic approach to outcome based commissioning and its relationship with the development of Neighbourhood Plans. The report was agreed by the Cabinet on 1 September 2011.

2.0 **RECOMMENDATION**

2.1. That the Committee note the progress being made and receive further reports following the consultation on Neighbourhood Plans.

3.0. **REASONS FOR RECOMMENDATIONS**

3.1. Cabinet requested an update on 2 June 2011.

3.2. Connecting these activities will ensure a consistent approach to commissioning across all Council services.

4.0 **BACKGROUND AND KEY ISSUES**

4.1 On 2 June 2011, Cabinet agreed seven key principles that underpin the development of an outcome based commissioning framework and requested that a further report be presented on options for applying the approach to major service reviews.

4.2 Further research has been conducted on the subject and the approach needs to be integral to the response to the Localism Bill. Cabinet agreed on 2 June 2011 that the initial focus for the development of this commissioning approach should be in the following two areas:

- (a) services provided by the voluntary, community and faith sectors
- (b) services provided to adults with a learning disability

- 4.3 The Wirral Learning Disability Partnership Board agreed revised Terms of Reference in March 2011 and is progressing to review and revise its strategic intentions through a number of sub-committees. It aims to develop a new Business Plan for 2012-13 and beyond by November 2011. The primary aspect of the commissioning framework is stakeholder engagement and the Board met on 1 August 2011 to agree an action plan that will promote wider and better engagement of the various groups in the learning disability community. The Business Plan will be considered by Cabinet on 8 December 2011 and NHS Wirral in February 2012.
- 4.4 In relation to commissioning in the voluntary, community and faith sectors, Cabinet have agreed the extension of many of the voluntary sector funding arrangements for the remainder of this financial year whilst a wider review of commissioning and grant funding is undertaken. This review sits alongside the development of the Council approach to participatory budgeting and the development of Neighbourhood Plans for Wirral communities. Cabinet agreed on 23 June 2011 that the initial results of the consultation will be reported to the 11 Area Forums in October 2011 and that Neighbourhood Plans would be in place by December 2011.
- 4.5. In a broader context, advantage has been taken of the research capacity afforded by officers on the MBA programme. An academic study entitled *'Outcome Based Commissioning: Implementation through the Neighbourhood Planning Process'* was completed in July 2011 and is currently being assessed. The study evaluated the prospects of applying this commissioning approach to other service areas where communities would be more involved in service design and in some cases service delivery through social enterprise, mutual or any other corporate entity.
- 4.6. The consultation conducted as part of this research revealed a significant appetite to be involved in the design of services and to some extent the provision. The consultation also highlighted the need for the Council to be explicit about potential efficiencies that might be achieved through the approach. People recognised the reduction in resources the Council faces over the medium term and were keen to express their views on priorities for the remaining resources. It is premature to invite Cabinet to consider any savings from this approach, but it is an opportunity to engage with local residents about priority spending on locally determined outcomes.
- 4.7. At this stage of the development it is also premature to suggest which service areas best lend themselves to the approach. It could be argued that all Council functions should be included with due regard for those statutory services that are almost entirely demand led (child protection, safeguarding vulnerable adults, housing benefit). The identification of the potential application should arise from the ongoing community engagement within the Neighbourhood Planning process.

5.0 RELEVANT RISKS

5.1 A number of key risks have been identified from the ongoing research.

- (a) The failure to maintain budget stability may make it difficult to sustain the support needed for local groups to be engaged and develop alternative delivery models. This will be mitigated if all delegated budgets are managed effectively.
- (b) A lack of awareness of outcome based commissioning may lead to a misunderstanding of the concept and may lead to mistrust and lack of confidence in the model. This is mitigated by not rushing through the changes and ensuring every opportunity is taken to improve understanding through the plethora of community consultations.
- (c) There is a risk of the most vocal in communities driving the agenda. Outcome definition and relative importance are not universal. This is mitigated by actively seeking out new people and groups to become more engaged and ensuring harder to reach communities are heard.
- (d) There is a risk that some statutory services that do not have a transparent impact on local communities are given a lower priority for investment. The Council will need to articulate these, and their value to the wider community, so that they are better understood.

6.0 OTHER OPTIONS CONSIDERED

6.1 This report provides a brief update on progress being made. All options that emerge from further research and community feedback will be considered.

7.0 CONSULTATION

7.1 The widest possible consultation will need be undertaken with local communities. As part of the Neighbourhood Planning process, meetings are being held with each Area Forum and many consultation events and targeted programmes are underway.

7.2 The academic research referred to in the report was supported by various consultation events that included two focus groups attended by 20 individuals from diverse communities; four semi-structured 'one-to-one' interviews with people previously engaged with consultation; a self administered on-line survey of 82 individuals who attend Area Forums; and discussions with staff from different Departments

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none directly arising from this report, however voluntary community and faith groups will be instrumental to the implementation, both in terms of engagement and potential service deliverers.

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

9.1 There are none directly arising from this report. The consultation is being met from within existing resources. Outcome based commissioning and Neighbourhood Planning is likely to have a material impact on the range and extent of services the Council offers, and who provides them.

10.0 LEGAL IMPLICATIONS

10.1 Subsequent decisions on funding will be conducted in accordance with the revised contract procedure rules and European procurement directives where financial thresholds are reached.

11.0 EQUALITIES IMPLICATIONS

11.1 Commissioning strategies and Neighbourhood Plans are being developed in consultation with Wirral communities. All Plans will have equalities assessments and actions to engage minority communities and target groups.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 Whilst there is no direct impact, funds already available to local groups are directed to energy efficiency. The carbon reduction challenge is contained within all new Council contracts and will feature in all discussions about service delivery.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 Cabinet were made aware of the impact of the Localism Bill on 23 June 2011.

FNCE/185/11

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APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	
Cabinet - Development of an Outcome Based Commissioning Framework	2 June 2011
Cabinet - Neighbourhood Plans Area Forum funding	23 June 2011
Cabinet - Outcome Based Commissioning	1 September 2011

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT	COMMUNITY BUDGETS
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 Community Budgets are seen by the Government as the means by which local public service partners work together to redesign services across boundaries to maximise the resources available to improve service delivery.
- 1.2 The Government has recently announced details of an expansion of the Community Budgets programme around Families With Multiple Problems and future more radical pilots giving communities greater control over services.
- 1.3. The Cabinet on 1 September 2011 agreed to submit an expression of interest to become a pilot in the Community Budgets programme around Families with Multiple Problems.

2.0 RECOMMENDATION

- 2.1 That the decision of the Cabinet be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Government is seeking expressions of interest in respect of Community Budgets for Families With Multiple Problems by 9 September 2011 and for the more radical Community Budgets pilots on giving communities greater control over services by late September 2011.

4.0 BACKGROUND AND KEY ISSUES

COMMUNITY BUDGETS

- 4.1 The Spending Review 2010 included the announcement of Community Budgets which are seen as being key to delivering better services. These are to be achieved through local public service partners working together to redesign services across boundaries using the resources available to improve service delivery rather than being used to maintain separate service organisations.

FAMILIES WITH MULTIPLE PROBLEMS

- 4.2 In this area Community Budgets could create better public services by bringing together all local priorities and public money so that agencies can find the right solutions to issues in their area in a new and co-ordinated way.
- 4.3 These families represent less than 1% of the total population but can be seen by as many as 20 different public and voluntary sector professionals at a cost of £4 billion per year.
- 4.4 On 1 April 2011 16 Community Budgets were launched covering 28 local authorities and their partners. At the Local Government Association conference in June 2011 it was announced that a further 50 local authorities would receive Community Budgets in 2011/12 and, at least, 60 more in 2012/13.
- 4.5 Those authorities interested in being operational by 1 April 2012 are asked to inform the Government by 9 September 2011.
- 4.6 Funding will come from a wide range of local services all of which gain from reduced demands upon services through the benefits from pooling budgets, changing working practices and investing in service re-organisation.

OTHER LOCAL PRIORITIES

- 4.7 Some areas are using the Community Budgets approach to address other issues, and expressions of interest are invited. Lincolnshire which is cited as an example, is working on long term solutions to enable people to enjoy an active and happy later life as well as a programme to deliver value for money from flood risk, drainage and water management resources.

RADICAL OPTIONS PILOTS

- 4.8 Phase 2 of the Local Government Resource Review concerns Community Budgets. The Deputy Prime Minister also announced this at the Local Government Association conference.
- 4.9 The programmes include the launch of four new Community Budget pilots to explore how communities can have greater control over services through a single budget from Government.
 - a. Two areas to help co-design neighbourhood level Community Budgets giving residents the opportunity to say what services they want, how they should work and whether they want to run them.
 - b. Two areas to help co-design Community Budgets bringing all funding on local public services from the area into a single pot to test how to create the right local financial set-up to deliver better services that people want.

4.10 The Department for Communities and Local Government is to issue a prospectus in early September 2011 inviting areas to set out their case for being one of the four areas by the end of September. The selected areas will be advised by Christmas,

5.0 RELEVANT RISKS

5.1 By engaging with the Community Budgets programme there is the opportunity to be supported through the Government network in delivering improvements to services by working across the sector.

6.0 OTHER OPTIONS CONSIDERED

6.1 The options presented relate to either expressing, or not expressing, an interest to the Government in becoming a Community Budget area.

7.0 CONSULTATION

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

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising directly from this report. The Voluntary, Faith and Community Sectors will be integral to the approach identified

9.0 RESOURCE IMPLICATIONS

9.1 At this stage there are no financial, staffing or IT implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/195/11

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BACKGROUND PAPERS

There were none used in the preparation of this report.

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Cabinet	1 September 2011

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT	TREASURY MANAGEMENT PERFORMANCE MONITORING- QUARTER 1
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management activities during the first quarter of 2011/12 and confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

2.0 RECOMMENDATION

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

3.0 REASON FOR RECOMMENDATION

- 3.1 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum, to formally report on treasury activities and arrangements to Council mid-year and after the year-end. This enables those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities and enable those with responsibility/governance of the Treasury Management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and is the "management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".

- 4.2 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies proposals to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives an Annual Report which details performance against the Strategy. In accordance with the revised Treasury Management Code, a Treasury Management monitoring report is presented to Cabinet and Council on a quarterly basis.

CURRENT ECONOMIC ENVIRONMENT

- 4.3 The first quarter of 2011-12 has brought a further reminder that the global financial crisis has not gone away through the difficulties being experienced in Greece. There is still a risk that the Greek debt problems may spread across Europe and this is an issue which can not be ignored in Treasury Management decisions.
- 4.4 In the UK, high street sales continue to suffer with further announcements of companies entering administration and/or cutting jobs. The May 2011 inflation figures were 5.3% for RPI and 4.5% for CPI whilst growth in the first quarter GDP was 0.5%. The Monetary Policy Committee (MPC) has the task of deciding whether inflation or growth poses the greater threat to the economy.
- 4.5 To date, the MPC has viewed tackling low growth as the priority, and has continued to vote for the Bank of England Base Rate to remain at 0.5%. The MPC view of inflation is that temporary external factors are keeping inflation high and these should subside as the year progresses but the longer that growth remains low and inflation high then the more difficult the decision.

THE COUNCIL TREASURY POSITION

- 4.6 The table shows how the position has changed since 31 March 2011.

Table 1: Summary of Treasury Position

	Balance 31 Mar 11 (£m)	Maturities (£m)	Additions (£m)	Balance 30 Jun 11 (£m)
Investments	136	(169)	190	157
Borrowings	(274)	2	0	(272)
Other Long-Term Liabilities	(65)	0	0	(65)
Net Financial Liabilities	(203)	(167)	190	(180)

INVESTMENTS

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

4.8 At 30 June 2011 the Council held investments of £157 million

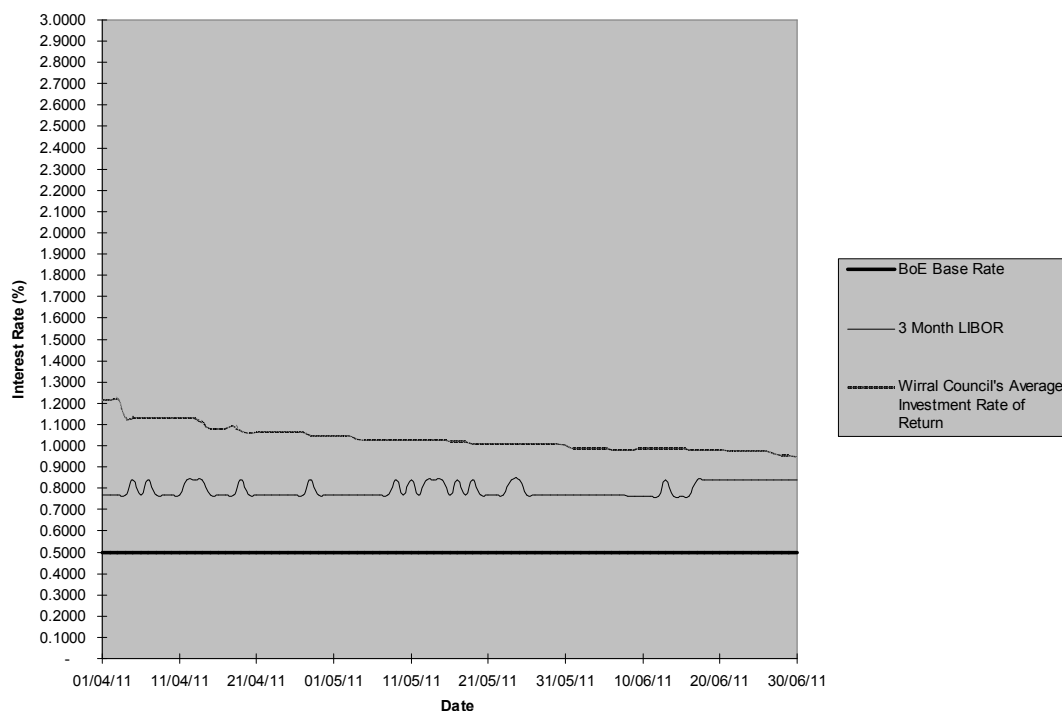
Table 2 :Investments at 30 June 2011

Investments with:	£m
UK Banks	61
UK Building Societies	15
Money Market Funds	39
Other Local Authorities	32
Gilts and Bonds	10
TOTAL	157

4.9 Of the above investments, £44 million is invested in instant access funds, £98 million is invested for up to 1 year and £15 million is invested for up to 5 years.

4.10 The average rate of return on investments as at 30 June 2011 is 0.95%. The graph shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate):

Investment Rate of Return in 2011/12



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

4.12 The Council maintains a restrictive policy on new investments by only investing in UK institutions A+ rated or above and continues to invest in AAA rated money market funds, gilts and bonds. The current strategy has been to limit the maximum investment period to two years. However, in light of the financial problems in Greece and the risk of these problems spreading to other European countries the maximum investment period has been temporarily restricted to one year.

- 4.13 The Treasury Management Team will continue to monitor the developing financial situation and will make appropriate operational adjustments, within the approved Treasury Management Strategy, to maintain the security of public money, and manage the associated risks while also maximising returns within these constraints.

Icelandic Investment

- 4.14 The Authority has £2 million deposited with Heritable Bank, a UK registered Bank, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Company was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 4.15 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 January 2010, outlined that the return to creditors is projected to be 85p in the £ by the end of 2012 and the final recovery could be higher.
- 4.16 To date, £1,187,107 has been received with payments due over 2010/12.

Table 3 : Heritable Bank Repayments

	£
Initial Investment	2,000,000
Actual Repayments Received	
As at 30 June 11	1,187,107
Estimate of Future Repayments	
Jul-11	100,472
Oct-11	100,472
Jan-12	100,472
Apr-12	100,472
Jul-12	100,472
Oct-12	100,472
Total	602,832
Estimate of Minimum Total Repayment	1,789,939

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

BORROWING AND OTHER FINANCIAL LIABILITIES

- 4.19 The Council undertakes borrowing to help fund capital expenditure. In 2011/12 the capital programme requires borrowing of £16 million. As at 30 June 2011 the Council had not undertaken any new borrowing for the financial year 2011/12
- 4.20 Following the Spending Review on 20 October 2010, on instruction from HM Treasury, the PWLB increased the margin for new borrowing to average 1% above the yield on the corresponding UK Government Gilt. Whilst competitive, comparable equivalents to PWLB are readily available, the Council will adopt a cautious and considered approach to future borrowing. The treasury adviser, Arlingclose, is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Prudential Indicators.
- 4.21 The PWLB remains the preferred source of borrowing given the transparency and control that this continues to provide.
- 4.22 Other Long-Term Liabilities include the Schools PFI scheme and finance leases used to purchase vehicles plant and equipment. Under the International Financial Reporting Standards (IFRS) these items are now shown on the balance sheet as a financial liability and therefore need to be considered within any Treasury Management decision making process.
- 4.23 The table below shows the financial liabilities as at 30 June 2011.

Table 4 : Financial Liabilities at 30 June 2011

Financial Liabilities	Balance 1 Apr 11 (£m)	Debt Maturing (£m)	New Debt (£M)	Balance 30 Jun 11 (£m)
Borrowings				
PWLB	(100)	2	0	(98)
Market Loans	(174)	0	0	(174)
Other Long Term Liabilities				
PFI	(62)	0	0	(62)
Finance Leases	(3)	0	0	(3)
TOTAL	(339)	2	0	(337)

MONITORING OF THE PRUDENTIAL CODE INDICATORS

- 4.24 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within the capital strategy.

- 4.25 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.

Net External Borrowing and Capital Financing Requirement (CFR) Indicator

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

Table 5 : Net External Borrowing compared with CFR

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

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

Authorised Borrowing Limit and Operational Boundary Indicators

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

Table 6 : Authorised Limit and Operational Boundary Indicator

	April 11 (£m)	May 11 (£m)	June 11 (£m)
AUTHORISED LIMIT	497	497	497
OPERATIONAL BOUNDARY	482	482	482
Council Borrowings	274	274	272
Other Long Term Liabilities	65	65	65
TOTAL	339	339	337

- 4.30 The table above shows that neither the Authorised Limit nor the Operational Boundary was breached between April 2011 and June 2011. This is a key indicator of affordability.

Interest Rate Exposures Indicator

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

Table 7 : Interest Rate Exposure at 30 June 2011

	Fixed Rate of Interest (£m)	Variable Rate of Interest (£m)	TOTAL
Borrowings	(272)	0	(272)
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	0%	
Investments	15	142	157
Proportion of Investments	10%	90%	100%
Upper Limit	100%	100%	
Net Borrowing	(257)	142	(115)
Proportion of Total Net Borrowing	223%	-123%	100%

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

Maturity Structure of Borrowing Indicator

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

Table 8 : Maturity Structure of Borrowing

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

5.0 RELEVANT RISKS

- 5.1 All relevant risks have been outlined within Section 4 of this report.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are no other options considered in this performance monitoring report.

7.0 CONSULTATION

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

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none arising out of this report.

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

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

10.0 LEGAL IMPLICATIONS

- 10.1 There are none arising out of this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising out of this report.

11.2 Equality Impact Assessment (EIA) is not required.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising out of this report.

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FNCE/165/11

APPENDICES

None

REFERENCE MATERIAL

DCLG Local Authority Investment Guidance, 2004

DCLG Changes to the Capital Financing System Consultation, 2009

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

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

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management Monitoring Report	22 July 2010
Cabinet - Treasury Management Monitoring Report	14 October 2010
Cabinet - Treasury Management Monitoring Report	3 February 2011
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 Monitoring Report	21 July 2011

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WIRRAL COUNCIL

COUNCIL EXCELLENCE

27TH SEPTEMBER 2011

SUBJECT:	2011/12 First Quarter Performance and Financial Review
WARD/S AFFECTED:	All
REPORT OF:	Chief Executive
RESPONSIBLE PORTFOLIO HOLDER:	Councillor Steve Foulkes
KEY DECISION:	No

1.0 EXECUTIVE SUMMARY

1.1 This report sets out performance of the Council's Corporate Plan 2011-14 for April to June 2011, and provides members with an overview of performance, resource and risk monitoring.

2.0 RECOMMENDATION/S

2.1 That the contents of this report be noted.

3.0 REASON/S FOR RECOMMENDATION/S

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

4.0 BACKGROUND AND KEY ISSUES

4.1 **Performance Summary**

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

4.2 **Your FAMILY: CHILDREN AND YOUNG PEOPLE**

What's working well


- Birkenhead High School Academy marked the official start of the school's new building project in April 2011 with a 'Turf Cutting' Ceremony on the senior school site
- The new Club Tri-Golf facility for young golfers, at Kings Parade in New Brighton, was officially opened in May 2011
- The number of young people attending youth clubs and activities in Wirral has risen by more than 60%. A total of 8,625 young people went along to sessions during 2010/11 compared to 5,347 in 2009/10. The increase follows the reconfiguration of the Youth Service which included the introduction of the Youth Hubs across the borough, which came to fruition in May last year
- 13 foster carers have been recruited between April and June 2011 (30% above the target)
- There has been a 94% uptake of schools receiving School Improvement Services during April and June 2011 (14% above the target)

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

Status	Project	Corrective Action
Red	Looked After Children	The project schedule is on target; however savings forecast is currently being assessed

Performance against indicator(s):

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

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On target	Direction of travel
Housing & Community Safety	7031	Percentage of under-age sales of alcohol during test purchase exercises	15%	22%	Red	
Corrective Action:	In this 1st quarter visits have been targeted using intelligence reports and as such the figure is higher than if the visits had been made at random. As the problem areas are tackled the figure will then improve to its year end target					
Performance Analysis:	This indicator missed its quarter one target by 7%, but it is forecast to meet the end of year target					

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On target	Direction of travel
Children's Services and Lifelong Learning	112	Percentage reduction in the under 18 conception rate	-49.9% (25.3)	-13.04% (44.0) (E)	RED	n/a
Corrective Action:	<p>Most recent data from the Office of National Statistics (2009) shows that Wirral recorded an under-18 conception rate of 44 per 1000 15 to 17 year olds (264 conceptions). This is an increase in the recorded rate from 2008 of 40 per 1000 15 to 17 year olds (249 conceptions).</p> <p>Despite this yearly variation, an overall downward trend since the 1998 baseline is evident. However although Wirral, along with many other areas, will not achieve the national target of a 50% reduction in the number of conceptions for 15 – 17 year olds by 2010, funding has been approved to allow continuation of targeted work with the most vulnerable groups.</p>					
Performance Analysis:	This indicator is forecast not to meet the end of year target.					

Resource implications

Significant budget pressures of £5.6 million are being experienced upon the Children and Young People's revenue budget, particularly within children's care services and in respect of the Integrated Transport Unit as reported to Cabinet on 23 June 2011.

Children and Young People's capital budget accounts for £39 million, which is over 50% of the 2011/12 capital programme from the Council budget. The programme has increased

significantly in 2011/12 due to slippage of schemes and resources from 2010/11 including schools modernisation, much of which is scheduled to take place during the school holidays. A number of large schemes are in progress including work at Birkenhead Academy, Cathcart Primary and Pensby Primary/ Stanley Special School.

Future challenges and risks

Safeguarding arrangements for children is always a significant risk and is therefore under constant review. In response to the Government response to the Munro review and the Delivery of Social Work Reform Board recommendations; a comprehensive review of children's social care processes is being undertaken with the involvement of partner agencies.

4.3 Your FAMILY: ADULTS

What's working well

- Over 1,000 people attended a community wellbeing event in May 2011, which was jointly organised by the Council and Wirral's Older People's Parliament.
- Wirral's Cabinet agreed an innovative new outcome based approach to commissioning Council services based on the priorities of local communities. Work is now underway to develop the system coherently across Wirral Council to ensure that money is spent in a targeted and effective way.
- The results of a new survey has revealed that Wirral is in the top third of local authorities across the country for rolling out Personal Budgets, with more than 40% of eligible people in Wirral now receiving a personal budget. This is a marked improvement from six months previously when the Council was among the worst five.

Performance against Strategic Change project(s)

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

Status	Project	Corrective Action
Red	Learning Disabilities	This project is currently being developed and has been at the planning stage for some time. The initial outcome of this project was to stabilise the budget by March 2012 against the backdrop of £2m overspend and approximately £800k growth per annum. Further work is pressing ahead to address both the service issues – working alongside partners in the Learning Disability Partnership Board - and the reporting of this 'cost-reduction' rather than 'savings generating' project. However, the project manager advises it is unlikely that this budget will be balanced within the required timescales.

Status	Project	Corrective Action
Amber	Market Management	<p>This project was set to deliver £5.37m during 2011/12. Initial projections suggest that the full saving may not be achievable due to:</p> <ul style="list-style-type: none"> • A reduction in activity; • Out of Area placement savings not being realised; • The amount attached to specialist rates in Wirral; and • Some providers not accepting the new rates. <p>Analysis is ongoing to establish the extent of the reduction</p>

Resource implications

Significant budget pressures of £6 million are being experienced upon the Adult Social Services revenue budget. Underlying pressures from increased demand on older peoples and learning disability budgets account for £3 million. An additional £3 million of pressures has arisen from potential slippage on savings implementation relating to market review contract negotiations and Early Voluntary Retirement / Voluntary Severance savings.

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

Future challenges and risks

Safeguarding arrangements for adults are always considered from a perspective of risk, and therefore under constant review by the Department and its partners of the Safeguarding Adult Partnership Board.

An increasing demand for services has become of greater significance in the economic downturn, which also presents challenges for the implementation of the Carer's Strategy.

On-going challenges remain relating to the increasing number of people living longer with consequently greater care-support needs; the increase in those people with learning disabilities with similarly increased care support needs; and the challenge of delivering all services with increasing elements of personalisation and choice.

4. 4 Your NEIGHBOURHOOD

What's working well

- Wirral's Road Safety officers have been out and about visiting schools, encouraging motorists to drive safely around schools by watching their speed, parking responsibly, and taking a second look for pedestrians crossing the road
- Wirral's Cabinet has approved a new Housing Strategy which will direct policy until 2026, following an extensive public and stakeholder consultation
- The partnership initiative 'Playing For Success' initiative set up in 2004, between Wirral Council and Tranmere Rovers Football Club, based at Tranmere Rovers' Study Support Centre, is being funded for an additional year; to continue work with local communities to help raise people's motivation and self-esteem through sport and fitness, particularly focussing on young people

Performance against Corporate Plan project(s)

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

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

Portfolio	Key project	Status	Corrective Action
Social Care & Inclusion	Develop a housing plan for people with Learning Difficulties by August/September 2011	Amber	Delays have arisen as a result of integrating the work of the Housing Sub Group with the wider Learning Disabilities Partnership Board agenda - timescales will be pushed back by three months.
	Renegotiate /Retender Supported People/Housing services for people with Learning Difficulties	Amber	Currently working in partnership with Adult Social Services (DASS) - timescales may be affected, due to changes in DASS's own contractual arrangements (Existing LD contracts to be extended until September 2011 to allow time for renegotiated services to be implemented)
	To review housing services for at risk young people and young people in care by August 2011	Amber	Timescales have been amended to March 2012.

Performance against Strategic Change project(s)

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

Status	Project	Corrective Action
Red	Energy Efficiency	This project was set to deliver £80k saving during 2011/12. £50k of this saving was predicated on the installation of PC Powerdown software. This software has not yet been installed. It is therefore unlikely that the saving will be achieved

Performance against indicator(s):

The following indicators are awaiting data:

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On target	Direction of travel
Streetscene and Transport Services	195b	Maintain street and environmental cleanliness (combined levels of litter and detritus)	8%			No surveys have been undertaken this quarter due to a change in the scheduling. They will resume in the second quarter. No incidents have occurred to indicate any risks to this indicator

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On target	Direction of travel
Environment	7050	Install solar panels at up to 30 sites by 2013				Performance against this indicator will be presented at the half year, following reporting of the scheme to Cabinet for approval.

Resource implications

The main areas of concern relate to the achievement of income targets and include car parking and cultural services. The co-location of One Stop Shops with libraries and library Information Technology development programme is continuing. A number of policy options relating to environmental improvements, car parking and anti-social behaviour are currently being implemented. The community asset transfer programme is also progressing

Capital schemes progress includes schemes to improve housing and build new homes part funded from Homes and Communities Challenge Fund grant, improvements to the Williamson Art Gallery and mercury abatement works at Landican crematorium.

Future challenges and risks

Service continuity and recovery arrangements require constant assessment to ensure neighbourhoods are protected and receive the appropriate level of service. An exercise was held in April to test the All Hazards plan and current continuity arrangements including Information Technology, telephony and weather related issues. A Wirral business Continuity Plan has also been completed.

4.5 Your ECONOMY

What's working well

- A single streamlined contact point for all investors is being implemented
- 162 business assists took place during April and June 2011 (116% over the target)
- Wirral Council has announced that it has renewed its agreement with the England Illegal Money Lending Team, to target loan sharks who may be operating in the Borough and to conduct investigations into illegal money lenders

- The Wirral Apprentice Programme has been commended as a model of good practice nationally and regionally, and is increasingly being recognised as an exemplar of effective partnership working. Most recently, in May 2011, the Programme received a number of awards at the NW Regional finals of the National Apprenticeship Awards. These included one Wirral Apprentice employer winning the Small Business Award; another Wirral Apprentice Employer achieving a commendation; and the Council itself won a Special Recognition Award for its innovative model and approach
- Following the extremely successful Wirral Apprentice programme, Wirral Council has launched a new initiative to support businesses so that they can employ more staff and expand. The Wirral Intermediate Labour Market (ILM) is a flexible programme that supports companies to employ people on an anticipated 52 week contract with the Council contributing funding for the first 26 weeks of that contract
- 384 jobs have been created or safeguarded via Invest Wirral during April to June 2011 (66% over the target)

Performance against Strategic Change project(s)

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

Resource implications

Policy options in regards of business support and minimising impacts of empty shops are currently being implemented. The Wirral Waters scheme continues to be developed with positive benefits for Wirral's economy anticipated.

Support continues for the 'Think Big Investment Fund' with a number of grants being awarded in this quarter.

Future challenges and risks

The development of the Wirral Waters project by Peel Holdings continues and it is anticipated that this will create significant economic opportunities for the Borough. Peel Holdings has also submitted a planning application for an International Trade Centre in Birkenhead. Activity also continues to support Wirral businesses.

4.6 Your COUNCIL

What's working well

- Neighbourhood Plans were launched at the June Area forum meetings and a wide-scale consultation will take place over the Summer.
- An official ceremony was held on 9th July 2011 to welcome back soldiers from 75 Engineer Regiment (volunteers) after a six-month tour of duty in Afghanistan. The Territorial Army soldiers, who are part of 107 Field Squadron (Birkenhead), paraded around Hamilton Square in Birkenhead, before 16 of those soldiers who have completed their service in Afghanistan received medals in front of members of the public outside Birkenhead Town Hall. Wirral also officially opened a new unit to support past and present members of the Armed Forces and their families.
- The Rainbow flag was raised at Wallasey Town Hall on Tuesday May 17 to mark the International Day Against Homophobia and Transphobia - which takes place around the world every year.
- The development of Wirral's child poverty strategy is progressing through the establishment of an independent advisory forum, chaired by the voluntary sector. Consultation has been

undertaken with local partners through an event at the Floral Pavilion in June and engagement with local people and families will take place over the summer, including as part of the work to develop neighbourhood plans.

Performance against Corporate Plan project(s)

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

Portfolio	Key project	Status	Corrective Action
Finance and Best Value	Deliver SCP 2011-2012 projects to deliver agreed benefits to the agreed quality, on time and to budget	Amber	£8m out the projected £10.725m is on target to deliver. Analysis of the deficit is underway but relates to the difficulties experienced in the market management project, disposal of assets project and back office procurement project.
	Work with the voluntary, community and faith sector to put in place a single strategy for funding the sector and commissioning services from April 2012 by December 2011	Amber	Corporate Procurement Board now established to take strategic lead on this. Cabinet report taken on 23rd June to extend current grant arrangements for voluntary organisations funded by corporate services until March 2012.

Portfolio	Key project	Status	Corrective Action
Corporate Resources	To review HR policies by April 2012	Amber	There is an action plan in place to review the HR policies by April 2012, which is also integrated into the People Strategy and subsequent delivery plan. There is a need to review the required resources to deliver this within the timeframes in line with current priorities and resources available.

Performance against Strategic Change project(s)

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

Status	Project	Corrective Action
Red	Disposal of Assets	This project has experienced some delays in transferring council assets, specifically Pacific Road, the Tramway Museum, Grange Road and Beechwood Recreation & Community Centre. This will adversely impact on the ability to achieve the £481k savings for 2011/12

Status	Project	Corrective Action
Red	Procurement: - Electronic	The projects are being re-evaluated in the context of the Finance department restructure and consideration of moving

	Payments	away from invoices to procurement cards. The £200k target will be absorbed within the Procurement efficiency target for 2011-12 and sustained in the 2012-13 Budget via reduced posts in payments/procurement
Red	▪ Category Management	
Red	▪ Purchasing coordination	

Status	Project	Corrective Action
Red	Office Rationalisation	The status of the project reflects the failure to meet expected timescales for the sale of Westminster House, Willowtree, Oakenholt and the Old Court House which will present difficulties in meeting the savings target

Status	Project	Corrective Action
Amber	Procurement	The schedule of contracts indicates the savings are achievable. The Amber status reflects the uncertainty surrounding the process for realising the benefits of implementing new contracts. Work is ongoing with the Corporate Procurement Board to develop a benefits realisation strategy

Status	Project	Corrective Action
Amber	Transforming Business Support	Rollout and communications are continuing according to plan. The Amber status reflects the uncertainty surrounding the process for realising the benefits of implementation. Work is ongoing with the project team to develop a benefits realisation plan

Status	Project	Corrective Action
Amber	Contract Review	There is confidence that the work undertaken by Price Waterhouse Cooper will identify the required savings. Until the recommendations are known, it is unclear as to whether the council will implement them, the Amber status reflects this cautious approach.

Performance against indicator(s):

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

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On Target	Direction of travel
Finance and Best Value	2099	Percentage financial assessments completed within 30 working days	85%	40%	Red	n/a
Corrective Action:	Service Manager to work with Customer Services Delivery Team to review business processes and performance and develop Improvement Plan.					
Performance Analysis:	This indicator has missed its quarter one target by 45% and is forecast to miss the year end target by 10%					

Portfolio	PI no	Title	2011/2012 Q1 Target	2011/2012 Q1 Actual	On Target	Direction of travel
Finance and Best Value	2112	Percentage of Council Invoices from SMEs paid within 10 days	60%	45.74%	Red	n/a
Corrective Action:	Head of Procurement to merge Payments and Procurement to create a single 'procure to pay' system					
Performance Analysis:	This indicator has missed its quarter one target by 14.26%, but is forecast to meet the year end target					

Resource implications

Work is in progress to deliver procurement savings and to review major contracts. Volatile areas include buildings and the savings from office rationalisation, disposal of assets and facilities management. Office accommodation has been reduced by the vacation from Westminster House.

A number of capital schemes have been approved for building improvements to assist the release of assets and for IT development. Expenditure at this stage of the year is however low with IT expenditure linked to office accommodation changes.

Future challenges and risks

Key risks include the failure to allocate resources to meet service demands in line with corporate priorities and impacts of future funding constraints. To mitigate these risks budgets have been approved and are closely monitored with regular forecasts provided to Cabinet. A review of Change Programme delivery risks is also being planned.

Impacts arising from changes to staffing arising from the Early Voluntary Retirement / Voluntary Severance scheme are also a risk factor. Measures are in place to mitigate and risk assess these impacts.

The level of future resources is likely to provide future challenges in delivering the corporate objectives as outlined above. The Local Government Resource Review may also create challenges if changes are made to Government funding allocations and the Council continues to

lobby the Government at national, regional and local levels to seek to mitigate any negative impact.

4.7 Customer Feedback

Between 1st April – 30th June 2011 there was a total of 1,688 customer feedback contacts recorded; 3% less than the previous quarter though slightly above the quarterly average of 1,656 contacts for 2010/11. By channel, internet and email was used for 57% of all contacts.

Compared to the previous quarter, there was a 25% decrease in corporate complaints and a 24% decrease in statutory complaints, offset by a 55% rise in Ombudsman contacts (22 contacts in total) with Children’s Services (Schools) and Adult Social Services (Care Services) experiencing increased contact.

Customer suggestions, mainly prompted by the questionnaire sent out with council tax bills in March 2011, displayed an 85% increase from the previous quarter.

There was an improved average response rate for complaints, falling from 14 working days in the last quarter to 11 working days in this quarter (corporate target 15 working days). Councillor and MP enquiries took on average longer to respond to in this quarter, taking 6.5 working days compared to 5 working days in the last quarter/6 working days per quarter for 2010/11 (corporate target 10 working days).

There was a 38.5% increase in Children’s Services complaints compared to the previous quarter, with communication issues (9); complaints against social workers (7) and pupil services/schools (7) accounting for 44% of all complaints received for this department.

All other departments reported decreased numbers of complaints following on from the previous quarter.

The focus for complaints and wider customer feedback is ‘putting things right and learning from it’ and Corporate Services reported 29% of their complaints resulted in some positive organisational learning for future service delivery. The Department of Law, HR and Asset Management and Adult Social Services reported no changes implemented.

4.8 Corporate Plan Amendments

The following amendments to the Corporate Plan are proposed to ensure that the plan is current, accurate and has achievable targets:

	Proposed amendment	Reason for amendment
Your FAMILY: Children & Young People	Amend targets for reduction of the obesity rate from: <ul style="list-style-type: none"> ▪ 9.5% to 9.9% for 4-5 year olds ▪ 19.8% to 19.3% of 10 – 11 year olds 	To align targets with those within the Public Health departmental plan
Your NEIGHBOURHOOD	Amend target for prevention of no more than 12% of domestic violence cases reviewed at Multi Agency Risk Assessment Committee (MARAC) from being repeat incidences within 12 months of the MARAC review (21% is the national average) to 7.53%	To align with target set by Police

5.0 RELEVANT RISKS

5.1 The Corporate Risk Register is currently being revised to take account of the new Corporate Plan.

5.2 Whilst risk issues are identified under each of the Corporate Themes the major issues identified as posing the greatest risk to the achievement of the objectives are:-

- Future resource constraints including forthcoming Local Government Resource Review may impact upon ability to meet citizen expectations.
- Wirral Waters investment (positive risks)

It is planned to highlight and deal with any other risks through the introduction of Executive Team risk identification sessions with an updated Corporate Risk Strategy and Corporate Risk Register being presented for consideration by Cabinet in September 2011.

6.0 OTHER OPTIONS CONSIDERED

6.1 Not applicable

7.0 CONSULTATION

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

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

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

9.1 The Council Budget 2011/12, Schools Budget 2011/12 and Capital Programme 2011/13 have been agreed and support the delivery of the Corporate Plan. Resource implications relating to the delivery of actions in the Corporate Plan have been set out in individual departmental plans. Further details are contained in Appendices 3, 4 and 5 which are placed within the Library.

9.2 The projected general fund balance at 31 March 2012 is £11.5 million as shown below

Details	£million	£million
Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12		6.9
Cabinet decisions		
17 March – Fernleigh retained		-0.5
23 June - Financial out-turn 2010/11 showed a net increase in the balance of £1 million after meeting a net revenue overspend of £0.3 million		+1.0
23 June - Integrated Transport Unit additional funding		-0.3
23 June - EVR/VS scheme funded as part of 2010/11 thereby releasing the requirement to fund in 2011/12		+4.4
Projected variances / potential overspends		
None declared although pressures identified at the end of June 2011 within:		-
- Adult Social Services £6.0 million		
-Children and Young People £5.6 million		
General Fund balance at 31 March 2012 based upon the latest projections		11.5

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

9.4 The capital programme is summarised below:

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

Resources	Original Approval £000	Forecast June £000
Borrowing	15,905	28,553
Capital Receipts	3,000	3,000
Revenue, reserves, contributions	300	4,194
Grants - Education	23,441	26,283
Grants - Integrated Transport	1,155	1,155
Grants - Local Transport Plan	3,095	3,095
Grants - Other	2,363	10,660
Total resources	49,259	76,940

9.5 The 2011/12 capital programme has increased by £28 million due to £10 million of additional grant funding mainly associated with educational activity and £18 million slippage from the 2010/11 capital programme. The majority of projects transferred from 2010/11 involve schools, highways, housing and IT projects.

9.6 Progress continues to be made on a number of schemes including those at the Birkenhead Girls Academy, Cathcart Primary School, the former Mendell Lodge scheme, Williamson Art Gallery and Landican Crematorium as detailed under the Corporate Plan themes.

10.0 LEGAL IMPLICATIONS

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

11.0 EQUALITIES IMPLICATIONS

11.1 The Corporate Plan has a clear focus on supporting those who are disadvantaged, including the delivery of specific services and through ensuring that all of Wirral's diverse communities are equally able to access services.

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

12.0 CARBON REDUCTION IMPLICATIONS

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

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

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APPENDICES

To be placed in the web library:

Appendix 1 – Financial Monitoring Summary
Appendix 2 – Capital Monitoring Summary
Appendix 3 – Corporate Risk Monitoring Summary

REFERENCE MATERIAL

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

SUBJECT HISTORY (last 3 years)

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

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT	YOU CHOOSE - BUDGET CONSULTATION
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 As part of the 2012/13 Budget Consultation process, on 19 August 2011 the Council commenced a web-based public consultation entitled 'The Great Debate' using an on-line package known as You Choose.
- 1.2 You Choose is a budget simulator developed by YouGov and supported by the Local Government Group which provides residents with the opportunity to suggest changes to close the estimated £25 million budget gap and limit any Council Tax increase for 2012/13. Details have been hand delivered to all residents with the electoral registration forms and a series of You Choose public engagement events are taking place throughout the Borough during the period of the consultation which is due to conclude on 30 November 2011.
- 1.3 Chief Officers have provided information for the simulator which shows the implications for their services of reducing budgets by 10%, 20% and 50% and of increasing budgets by 5%.
- 1.4 This report and a demonstration of You Choose were presented to the Cabinet on 1 September 2011.

2.0 RECOMMENDATION

- 2.1 That the report be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Local Government and Public Engagement in Health Act 2007 placed upon local authorities a duty to involve. This requires the provision of information and the opportunity for consultation and involvement of residents and other stakeholders. The simulator will be part of a process in engaging and raising the awareness of the residents of the Borough of the budget issues facing the Council.

4.0 BACKGROUND AND KEY ISSUES

- 4.1. The London Borough of Redbridge together with YouGov developed the web based budget simulator which is being used by a number of local authorities including Liverpool and Sefton to seek residents views as to how to close the budget gap.

- 4.2 A letter from the Leader of the Council providing details of the budget consultation as well as the Neighbourhood Plan consultation has been circulated to all residents from 19 August 2011. Access to the budget simulator is available via the Council web-site and at One Stop Shops and Libraries. Events are also being run at a number of venues including leisure facilities and a dedicated telephone line has been set up at the Call Centre to assist members of the public without access to a computer.
- 4.3 The Leader of the Council has requested that all consultations should report back by the end of December and supporting this process the You Choose simulator will remain open until 30 November 2011.

Budget Simulator Format

- 4.4 The format of the simulator allows for budgetary details of up to eight service functions to be displayed with up to ten sub-categories behind each service. The format is determined by the individual Council.
- 4.5 For consistency the format used has followed as closely as possible to the 2010 consultation themes and is linked to the existing Corporate Plan. To provide maximum flexibility and choice to users, services have been divided across the maximum eight service functions:-
- Your Family Adults
 - Your Family Children
 - Your Neighbourhood: Roads and Waste Management
 - Your Neighbourhood: Public Protection
 - Your Neighbourhood: Culture and Leisure
 - Your Economy: Housing and Community
 - Your Economy: Supporting Business
 - Your Council Support for Services
- 4.6 Behind the service functions up to ten sub-categories have been created. These provide details of the service and implications of changes to funding levels. Details of the service functions and sub-categories can be found in the Appendix.
- 4.7 The budgetary information, as in 2010, relates to controllable expenditure categories. This will maximise the opportunity for users to select areas where savings may be possible. The Waste Disposal Authority and Merseytravel levies are outside of Council control, and expenditure linked to equivalent income generation has also been excluded.
- 4.8 The simulator allows users to drag a slider to reduce or increase budgets. A consequence will then arise from making an alteration. For ease of use the consequences have been split into four bandings.
- Budget reduction of 10%.
 - Budget reduction of 20%.
 - Budget reduction of 50%.
 - Budget increase of 5%.

- 4.9 The simulator also has the facility to provide suggestions for raising income and making efficiencies. Residents are asked at the end of the process to submit via a free form text box suggestions as to how the Council might increase income and make savings.
- 4.10 To successfully make a return, users must either reduce the budget gap to zero or below, or submit a budget figure within an acceptable Council Tax increase limit. If users fail to do this they are asked by the You Choose system to go back and reduce budgets further. To maximise returns and minimise users leaving the site without submitting a response, the acceptable Council Tax increase allowed has been set at 3%. This is the level above which the Government has previously indicated it would impose capping powers. The 3% level does not imply any future Council Tax decision but would allow submissions from users who reduced the budget gap from £25 million to within approximately £3.5 million.

The Engagement Process

- 4.11 A schedule of over 100 engagement events has been developed by the Interim Head of Corporate Planning, Engagement and Communication, to run throughout September, October and November at a variety of locations. These events will consist of guided workshops and drop in surgeries at Council, community and partner locations as well as 'retail' events, where staff will be available in shopping centres and supermarkets helping people complete the simulator.
- 4.12 Additional targeted engagement will be completed within identified 'hard to reach' demographic groups and geographic areas. This will involve events and outreach activity with older people, BME communities, vulnerable adults and younger people. Additional events will also be scheduled in those areas with lower levels of home-internet access.
- 4.13 The simulator will also be promoted extensively through Council facilities, the local media and through the networks of our partners in the public and community, voluntary and faith sectors. It will also be promoted heavily via the Council website, www.wirral.gov.uk, and will be hosted through a dedication section of the site, www.wirral.gov.uk/budget2012, which will also contain the schedule of outreach and engagement activity.
- 4.14 This consultation will run concurrently with the Neighbourhood Plan project. Cabinet resolved on 23 June 2011 to develop neighbourhood plans for each Area Forum. The key principles of the Neighbourhood Plans are to:
- Accurately reflect the real challenges for the area based on engagement and consultation with local communities.
 - Set out a vision for a community and identify local priorities within the area.
 - Robustly influence the way the Council invests resources and delivers services in a local area.
 - Determine the future distribution of forum funding.

- 4.15 A full consultation programme is in place to cover all parts of the borough with individual Area Forum consultation plans developed with ward Councillors. This comprehensive approach will ensure that the consultation is fully inclusive to enable the Neighbourhood Plans to represent all communities. Council buildings including One Stop Shops, Libraries and leisure centres are designated places where local residents can provide their views and the Community Engagement Team are also carrying out a series of focus group meetings with as many community groups as possible.
- 4.16 The findings of the consultation will be reported to communities in a series of meetings during October 2011 with draft Neighbourhood Plans agreed by December 2011. A summary of this timetable is outlined below.

Activity	Timescale
Programme of community consultation events	July to Sept 2011
Findings to be collated	September 2011
Findings reported to Area Forums and local action plans developed in response to the findings	Oct / Nov 2011
Neighbourhood Plans in place	December 2011

5.0 RELEVANT RISKS

- 5.1 There are a number of risks involved within the budget simulator consultation.

Risk	Mitigation
Low response rate limits usefulness of response	Every household will receive a letter regarding the budget simulator. Dedicated telephone line and contact points established. Extensive programme of events taking place
Web site provides limited information on which to seek opinion.	All departments have been engaged and have provided detailed information regarding their service provision and cost of services. Wirral has included more information than similar authorities who have used You Choose.
Access to web site and Equality Issues	Responses can be made via telephone and at contact points. Community wide programme of events being run to engage with harder to reach groups and those without direct access to IT
Decisions arising from simulator are not fully consulted upon	The simulator is part of a community engagement process providing an overview of public views. Further consultation will be undertaken regarding any specific service changes.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 No other options were considered.

7.0 CONSULTATION

7.1 The You Choose Budget Simulator is one of the means the Council is using to consult with the public.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The consultation programme sets out to engage with the voluntary, community and faith sector.

9.0 RESOURCE IMPLICATIONS

9.1 The use of the You Choose budget simulator has been made free to use for all members of the Local Government Association. The optional data analysis reports provided by YouGov will cost approximately £3,000.

10.0 LEGAL IMPLICATIONS

10.1 The simulator is part of the Council duty to involve but does not replace the requirement to consult with service users on more specific budget proposals..

11.0 EQUALITIES IMPLICATIONS

11.1 There are no specific equalities implications arising directly from this report. The You Choose budget simulator is an electronic web based tool. Input to the budget simulator process is being provided via a range of alternative methods including telephone contact points and engagement events.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no carbon reduction implications arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

FNCE/197/11

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SUBJECT HISTORY

Council Meeting	Date
Cabinet	1 September 2011

APPENDIX

Category	Budget £m
1 Your Family: Adults	
1 Locality Provision (DASS)	33.9
2 Services for Regaining Independence (DASS)	2.3
3 Support to meet Personal Choice (DASS)	6.6
4 Social Work teams providing Specialist Support (DASS)	20.6
5 Early Support and Advice (DASS)	6.6
6 Market Management and Development (DASS)	0.2
7 Support for Commissioning (DASS)	3.7
8 Safeguarding Vulnerable Adults (DASS)	0.2
Total	74.1
2 Your Family: Children's Services	
1 Area Integrated Youth Service (CYP)	6.2
2 Transport (CYP)	8.6
3 Children with Disabilities (CYP)	3.9
4 Early years, Surestart and Children's Centres (CYP)	10.1
5 Looked after Children care provision (CYP)	15.2
6 School and Learning Support (CYP)	6.1
7 Children in Need / Looked after Children (CYP)	17.1
8 Support for Vulnerable Children & Special Educational Needs (CYP)	4.7
Total	71.9
3 Your Neighbourhood - Roads & Waste Management	
1 Waste Collections and Street Cleansing (TS)	13.4
2 Traffic & Road Safety (TS)	2.2
3 Highways Management (TS)	6.2
Total	21.8
4 Your Neighbourhood - Public Protection	
1 Health, Safety and Resilience (TS)	0.3
2 Trading Standards (Law)	0.7
3 Community Safety (Law)	2.5
4 Environmental Health (Law)	1.4
Total	4.9
5 Your Neighbourhood - Culture & Leisure	
1 Arts and Museums(TS)	1.1
2 Parks & Countryside (TS)	5.9
3 Sport and Recreation (TS)	3.7
4 Libraries and One Stop Shops (Fin)	7.9
Total	18.6

6	Your Economy - Housing & Community	
1	Support for the Voluntary, Community and Faith Sector (CS)	0.6
2	Supporting People and Adaptations (CS)	10.0
3	Housing Strategy & Homelessness (CS)	3.2
4	Private Sector Housing (CS)	1.0
5	Resident Engagement, Consultation & Communication (CS)	0.7
	Total	15.5
7	Your Economy - Supporting Business	
1	Tourism (CS)	0.6
2	Development Management and Building Control (CS)	1.9
3	Forward Planning (CS)	0.3
4	Economic Development (CS)	4.4
5	Business Support and Attracting Inward Investment (CS)	1.9
	Total	9.1
8	Your Council - Support for Services	
1	Planning Council Services & Monitoring Improvements (CS)	0.4
2	Supporting our Services (CS)	0.7
3	Financial Services (Fin)	2.8
4	Information Technology Services (Fin)	8.0
5	Benefits and Revenues (Fin)	6.5
6	Call Centre (Fin)	1.9
7	Legal & Member Services (Law)	4.9
8	Human Resources/Organisational Development/Payroll (Law)	4.2
9	Asset Management (Law)	9.0
	Total	38.4
	Overall Total	254.3

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

27 SEPTEMBER 2011

SUBJECT	COUNCIL EXCELLENCE KEY ISSUES
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR STEVE FOULKES COUNCILLOR ADRIAN JONES COUNCILLOR JEAN STAPLETON
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 As part of the 2012/13 Budget Consultation process Cabinet are asking Overview and Scrutiny Committees to consider the functions within their portfolio and offer suggestions as to how to close the estimated £25 million budget gap and limit any Council Tax increase in 2012/13.
- 1.2 This report has been coordinated by the Director of Finance and includes the services within the departments of Finance and Law, HR and Asset Management, and services which provide the Council's Corporate and Community Planning, Consultation, Engagement and Communications functions.
- 1.3 The responses will be considered along with the responses from the other engagement processes to inform the budget setting process. Further consultation will be undertaken regarding any specific service changes.

2.0 RECOMMENDATION

- 2.1 That the views of Committee are requested.

3.0 REASON FOR RECOMMENDATION

- 3.1 Cabinet has requested the views of Overview and Scrutiny Committees to inform the 2012/13 Budget Consultation process.

4.0 BACKGROUND AND KEY ISSUES

Financial projections for the Council

- 4.1 Cabinet is regularly updated on the financial position of the Council and the latest Budget Projections report was considered on 1 September 2011. The shortfall between likely spend and likely resources is £25 million for 2012/13 with shortfalls of £31 million and £30 million identified for 2013/14 and 2014/15 respectively. The budget projections report is included elsewhere on this agenda.
- 4.2 The Government is presently considering options for the future funding of local authorities. The level of any Government Grant support will be affected by population numbers. This could result in further reductions in available

resources to the Council. The Leader of the Council has requested Members and employees to consider carefully what is included in budgets and to let him have any suggestions for making savings.

4.3. This report outlines the challenges facing the Council in the provision of the following services for which the Finance Department is responsible.

a. Financial Services

- i. This is a relatively low cost service compared to other local authorities. Pressure on the service increases as the financial position of the Council deteriorates. This is reflected in the increasing difficulty of setting a balanced budget; the increased monitoring required to maintain the budget during the year; and the increasing complexity of preparing the Accounts under International Financial Reporting Standards.
- ii. In addition the need to respond to an increasing number of consultation papers which have financial implications for the Council, most of which are adverse, and the need to engage in negotiations on the introduction of a new local government finance system from 2013, both place a burden on the senior management of the service.
- iii. The Medium Term Financial Strategy and the Capital Strategy are scheduled to be presented to Cabinet on 22 September 2011.

b. Treasury Management

The increasing cost of borrowing money from the Government and the continuing low market interest rates combine to make it difficult to deliver the levels of investment income previously achieved.

c. Insurance and Risk Management

The Council incurs relatively low insurance costs due to the operation of an Insurance Fund and to an effective risk management strategy. The challenge is to retain this effectiveness in a situation where reducing resources is likely to incur greater risks. The Risk Management Strategy is scheduled to be presented to Cabinet on 22 September 2011.

d. Internal Audit

Again, reducing resources is likely to increase the risk of fraud. A review and restructure of Internal Audit is being undertaken.

e. Pension Fund

- i. This is a shared service providing a pension service to over 120 employers. There are two major consultation exercises currently underway: into a proposed increase in employee contributions from 2012; and into the recommendations of the Independent Review of Public Service Pensions chaired by Lord Hutton of Furness which are due to be implemented in 2015.

- ii. Other significant challenges currently facing the service include the auto enrolment of employees into the Pension Fund probably from October 2012; the admittance of Academies as new employers; and investment returns in a volatile global economy.

f. Procurement and Payments

This service is delivering savings of £2.7m in 2011-12 and a review of possible savings for 2012-13 will be presented to the Cabinet in the autumn. The challenge is to continue to deliver savings at the historic rate of £2m per annum. The Procurement Strategy is scheduled to be presented to Cabinet on 22 September 2011.

g. Information Services

An external review of the electronic records management system, documentum, was reported to Cabinet on 23 June 2011. Further investment will be undertaken to deliver greater savings in future.

h. Tax Compliance

External consultants completed work in 2009-10 to recover over £3m of VAT from HMRC. Another firm of consultants is currently seeking to recovery with-holding tax from a number of tax authorities throughout Europe and have recently embarked on a similar task in the USA.

i. IT Services

IT Services was subject to an external review in 2010 which was reported to Cabinet on 14 October 2010. Costs are being reduced by 20% (£1.7m) over four years commencing 2011-12. Continuous investment in IT is necessary to enable the delivery of savings throughout the Authority. The IT Strategy is scheduled to be presented to Cabinet on 22 September 2011.

j. Revenues

This service unit was created in July 2011 from a merger of Council Tax and Income Services. The challenge is to deliver savings of £400,000 as agreed by Cabinet on 17 March 2011 from the unified service. The Government is currently consulting on the localisation of Business Rates.

k. Housing and Council Tax Benefits

- i. This is the most expensive service operated by the Department, but it is operated at a low unit cost compared to other local authorities. The number of claimants now exceeds 42,300 and is continuing to increase.
- ii. A lean review of the service has been undertaken with the Performance Development Team of the Department for Work and Pensions (DWP) with the aim of delivering savings of £2.4m, £1.2m of which has been taken as a saving in 2011-12.

- iii. The Government is currently consulting on the Localisation of Council Tax Benefit from 2013 which will include a reduction in DWP subsidy of 10% (£3.2m).
- iv. The Welfare Reform Bill provides for the introduction of Universal Credit from 2013 which will result in a reallocation of responsibilities between the DWP and the Council between 2013 and 2017. The greatest impact will be the transfer of responsibility for Housing Benefit to the DWP.

I. Libraries and One Stop Shops

These two services are being merged to save £1.7m. The merger programme includes the introduction of new technology into libraries and the co-location of services which will require capital expenditure. There are no proposals to close any facilities

m. Call Centre

The Customer Access Strategy is scheduled to be presented to Cabinet on 22 September 2011. An external review of the Customer Relationship Management (CRM) System was reported to Cabinet on 23 June 2011. Further investment will be undertaken to deliver greater savings in future.

- 4.4 This report also outlines the challenges facing the Council in the provision of the following services for which the Department of Law, HR and Asset Management is responsible.

This Department has an approved gross budget for 2011/12 of just under £28 million and, overall, is not predicted to overspend this approved sum. The Department consists of four divisions: Legal and Member Services (gross budget £5.3 million); Human Resources and Organisational Development (gross budget £2.9 million); Asset Management (gross budget £14.0 million); and Regulation (gross budget £5.8 million). The budget for Regulation will be discussed at a special meeting of the Sustainable Communities overview and Scrutiny Committee on 12 October 2011. This report sets out budgetary issues relating to the remainder of the Directorate.

a. Legal and Member Services

Expenditure on this service is predicted not to exceed the approved budget.

There is one potentially volatile budget area. This is the Coroner Service. The current budgetary position of the Coroner Service is that the service is currently within projected financial targets. However, it is very difficult to predict accurately the likely annual cost of the service. There are a number of factors that can have profound affects upon the demands placed upon the service. For example, a harsh winter, an epidemic, or the number of Inquests held by the Coroner, are all material factors. Fluctuations in demand (if upwards) will increase the costs of the service. Whilst careful consideration was given to ensuring that a realistic budget for the service was allocated for 2011/12, it will not be until March 2012 that a more certain assessment can be made as to whether the allocated budget for is adequate.

b. Human Resources and Organisational Development

Expenditure on this service is predicted not to exceed the approved budget.

c. Asset Management

There are two areas of concern: Industrial Estate Income and, in 2012/13 onwards, the Design Consultancy.

Industrial estate income

Industrial Estate Income is showing an estimated shortfall in net income (after expenditure) of £50k. However, this shortfall can be contained within the overall approved 2011/12 budget for the service.

The Council's income from its industrial property portfolio has fallen against the background of the economic downturn. Enquiries for industrial units have dropped markedly over the last twelve months and any interest has been for units of a larger size than the Council has available. Any units that are let are achieving rental levels lower than previously, which in turn prevents rent increases for existing tenants when rent reviews or lease renewals are due.

It is anticipated that the market will remain relatively flat over the next two years. There will however, be additional expenditure due to the levy, on void units, of empty rates and standing charges from utilities of £41,400 in the current financial year that has not been budgeted for.

Until 2011/12, the budgeted income figures have been subject to increase over the years to allow for inflation and now, in many cases, bear little relation to the income receivable. A review of investment estate income is now under way to produce a more accurate forecast for 2012/13. Historically, a shortfall of actual income against the budgeted figures has been managed by containing expenditure. However, for 2011/12 it is not expected that this will be sustainable. The shortfall in net income (after expenditure) at this stage is estimated at £50k. However, as indicated, this shortfall can be contained within the overall approved budget for the service

The Design Consultancy

The Design Consultancy within the Asset Management Division is funded by charging out fees for its professional services. To break even and cover costs it has to generate fee income of some £3.4 million. Whilst some fees are recovered from other sources - for example, working direct for schools, Wirral Partnership Homes, etc. - the main source of recharge is through the Capital Programme. Failure to meet the fee income target would result in the shortfall amount becoming a growth item. It is currently estimated that the target will be met for 2011/12.

With the Council's capital programme and externally funded capital schemes subject to review, the position for future years is unclear. It is

likely that current fee income levels will be unsustainable in 2012/13, but further work will be needed, together with greater clarity on the capital programme, before the likely level of income can be quantified. Initial indications are of a shortfall in the region of £120k, but further work is required to confirm this; including recalculation of support costs, following the transfer of the Design Consultancy to Asset Management from Technical Services.

- 4.5 This report also outlines the challenges facing the Council in the provision of Corporate and Community Planning, Consultation, Engagement and Communications Services. The overall Budget for these services is £2,437,300 and includes funding for activities delivered directly by the voluntary, community and faith sector, for example through Area Forum grants.

These service areas are responsible for:

- Devising, co-ordinating and delivering engagement, consultation and communication activity with local residents and community groups to identify local priorities and improvements to Council services;
- Identifying the Council's priorities and communicating these priorities both within the organisation and to our customers;
- Developing and monitoring business plans to deliver the Council's priorities;
- Meeting any statutory requirements the Council has to plan for its communities, for example in relation to child poverty;
- Delivering the Council's statutory duties in relation to equality and diversity and supporting Council services to ensure that the diverse needs of customers are taken into account;
- Administering a number of grants to the voluntary, community and faith sector and monitoring these grants to ensure that activities are being delivered effectively;
- Designing and delivering all promotion and marketing campaigns which raise awareness of Council services and activity. These campaigns can be shown to directly increase the use of facilities and raise income for the Council.

These service areas work closely with partners to make sure that there is a shared vision for the local area and that the Council meets its statutory requirements for planning for the future of Wirral's communities and to eliminate child poverty.

The work of these service areas includes communicating the improvements that the Council is delivering and ensuring that local residents are informed of Council services including any changes in the way these are delivered and receive critical information about what may be happening in the local area.

To ensure that the Council is monitoring its plans and performance effectively, these service areas also provide local councillors with the information they need to make decisions about improving performance and tackling problems.

Current work priorities include working with partners and communities to develop Neighbourhood Plans for each area and a Child Poverty Strategy for Wirral – these will help shape and improve services across Wirral and inform the Council's priorities for the coming years.

The team is also developing improved performance management arrangements to support the delivery of existing and future plans.

The team leads on the Council's area forums, one of the key engagement mechanisms that the Council uses to engage with residents. The service also administers area forum funding including grants to voluntary, community and faith groups for activities that will have a positive impact in Wirral's communities and funding provided for additional Council services or improvements. Neighbourhood plans are currently being developed for each forum area to develop a vision for the community and identify local priorities within the area.

This better understanding of local residents needs is important in the current financial context to ensure that the services that the Council delivers accurately reflect the real challenges and issues within Wirral's communities. The neighbourhood plans will robustly influence the way the Council invests resources and delivers services in a local area, how people can access these services close to where they live and the future distribution of forum funding to help local communities achieve real and positive changes in their area.

The team is leading on a full consultation programme to cover all parts of the borough to enable a comprehensive approach to ensure that the consultation is fully inclusive to enable the Neighbourhood Plans to represent all communities. Focus groups are also being held with voluntary, community and faith groups and the results will be fed back to communities in a series of events in October with draft neighbourhood plans in place by December 2011.

The team is also leading on a schedule of over 100 engagement events to raise awareness of the Council's budget simulator. Additional targeted engagement will be completed within identified 'hard to reach' demographic groups and geographic areas. This will involve events and outreach activity with older people, BME communities, vulnerable adults and younger people. Additional events will also be scheduled in those areas with lower levels of home-internet access.

Wirral's voluntary, community and faith (VCF) sector plays an important role in identifying local needs and supporting communities, as well as developing new projects and services. These organisations operate very close to the communities they serve and are able to respond quickly to changes in society and emerging problems.

The team manages a number of key grants for the provision of an infrastructure support service to promote and develop the effectiveness of voluntary and community action in Wirral and the provision of an advice service to people in need across Wirral. These services help local organisations to develop and to successfully deliver projects and activities that have a positive impact and outcomes that benefit communities across Wirral and deliver positive outcomes for disadvantaged people needing support with benefits, debt, employment and housing issues.

At its meeting on June 23rd, Cabinet agreed to review these grants on a commissioning basis to ensure that activities Wirral continue to be linked to outcomes for local people and organisations. This review is underway and is being informed by the needs of the VCF sector and target groups to ensure

that Council funding is utilised effectively and with the greatest possible impact.

5.0 RELEVANT RISKS

5.1 The Council is required to deliver a balanced budget and as a minimum, continue to deliver statutory services.

6.0 OTHER OPTIONS CONSIDERED

6.1 The Cabinet will have to consider many options before proposing a budget for 2012-13.

7.0 CONSULTATION

7.1 Consideration by the Overview and Scrutiny Committee is one of the means which is being used to inform the setting of the 2012/13 Council Budget.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising directly from this report.

9.0 RESOURCE IMPLICATIONS

9.1 Finance Department

a) Financial. The budgets for 2011-12 for these services, excluding all recharges are:

	Direct Costs £000	External Income £000
Financial Services	1,653	-
Insurance & Risk Management	143	-
Internal Audit	748	-
Pension Fund	13,558	76
Procurement & Payments	993	113
Information Services	233	10
Tax Compliance	532	98
IT Services	11,393	493
Revenues	3,798	1,296
Housing & Council Tax Benefits	168,187	162,792
Libraries and One Stop Shops	8,190	614
Call Centre	1,903	23

The Insurance and Risk Management Team is recharged to the Insurance Fund, and the Pension Fund is recharged to all employers who are members of the Fund.

b) Staffing. Any changes to the budgets or to service provision will have staffing implications.

- c) IT. IT Services is one of the services operated by the Finance Department and therefore any changes to the budget will impact on service delivery.
- d) Assets. Services are provided from the Treasury Building and Municipal Building in Birkenhead, Castle Chambers in Liverpool and numerous Libraries and One Stop Shops.

9.2 Department of Law, HR and Asset Management

- a) Financial. The gross budgets for 2011-12 for these services, excluding all support costs and capital charges are set out in the table below.

Cost Centre	Gross Budget (£000)
Legal and Member Services	
AA304 – Legal and Democratic	4,642
AA300 – Central Services	623
Total	5,264
Human Resources	
AA303 - Human Resources	2,948
Asset Management	
Asset Management	13,976

- b) Assets. Services are primarily provided from the Wallasey Town Hall Complex, Birkenhead Town Hall (Registrars Service) and Cheshire Lines (Asset Management).

9.3 Corporate and Community Planning, Consultation, Engagement and Communications Services.

Any reduction to funding in these services would impact on the Council’s ability to effectively engage, consult and communicate with residents to plan its services and put in place actions which respond to people’s needs and local priorities, for example through the Council’s Neighbourhood Plans. Moreover, the Council would be unable to fulfil its statutory obligations including the Council’s requirement to work with others to improve Wirral’s communities and eliminate child poverty.

Reductions in funding would also significantly reduce the Council’s ability to identify and working with departments and partners to resolve problems in delivering its services and to identify issues in relation to equality and diversity.

Reductions in funding would also mean a high risk that the Council will fail to effectively communicate vital information to local residents and Council employees, including in the event of an emergency.

A reduction in funding will also present a high risk that the Council will fail to effectively advertise and communicate critical services and activity which have a positive impact on people’s lives, for example raising awareness in communities to protect vulnerable residents and promoting foster caring to increase the number of carers that the Council recruits. Failure to do so would lead to increased costs to other parts of the Council.

A significant amount of this service’s budget includes grants available to voluntary, community and faith groups and any reduction in funding would have a negative impact in the funding available for these groups to run projects and activities that have a positive impact in Wirral’s communities. Funding is also provided for additional council services and improvements and any reduction in funding would also impact on the Council’s ability to deliver these additional services and improvements in each of Wirral’s forum areas.

Reductions in public spending are already having a direct impact on the VCF sector, leading to increased competition for the limited funds available through for example charitable trust sources. The support needs of VCF organisations are increasing as many groups find themselves struggling to maintain levels of service. The impact of time limited funding ceasing may also mean increased pressure on the Council to deliver services directly to the sector with a potential impact on the level of positive activities to residents and local communities.

10.0 LEGAL IMPLICATIONS

10.1 It will be necessary to maintain statutory service delivery.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising directly from this report.

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APPENDIX

REFERENCE MATERIAL

SUBJECT HISTORY

Council Meeting	Date
The Budget Projections report is presented to each meeting of the Cabinet.	