



Cabinet

Date:	Thursday, 8 November 2012
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary or non pecuniary interests in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

FINANCE

3. WHAT REALLY MATTERS:CONSULTATION FINDINGS (Pages 1 - 14)

4. CAPITAL MONITORING 2012/13- PERIOD 6 (SEPTEMBER) (Pages 15 - 28)

5. REVENUE MONITORING 2012/13 MONTH 6 (SEPTEMBER 2012) (Pages 29 - 52)

6. TREASURY MANAGEMENT PERFORMANCE MONITORING (Pages 53 - 64)

7. **QUARTERLY ANALYSIS OF FREEDOM OF INFORMATION REQUESTS AND LOCAL GOVERNMENT OMBUDSMAN CONTACTS (Pages 65 - 72)**
8. **EFFICIENCY INVESTMENT FUND EIF (Pages 73 - 78)**

CORPORATE RESOURCES

9. **TENDER REPORT FOR WALLASEY TOWN HALL ACCESS AND FIRE PRECAUTION WORKS (Pages 79 - 84)**
10. **WORKFORCE CHANGE AND CONSULTATION (Pages 85 - 90)**

REGENERATION AND PLANNING STRATEGY

11. **OUR TOWN FIRST: HIGH STREET X-FUND (Pages 91 - 96)**
12. **WIRRAL BUSINESS SUPPORT PROGRAMME (Pages 97 - 102)**
13. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

IMPROVEMENT AND GOVERNANCE

14. **RECOMMENDATIONS FROM THE IMPROVEMENT BOARD (Pages 103 - 104)**

WIRRAL COUNCIL

CABINET

8TH NOVEMBER 2012

SUBJECT:	WHAT REALLY MATTERS: CONSULTATION FINDINGS
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	LEADER OF THE COUNCIL
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 Cabinet on July 10th 2012 instructed officers to implement a comprehensive programme of consultation and engagement in order to inform the development of the Council's Corporate and Financial Plan for 2013-2016 and further to guide the development of significant budget savings.
- 1.2 This report presents to Cabinet the results of the first stage of this consultation process for consideration. The consultation results contained within this report are intended to provide a good understanding of residents, partners and employees views on the Council's future priorities and appropriate methods in which savings should be delivered.
- 1.3 The results presented in this report present a summary and analysis of the findings. All of the comments provided through the consultation have been analysed and summarised within this report, and all comments will be published on the Council website during November 2012.
- 1.4 Subject to Cabinet approval, this report will be followed by a second stage of consultation which will begin in November 2012. This second stage will involve consultation with residents, employees and other stakeholders to gather views on a range of detailed options for achieving the necessary budget savings for 2013/14.
- 1.5 The consultation involved a programme of over 150 events, and speaking to over 13,000 residents. Over 37,500 paper questionnaires were distributed, and 6921 responses were received – giving a return rate of around 18%. This is a higher response to any previous Wirral Council consultation and, according to published data, higher than any comparable exercise anywhere in the UK.
- 1.6 The summarised results analysis contained within this report demonstrate support for each of the principles contained within the consultation, with a number of caveats to be considered as detailed budget options are developed.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 What Really Matters is the largest consultation exercise ever undertaken by Wirral Council, both in terms of reach and scope. This project was designed to engage the

residents, workforce and stakeholders of Wirral Council in the development of a 3-year Corporate Plan and Financial Plan, as well as helping the Council to develop options for savings of approximately £100 million over a three year period. The project works to one overall objective:

- 2.2 “To devise and implement a comprehensive, flexible and genuine consultation process; ensuring that options are developed in an open, transparent and robust manner and that every community, business and stakeholder in our borough has the opportunity to contribute.”

3.0 THE CONSULTATION PROCESS

- 3.1 The What Really Matters project is a two-stage consultation process; engaging the community firstly in debating the principles the Council should explore to develop the budget options and then further debate around those options, which will be published in November. This approach ensures that the Council seeks public involvement and participation at every stage of the budget setting process – both in the development of options and making recommendations on those options, as well as having the opportunity to make further suggestions about Council plans, priorities and savings.
- 3.2 Stage one of the consultation project launched on September 10th 2012 and closed on October 19th 2012. The main research tool utilised in the consultation was a questionnaire, which asked stakeholders for their views on which services, outcomes and areas they saw as the main priorities for future Council spending. In addition to the questionnaire, detailed information relating to every service area was made available through a series of ‘Service Status’ reports, which provided information relating to the services currently provided by the Council, what they cost, what they deliver and the financial and demographic pressures on them. The questionnaire also covered broad principles of policy relating to pursuing budget savings, including:
- Increasing Income; the raising and introduction of charges for services, as well as the issue of making services cost neutral where there is already a charge.
 - Alternative Delivery; which covered issues such as outsourcing to the private, voluntary and faith sectors as well as gathering views on whether staff should encouraged to take over the management of services. This also included gathering views on working with other Councils to provide shared services.
 - Shaping Community Services; the use of Council buildings and design of services within communities.
 - Stopping or reducing; debating which services stakeholders believe the Council should invest fewer resources in going forward.
- 3.3 Given the questionnaire was the primary research tool for this project, it was essential that the document was designed in a way to ensure robust, clear and actionable results. It was also vital to the success of the project to ensure that the questionnaire was produced in a fashion that was accessible, clear and neutral. To ensure that this was the case, Council officers took a number of steps to ensure the questionnaire was externally validated as an effective research and consultation tool.
- 3.4 A draft version of the questionnaire was analysed by an external agency through the Market Research Society. This resulted in a number of changes being made to the questionnaire, both in terms of the wording of the questions to ensure neutrality and to the method of data collection. The final draft of the questionnaire was then presented

to the Children in Care Council among other stakeholders, who approved its contents as being clear, accessible and presented in plain English.

- 3.5 Further work was also done to ensure accessibility including publishing an interactive Easy Read version, and for the first time the Council developed a video, which involved members of staff explaining the process, providing further context to each question, and giving instructions as to how to complete the document.

4.0 COMMUNICATION AND ENGAGEMENT

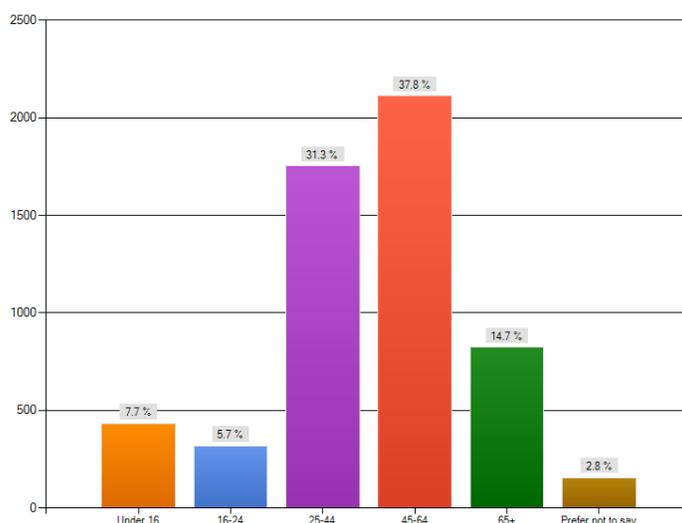
- 4.1 An extensive communications and engagement plan was implemented to ensure this consultation reached the widest possible audience. All promotional and engagement activity was completed via existing Council staff and resources, primarily through the communications and community engagement division and policy unit, but with support from all other departments.
- 4.2 The Council is able to access a number of one way communication channels for free or limited cost, which were utilised to send messages promoting the consultation and questionnaire. These include distributing posters around businesses, the network of Council buildings and partner buildings. The consultation was further promoted through the use of the network of LCD screens in Libraries and One Stop Shops. The Council website was also used to promote the consultation. We will further utilise the Council website and partner websites to extensively promote the consultation as it progresses through the next stages to keep residents and everyone who contributed informed of progress.
- 4.3 A number of key stakeholder groups were engaged with extensively throughout the project. An important group of stakeholders was clearly Council employees. Regular emails, existing internal communication channels and a range of site visits by the Chief Executive were implemented to ensure staff had the opportunity to take part. This led to 1,133 members of staff taking part in the consultation, which is higher than any comparable exercise the organisation has ever completed.
- 4.4 The local and regional media were fully engaged in the process, with regular coverage from the launch of the project through to the conclusion. The launch event in particular achieved significant coverage across a range of local and regional media, including front page articles in local print media, extensive coverage in regional media as well as TV and Radio coverage. The consultation was also featured on more than 15 Wirral-based community operated websites.
- 4.5 Extra focus was placed on engaging with working adults and families through communications with businesses and employers in the borough. This included information being distributed through Invest Wirral to over 4000 local businesses, as well as approaching the larger employers in the borough to talk directly to their staff. Detailed workshops were also held with key partners from the voluntary, community and faith sectors.
- 4.6 Extensive communication was also delivered through public sector partner agencies, including Police, Fire and Health services. These agencies distributed their messages to their staff and customers through a variety of channels and events. External

contractors such as Biffa were also approached and assisted with the consultation by distributing messages to their staff.

- 4.7 Over 150 events were held at over 100 locations across the borough throughout the six-week consultation programme. During these events Council officers spoke to over 13,000 residents about the consultation project. Consultation events were in a variety of formats, including presentations to community organisations, workshops in schools, coffee mornings, children's centres, library events and retail type settings such as shopping centres, supermarkets, cinemas, bingo halls and markets. The programme of direct engagement events was published on the Council website and constantly updated, as well as being circulated to the local and regional media on a weekly basis.
- 4.8 Additional work was also done to ensure older people, younger people, people with disabilities, LGBT communities and BME communities were actively encouraged to take part through targeted communications and events.

5.0 RESPONSE TO THE CONSULTATION

- 5.1 The Council has received 6921 responses to this stage of the consultation to date, which is the highest level of response ever received by Wirral Council for a consultation. According to published data, this represents a higher response level than any comparable exercise anywhere in the UK.
- 5.2 Promotional and engagement activity was evenly spread across the borough, with additional events taking place in main shopping areas. This work contributed to a level of response which is representative of the borough on a geographical basis. In terms of parliamentary constituencies, West Wirral is slightly over represented in the response, Wallasey slightly under represented and Birkenhead and South Wirral represented almost exactly.
- 5.3 The consultation engagement plan was designed in a way to ensure people sharing protected characteristics were particularly encouraged to take part in this process. The final data shows that the consultation response is slightly over represented in favour of women, and that 10.1% of respondents identify themselves as having a disability and 9.9% of respondents describing their ethnicity as something other than White – English, both of which demonstrate that the consultation results are representative of the population of Wirral in broad terms.
- 5.4 A wide range of age groups were also encouraged to take part in the consultation, with specific activity taking place within schools, youth centres, cinemas, bingo halls and through events with partners such as the Older People's Parliament. The chart below demonstrates the age breakdown of the respondents to the consultation.



5.5 The consultation further asked respondents to identify their relationship to Wirral Council, and the results demonstrate that 1133 members of staff, 183 local businesses and 194 voluntary or community organisations took part in the consultation, which again is a higher rate of engagement across all groups than any previous Council consultation.

6.0 OVERVIEW AND SCRUTINY COMMITTEE WORKSHOPS

- 6.1 Throughout September and October Members of the Council's Overview and Scrutiny Committees met to discuss the budget challenges in their areas in detail. These workshops broadly followed the principles of the questionnaire, in terms of raising income, re-shaping services, alternative delivery and stopping or reducing services.
- 6.2 Scrutiny Chairs further invited external experts and stakeholders in their scrutiny areas to take part in the discussions and offer suggestions. Attendees at the meetings had a detailed service status report available, which was also made available to the public through the Council website. The meetings also consisted of a presentation from the Leader of the Council, the Director of the Finance, who outlined the budgetary challenges facing the Council, and the appropriate chief officer from each service area who put the budget challenges into context within their department.
- 6.3 Members and external experts then discussed each service within their area of scrutiny in the context of the principles of the consultation, and made suggestions over whether there was scope to increase income, re-shape the service, deliver in a different way or stop or reduce the service.
- 6.4 The notes and detailed minutes from these workshops have been included as part of the consultation results and will further be published on the Council website in the coming days.

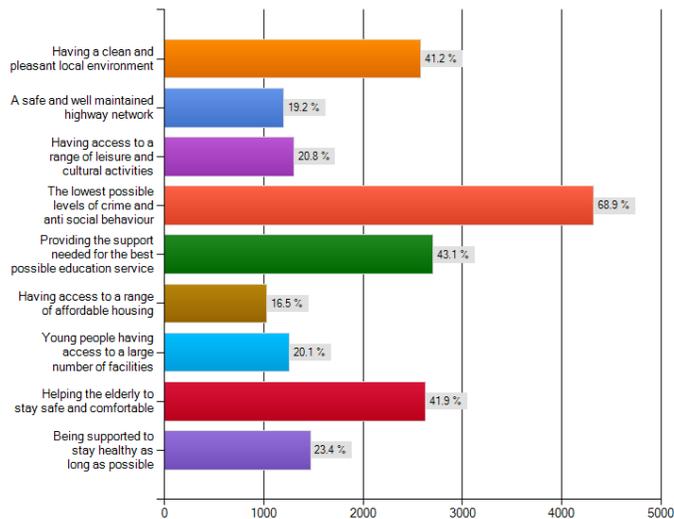
7.0 ANALYSIS OF RESULTS

- 7.1 The questionnaire proposed that the top three priorities for the Council should be; protecting vulnerable adults and children, tackling poverty and inequalities in health,

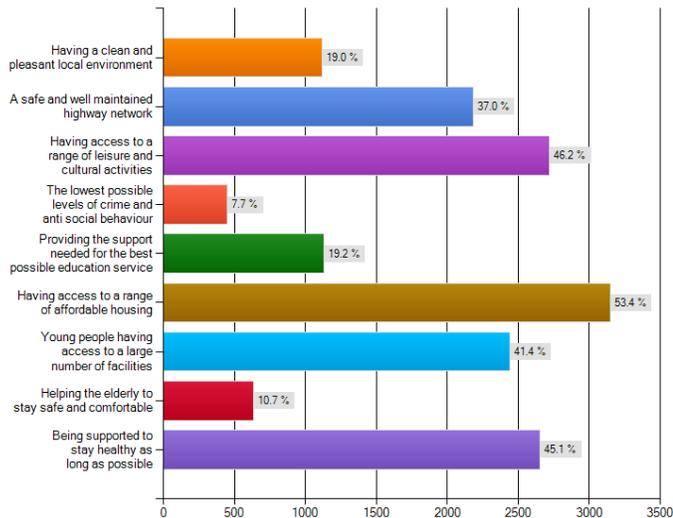
and creating jobs and attracting investment. The results of the questionnaire demonstrate that stakeholders both agree with the three proposed top priorities and further that they should be ranked in order of importance as shown in the table below.

Answer Options	1	2	3	Rating Average
Protecting our vulnerable adults and children	3026	2127	1070	1.69
Tackling poverty and inequalities in health	835	2533	2856	2.32
Creating jobs and attracting investment	2363	1568	2297	1.99

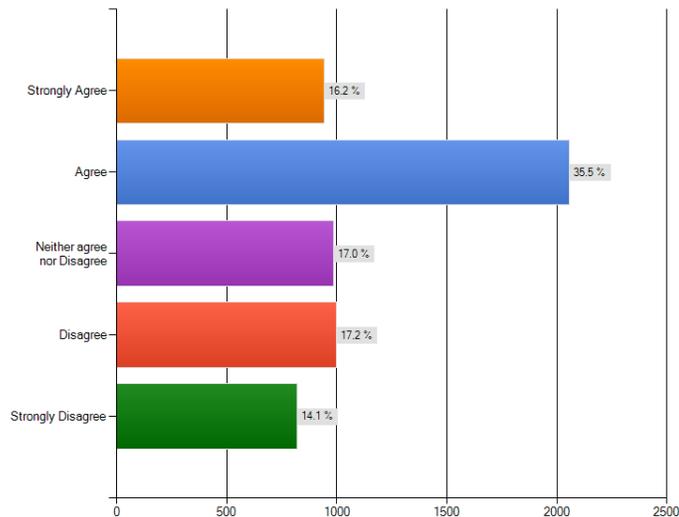
7.2 The final question in terms of future Council priorities provided a list of outcomes, or areas of investment, and invited people to select their highest and lowest priority services for Council spending. The results of this question show that residents believe that reducing crime and anti social behaviour should be the Council's highest priority service (outside of the three top priorities already defined), and that further high priorities for Council spending are the local environment, education and providing care for the elderly.



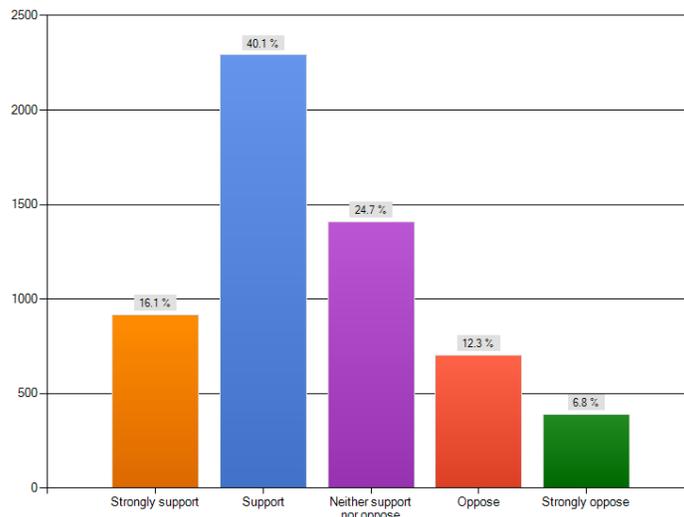
7.3 Conversely, the results of the consultation show that low priorities for Council investment should be providing access to affordable housing, encouraging people to stay healthy, facilities for children and young people and leisure and cultural services.



7.4 The next series of questions in the consultation focussed on savings, and the first two focussed on fees and charges, and whether the Council should either raise or introduce charges for certain services, while ensuring that people could still afford to pay. The first question read: **“Do you believe the Council should increase charges for some services, for those who can afford to pay, in order to use the income to protect other services?”** The results of this question were as follows:



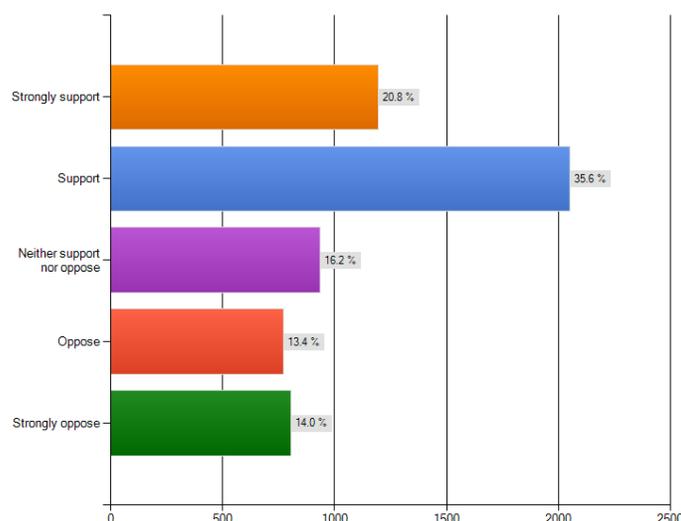
7.5 The second question was similar, and read: **“The Council provides a number of services either for free, or for a fee which is less than the service actually costs. The Council could charge enough to cover costs in these areas. To what extent do you support or oppose this option?”** The results of this question were as follows:



7.6 The results of these questions demonstrate that Wirral residents broadly agree that the Council should investigate raising or introducing charges for certain services, in order to use the income to protect other services. Both questions provided the opportunity for further comments from respondents which highlighted one main caveat:

- Mitigating the Impact: Ensuring that raising charges did not result in vulnerable people and low income families becoming disadvantaged or suffering hardship was important, and it was suggested that the Council should take every step to ensure any negative impacts of raising charges were mitigated.

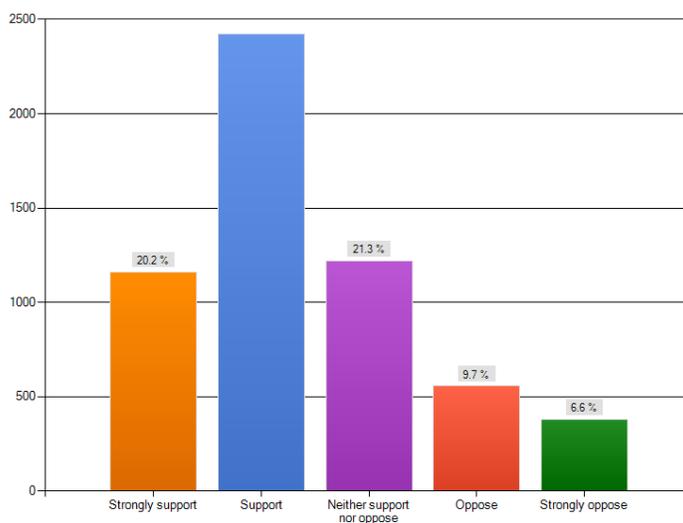
7.7 Delivering services through a different, less costly method was a further key principle within the consultation. The first question in this theme was related to outsourcing services, which read: **“Wirral Council could look into whether the private sector, or a community or voluntary organisation, could provide a cheaper, more efficient service for some Council functions. To what extent do you support or oppose this option?”** The results of this question were as follows:



7.8 It's important to note that Wirral residents were much more in favour of this option than Council staff. 59% of residents answered either 'Support' or 'Strongly Support' to this option, compared to 42% of staff selecting the same options. Comments provided in response to this question show that, while residents are in agreement that services should be outsourced if that will bring cost benefits a number of factors should also be considered, with the main caveat being:

- **Quality Control:** The vast majority of concerns relating to this question were focussed on quality and ensuring that the private, voluntary or community sectors are able to provide services at the same standards and quality. Suggestions were made that related to ensuring that Wirral Council held on to overall responsibility for the quality of the service provided.

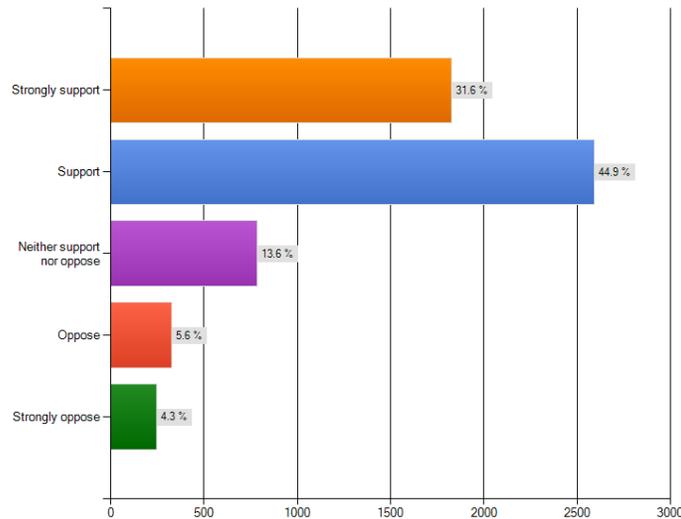
7.9 Another question followed a similar line, in terms of other organisations rather than the Council managing the delivery of services. This question read: **“If a community organisation or group of staff are interested in taking over the running of a Council service, the Council could help them to create a co-operative or mutual organisation to run the service. To what extent do you support or oppose this option?”** The results of this question were as follows:



7.10 It's important to note that Wirral residents were much more in favour of this option than Council staff. 64% of residents answered either 'Support' or 'Strongly Support' to this option, compared to 52% of staff selecting the same options. This question once again shows a clear approval from Wirral residents to this option, but again with some caveats and conditions which were highlighted numerous times in the comments from respondents. These comments centred on similar issues to the previous question in terms of safeguarding the quality of the service, but also highlighted support and guidance. Residents feel that if groups of staff or other organisations wish to take over the running of a service, they should be provided with extensive support from the Council to ensure they can run it effectively long term.

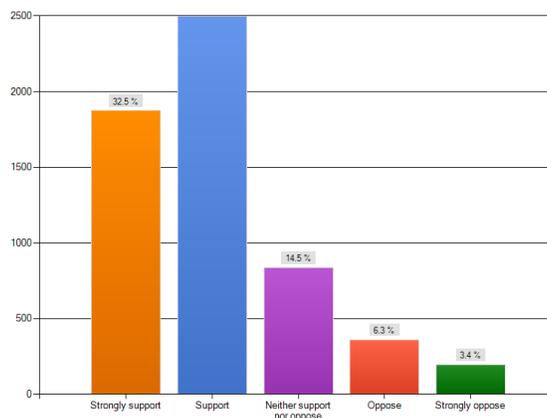
7.11 The issue of shared services was also explored as part of this consultation, and specifically the issue of whether Wirral should investigate this area to attempt to achieve savings. The question read: **“A number of Councils work together to**

provide joint services, which bring major cost savings. Wirral could work with Councils across Merseyside and Cheshire to provide certain services this way. To what extent do you support or oppose this option?” The results of this question were as follows:



7.12 The results of this question clearly demonstrate strong support for this option from Wirral residents and stakeholders. It's important to note that Wirral residents were slightly more in favour of this option than Council staff. 78% of residents answered either 'Support' or 'Strongly Support' to this option, compared to 68% of staff selecting the same options. Comments in this area focussed on ensuring that quality was not compromised and particularly that sharing services over a larger geographical area did not compromise the focus of the service on Wirral communities.

7.13 The question in relation to shaping community services discussed the use of buildings, and specifically whether the Council should look into reducing the number of its buildings to save money. The question read: **“The Council and its partners own a large number of buildings across Wirral. Wirral Council could review the use of these buildings to provide services from a smaller, more cost effective number of locations. To what extent do you support or oppose this option?”** The results of this question were as follows:



- 7.14 The results of this question show that an overwhelming majority of Wirral residents believe that this option should be investigated. The main theme to come out of the comments associated with this question was that residents were concerned that closing buildings and consolidating services into fewer locations should not isolate communities, and therefore make services harder to access.
- 7.15 The final consultation question was around stopping or reducing services, and asking residents and stakeholders to make suggestions for which services, functions or other areas where the Council spends money could be either reduced or stopped. The question read: **“We have attempted to show you how we could make savings by delivering services differently; either by paying someone else to do them or working with others. Because we have such a large amount of savings which need to be made, it may be necessary to stop delivering some services altogether. Can you suggest any services which you believe the Council should either stop or reduce, to make the savings needed?”** A wide range of responses were received to this question, covering hundreds of areas and services. All of these responses will continue to be analysed by Council officers. The main themes which emerged include:
- Back Office Costs and Administration: A large number of residents believe that the Council should drastically reduce its operating costs as well as reducing its staff costs through reducing the layers of management within the Council. Issues such as procurement processes, car allowances and mobile phone contracts were mentioned specifically numerous times.
 - Reducing services: Non-universal, optional services such as libraries and leisure centres and under utilised One Stop Shops were mentioned frequently as being appropriate services to reduce. Street lighting was also mentioned frequently as an area where savings could be explored.
 - Better Co Ordination: It was also a common theme in the responses that services should be better co-ordinated to try and save money, particularly focussing on issues such as road repairs and street lighting.

8.0 CONCLUSIONS FROM CONSULTATION

- 8.1 This section of the report draws conclusions from the consultation as to how Council Officers should progress with developing budget options for 2012/13. These conclusions consider feedback from the consultation questionnaire, workshops with the voluntary sector and the responses from Members of the Council’s Overview and Scrutiny Committees.
- 8.2 The consultation is recommending that Wirral Council should look to raise income through introducing or raising charges for some services, with the following caveats:
- Raising charges should not disadvantage or marginalise vulnerable groups by making services unaffordable. Every step should be taken to mitigate the impact of raising charges on vulnerable groups.
 - The services selected for increased charges should be chosen carefully, with the above principle in mind. Any negative “domino” effects of introducing charges for services should also be considered.

8.3 The consultation is also recommending that Wirral Council should look to achieve savings through changing the way services are delivered. This should be done through investigating outsourcing to the private, voluntary or community sectors; investigating shared services with other public sector partners and encouraging groups of staff or other organisations to take over the running of services. These recommendations come with the following caveats:

- While stakeholders believe that Wirral Council should investigate outsourcing as a principle of making savings, it is also clear that Wirral Council should retain overall responsibility for safeguarding the quality of those services.
- Selecting the services involved should be done carefully, with detailed consideration given to issues such as quality, value for money and focus on the local area. Residents have expressed concerns that private sector organisations may be driven by a profit rather than service ethos and are seeking assurances that the Council will continue to ensure that service standards are appropriate.

8.4 The consultation is strongly recommending that the Council should look to save money through reviewing the use of its buildings, and try to provide services from a smaller, more cost effective range of locations. This recommendation comes with just one caveat:

- Closing buildings and centralising services should not isolate communities, by making it more difficult to access services. This principle should be of paramount importance while this issue is investigated.

8.5 The consultation is strongly recommending that the Council should reduce its back office and administration costs. The consultation also recommends that non-universal, optional services should be investigated and possibly be reduced or stopped.

9.0 RELEVANT RISKS

9.1 A project team was established and met weekly to develop and deliver a project plan, with robust risk assessment arrangements. The key risk for this project is that failure to deliver a successful consultation project will leave the Council unable to develop a corporate or financial plan and make the budget savings required in 2013/14.

10.0 OTHER OPTIONS CONSIDERED

10.1 This project was developed and delivered in response to the independent review of Corporate Governance arrangements, the priorities for improvement adopted by the Wirral Improvement Board and the Council decisions in relation to ensuring that lawful engagement and consultation are central to all Council budget and decision making processes. Therefore no further options have been considered.

11.0 CONSULTATION

11.1 The Council has agreed with the voluntary, community and faith sector to define and strengthen relationships between these sectors for the benefit of all Wirral communities. There is a commitment to extensive consultation with local communities. The legal responsibilities regarding consultation and engagement are set out below.

12.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

12.1 The Council with its statutory partner organisations has adopted an agreement with the voluntary, community and faith sector which is designed to define and strengthen relationships between these sectors for the benefit of all communities. The involvement of the voluntary, community and faith sector to inform this evidence base was crucial.

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

13.1 Existing staffing resources were used to develop and deliver this project, primarily through the Communications and Engagement division and Policy Unit, but with support and guidance from all departments.

14.0 LEGAL IMPLICATIONS

14.1 Recent case law has made it clear that any consultation undertaken must be meaningful, informed and reasonable. Failure to ensure this could lead to legal challenge and any decision taken which takes into account the consultation could be undermined and open to challenge by way of Judicial Review. The Local Government and Public Involvement in Health Act 2007 came into force in April 2009 and introduced a duty for local authorities to involve, inform and consult with their communities. The duty is wide-ranging and applies to the delivery of services, policy and decision making and means the Council must consult relevant individuals, groups, businesses, organisations and other stakeholders that the Authority considers likely to be affected by, or have an interest in, their actions and functions.

15.0 EQUALITIES IMPLICATIONS

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

Yes and impact review is attached –

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/chief-executives>

16.0 CARBON REDUCTION IMPLICATIONS

16.1 A number of potential budget options, including the changed use of buildings across the borough, could bring benefits in terms of carbon reductions.

17.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

17.1 Potential community safety implications based on budget options.

18.0 RECOMMENDATIONS

18.1 That Cabinet note the findings of the What Really Matters consultation and thank Wirral residents for taking the time to take part in this process.

18.2 That Cabinet note that officers will shortly be publishing detailed savings options, and instructs officers to consider the following principles highlighted in the consultation alongside those options:

- Ensure that local communities, partner organisations and the Council's workforce are fully engaged and consulted upon changes which will affect them.

- Ensure that every step is taken to prevent vulnerable people and low income families becoming disadvantaged through changes to services or increases in charges.
- Ensure that the Council retains overall responsibility for the quality of the services delivered to Wirral residents in the event of outsourcing.
- Ensure that communities do not become isolated through changes to services or closing of Council facilities.
- Ensure services provide value for money for local residents through reducing operational running costs and achieving full cost recovery for services that the Council charges for.
- Enable community organisations and groups of staff to create co-operative or mutual organisations to deliver services that the Council currently provides, subject to robust contract monitoring.
- Consider whether the private, community or voluntary sector could provide a more efficient service at a lower cost for services that the Council currently provides, subject to robust contract monitoring.
- Consider and minimise any negative implications that may arise from service changes to other functions that the Council provides.

18.3 That Cabinet instruct Council Officers to further consult on those detailed options to ensure Wirral residents have every opportunity to provide their views on how savings are made in 2013/14 and that residents are further able to influence every stage of the budget setting process, as outlined in the project objective.

18.4 That Cabinet instruct Council Officers to report back with the results of that consultation to further meetings of Overview and Scrutiny Committees and to Cabinet on February 7th 2013 in order that Cabinet and Council have a robust evidence base on which to set the budget for 2013/14.

19.0 REASON/S FOR RECOMMENDATION/S

19.1 The recommendations respond to the agreed objective for this project, which was: “To devise and implement a comprehensive, flexible and genuine consultation process; ensuring that options are developed in an open, transparent and robust manner and that every community, business and stakeholder in our borough has the opportunity to contribute.”

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	June 21 st 2012
Cabinet	July 10 th 2012

WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT	CAPITAL MONITORING 2012/13– PERIOD 6 (SEPTEMBER)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1. EXECUTIVE SUMMARY

1.1 This report informs Members of the current position regarding the Council's 2012-13 to 2014-15 capital programme. The report reflects:

- The re-profiled 2012-13 capital programme budget;
- The expenditure to date, which continues to be less than it should be;
- Request for a revision to the capital programme to reflect slippage of £10m of schemes into the 2013/14 financial year
- Request for an increase in the programme for schemes requiring no unsupported borrowing
- The projected outturn figures for 2012-13, which suggest an underspend of £12m on the revised programme
- The current funding of the programme and its future affordability, which is subject to a review

2. BACKGROUND AND KEY ISSUES

2.1 Cabinet on 6 September 2012, when considering the Month 3 monitors instituted a spending freeze, in the light of significant forecast revenue overspend and acknowledgement that unsupported capital financing contributes to revenue costs. Cabinet on 18 October considered the outcome of the first two weeks of the freeze. The next four weeks of the capital freeze are now reported, with the recommended outcomes set out in Appendix 1.

2.2 The Council's capital programme will be subject to monthly review by a senior group of officers which has been established. Under a banner of the Capital Steering Group, each project will be scrutinised as follows:

- Project approvals for financing, delivering corporate outcomes and delivery timetable;
- Financial appraisals for funding and ongoing revenue costs
- Spend profiles against delivery timetable;
- End of project reviews;
- Delivery of Asset Management Plans and overall strategy.

2.3 **Original and latest proposed capital programme for 2012-13**

2.3.1 The capital budget for 2012-13 is subject to change. The Period 5 monitor detailed slippage of £34 million carried forward from 2011/12 plus an additional overall in year reduction of £1.5 million reflecting changes to slippage and revised programme approvals. Table 1 summarises the overall movement, between that already approved, and changes to Period 6 that require approval – these show a reduction in the 2012/13 programme of just under £4.1 million.

Table 1: Revised Capital Programme 2012-13 Period 6 (September) £000's

	Capital Strategy	Changes Approved by Cabinet	Budget changes to be approved By Cabinet	Revised 2012-13 Capital Programme
Adult Social Care	2,750	0	-2,025	725
Children's & Young People	21,481	6,516	-4,934	23,063
Finance	0	3,507	0	3,507
Law, HR & Asst Management	4,000	5,703	-1,325	8,378
Regeneration, Housing & Planning	6,079	10,564	855	17,498
Technical Services	7,668	6,205	-1,435	12,438
Grand Total Expenditure	41,978	32,495	-8,864	65,609

2.4 A summary of the significant changes to be approved by Cabinet for Period 6 are provided below:

Request for slippage to the 2012/13 Programme

A number of requests are included for slippage to the programme. These include:

- Adult Social Services. The integrated IT service specifications are currently being produced but £1.4m of the £1.5m budget requires slipping into 2013/14. A further £0.625m relating to the transformation of day care services is also likely to be incurred in 2013/14 rather than the current year.
- Children and Young People. A review of the programme has identified £3 million of Modernisation schemes and £2 million of Formula Capital schemes which require slipping into 2013-14. A new grant of £0.3057m for Aiming High for Disabled Children has been received. This is a time limited grant and must be expended by August 2013. As a consequence the use of the new funding will be prioritised, whilst, existing funding of £0.24m which is not time limited will be slipped back into 2013/14.
- Law, HR and Asset Management. Slippage relates to the Bebington Civic Centre scheme, plus £0.025M in respect of the Birkenhead priory scheme.
- Technical Services; Slippage of £1.435m covers a range of schemes including £0.839 in respect of integrated transport projects, £0.45m maintenance schemes and £0.146m for other projects.

Request to increase the 2012/13 programme

- Children and Young People. A grant of £0.3057m for Aiming High for Disabled Children has been received as above which is time limited and permission is sought to expend this grant.
- Regeneration, Housing and Planning. Additional funding of £0.855m has been received or identified to fund additional schemes. This funding includes £0.191m relating to New Homes Bonus, £0.218m Homes and Communities Agency Empty Property Project and the recycling of capital receipts (restricted to housing use) of £0.446m. It is proposed to use these monies to support empty property interventions and other housing improvement schemes.

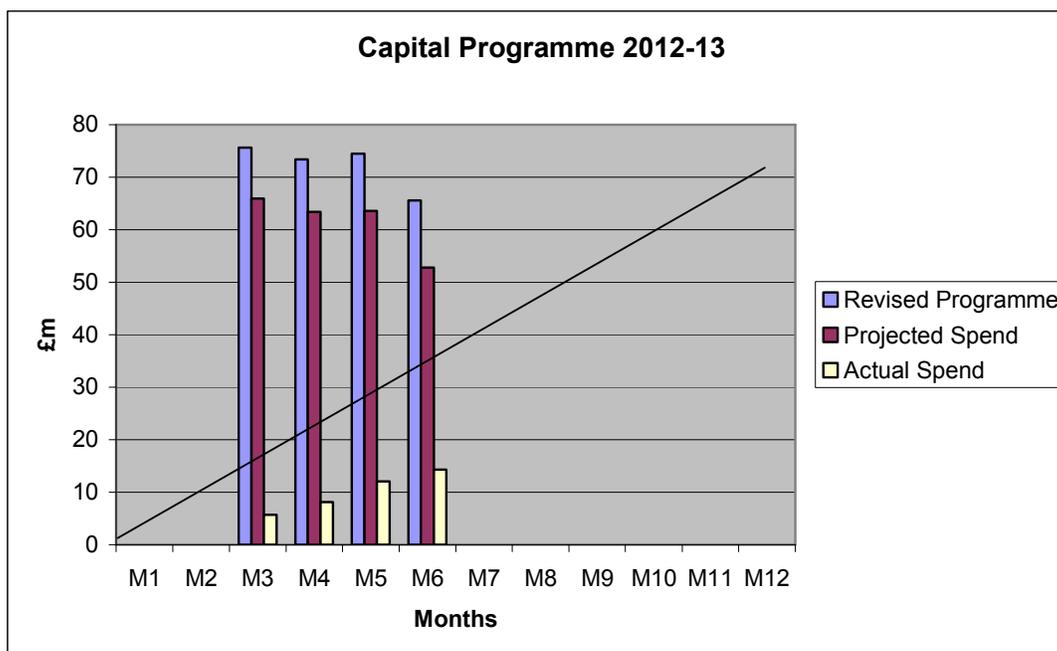
2.5 Actual Expenditure to Date – is the programme being delivered to plan?

2.5.1 The actual Capital expenditure at Period 6 is £14.3m, which represents 21.8% of the revised capital programme budget, with 50% of the financial year having elapsed.

Table 2: Spend to date April to August (6/12 = 50%)

	Spend to date	
	£,000's	Per cent
Adult Social Care	55	7.6
Children's & Young People	7,153	31.0
Finance	15	0.4
Law, HR & Asset Management	1,083	12.9
Regeneration, Housing & Planning	3,288	18.8
Technical Services	2,703	21.7
Grand Total Expenditure	14,297	21.8

2.6 The Period 6 figures include an additional £2 million of expenditure incurred during the month. The level of expenditure however continues to be less than anticipated with only 21.8% of the programme expended after 6 months. An element of this can be explained by the time lag between work being completed and invoices then being raised by contractors and then paid by the authority. However there is likely to be a substantial underspend within the 2012/13 capital programme. Future delivery programmes will be subject to a detailed review, so that 2012-13 forecasts are more robust in delivery and timescales.



- 2.7 A Capital Steering Group has been established and this is examining current and future schemes. It is likely that a recommendation will come to a future Cabinet to remove a number of schemes currently within the programme that have not progressed or are no longer considered a priority. This would result in a more accurate programme and improve the correlation between programme and actual expenditure. Future delivery programmes will also be subject to a detailed review.
- 2.8 A financial risk regarding costs and delays with the Pensby/Stanley School build within the Children and Young People’s capital programme was reported to Cabinet on 21 June. Discussions are continuing with the contractor regarding the financial issues. A future report to Cabinet will provide further detail regarding any financial implications once these are quantified.
- 2.9 Unless spend performance improves the likely outturn would be in the region of £52.7m, not the £65.6m planned. Table 3 sets out the variations; these are derived from returns submitted from Departments. A revision to the planned programme will be considered as part of a future monitor reflecting the outcome of the programme review undertaken by the Capital Steering Group.

Table 3: Projected Outturn compared to Revised Budget £000’s

	Revised Budget	Projected Outturn	Variation
Adult Social Care	725	725	0
Children's & Young People	23,063	22,519	-544
Finance	3,507	500	-3,007
Law, HR & Asset Management	8,378	5,638	-2,740
Regeneration, Housing & Planning	17,498	10,956	-6,542
Technical Services	12,438	12,438	0
Grand Total Expenditure	65,609	52,776	-12,833

2.10 Financing of the capital programme

2.10.1 Table 4 summarises the financing sources and changes made to Period 6. The major changes since the capital programme was approved in March are slippages of funding following closure of the 2011-12 programme, changes in grant funding as reported in previous Cabinet reports, and re-profiling of financing to 2012/13. The period 6 amendments reflect requested slippage from 2012/13 to 2013/14 as outlined in para 2.4 above. Other adjustments relate to additional funding relating to Regeneration, Housing and Planning Schemes and Children and young People..

Table 4: Revised Capital Programme Financing 2012-13 £000's

Capital Programme Financing	Capital Strategy	Changes approved by Cabinet	Budget changes To be approved by Cabinet	Revised 2012-13 Capital Programme
Supported Borrowing				
Grant – Education	20,181	5,200	--4,934	20,447
Grant – Transport Integrated	1,155	5	0	1,160
Grant – Transport Local	2,958	0	0	2,958
Grant – Local Sustainable Transport Fund	0	676	0	676
Grants – Other	5,349	5,038	-1,616	8,771
Private Contributions	0	0	0	0
Capital Receipts brought forward	3,000	0	0	3,000
Revenue Contributions	300	1,360	383	2,043
Unsupported Borrowing	9,035	20,216	-2,697	26,554
Total Financing	41,978	32,495	-8,864	65,609

2.10.2 Where there is a “cocktail” of funding to a scheme, the Council maximises the use of grant and other external resources before using its own receipts and borrowing. Capital receipts are used to minimise the impact on the revenue budget by being applied to schemes which would require a relatively significant minimum revenue provision to be made.

2.11 Projected Longer Term Capital Programme

2.11.1 The current forecast capital programme for 2012/13 to 2014/15 is shown in Table 5 below by year and means of financing. It should be noted that this has been updated since the completion of the 2012/13 to 2014/15 Capital Programme Report to Council to reflect the further slippage and approval of additional grant resources. The table below includes adjustment to the 2012/13 capital programme for slippage and increases as outlined above. The 2013/14 programme has also been revised to reflect the impact of slippage from 2012/13. This is subject to this Cabinet’s approval

Table 5: Capital Programme Financing 2012-13 to 2014-15 £000's

Capital Programme Financing	2012/13	2013/14	2014/15	
	R Estimate	R Estimate	R Estimate	Total
Grant – Education	20,447	5,240	0	25,687
Grant – Transport Integrated	1,160	1,155	1,155	3,470
Grant – Transport Local	2,958	2,864	2,699	8,521
Grant – Local Sustainable Transport Fund	676	676	676	2,028
Grants – Other	8,771	6,869	2,165	17,805
Private Contributions				
Capital Receipts brought forward	3,000	3,000	3,000	9,000
Revenue Contributions	2,043	363	0	2,406
Unsupported Borrowing	26,554	19,407	3,405	49,366
Total Financing	65,609	39,574	13,100	118,283

2.11.2 The 2012/13 financing forecast has been updated to reflect changes in the programme as reflected in para 2.4 above. The financing for 2013/14 has been increased by £10m which reflects the equivalent slippage and financing reduction in 2012/13.

2.11.3 The Capital Strategy needs to be made more affordable by delivering the planned capital receipts and reducing the element of unsupported borrowing and the associated ongoing revenue costs.

2.12 Supported and unsupported borrowing and the revenue consequences of Unsupported Borrowing

2.12.1 The cost of £1m of Prudential Borrowing would result in additional revenue financing costs of £100,000 per annum. As part of the Capital Strategy 2012-13 to 2014/15 the Council has included an element of prudential borrowing. At Period 6, there is a sum of £49.4m of new unsupported borrowing included over the next three years, which will result in approximately £4.9m of additional revenue costs detailed at Table 6, if there is no change in strategy.

Table 6: Revised Unsupported Borrowing Forecasts & Revenue costs £000's

	2012-13	2013/14	2014/15	2015-16	Total
	Estimate				
New Unsupported borrowing	26,554	19,407	3,405	-	49,366
Cumulative Annual Revenue repayment costs		2,655	1,941	341	4,937

2.12.2 Given the predicted revenue overspend previously reported, it is important to reduce the revenue costs of capital. A pause of two months in the start to new unsupported capital schemes was agreed by Cabinet on September 6.

2.13 Capital Receipts Position

2.13.1 The capital programme is reliant on the Council generating a limited amount of capital receipts to finance the future capital programme schemes. The Capital Receipts Reserve at 1 April 2012 contained £9.2m of receipts. The current capital programme assumes that £3m a year will be drawn from this reserve over a three year period. Table 7 below, summarises the current allocated and projected capital receipted position across 2012-13 to 2014/15.

The schedule of supporting sites that are to be sold is to be worked up for a future report following work from the Capital Steering Group.

Table 7: Projected capital receipts position – funding requirement £000's

	2012-13	2013/14	2014/15
Capital Receipts Reserve	9,237	7,237	4,237
Receipts Assumption	1,000	tbc	tbc
Funding assumption	(3,000)	(3,000)	(3,000)
Closing Balance	7,237	4,237	1,237

2.13.2 These receipts are being reviewed in future periods, along with other strategic site availability, to maximise the offset of unsupported borrowing, and so reduce future revenue growth. There are also options for using a greater proportion of the reserve to generate savings in borrowing. Any decision however also needs to take account of savings that can be achieved from using capital receipts against schemes which would otherwise incur a high minimum revenue provision charge.

2.13.3 There is a high level of risk in these projections as they are subject to changes in legislation, property and land values, the actions of potential buyers and being granted planning permission on sites.

FREEZE PROCESS AND OUTCOMES

2.14 The freeze process was agreed on September 6 and developed further as reported in the month 5 monitor. Cabinet on 18 October agreed a recommendation to reject £326,100 of expenditure in weeks 1 and 2 of the freeze. An additional £72,000 has been added to this amount relating to an item in the revenue freeze which should be classed as capital. This amount has been incorporated into the current monitoring forecast.

2.15 The whole point of the exercise is to reduce the projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. The outcome of the recommendations for rejection, for the next three weeks of the exercise are set out below (and in Appendix 1). The savings of just under £0.9m would feed into the M7 monitor:

	Capital £	Revenue 2013-14
Week 3 (4/10)	899,610	89,961
Week 4 (11/10)	0	0
Week 5 (18/10)	0	0
Week 6 (25/10)	0	0
Total saving	899,610	89,961

3.0 RELEVANT RISKS

3.1 The possible failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance. They will also be able to improve the affordability of the programme.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 No consultation has been carried out in relation to this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 As yet, there are no implications for voluntary, community or faith groups.

7.0 RESOURCE IMPLICATIONS

7.1 The whole report is about significant resource implications.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications.

9.0 EQUALITIES IMPLICATIONS

9.1 An Equality impact assessment is attached to this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None.

12.0 RECOMMENDATIONS

12.1 That Cabinet is asked to:

- a) Agree the revised Capital Programme of £65.609m;
- b) Agree slippage in the programme of £10.025m from 2012/13 to 2013/14
- c) Agree an increase to the programme of £0.855m for Regeneration, Housing and Planning schemes which do not require financing from unsupported borrowing and in respect of use of a Children and Young People Aiming High for Disabled Children grant of £0.3057m
- d) Note the spend to date at month 6 of £14.3m, which represents 21.8% of the revised capital budget, with 50% of the financial year having elapsed;
- e) Note the work of the Capital Steering Group to detail the schedule of sites to validate the estimate of capital receipts.
- f) Note that a future report will include proposals to cease or reduce schemes arising from a review of the current capital programme

12.2 Cabinet is also asked to agree

- a) the rejected freeze items set out in Appendix 1 in the columns 'rejected' totalling £899,610 as evidenced in paragraph 2.15.

13.0 REASONS FOR RECOMMENDATIONS

13.1 Regular monitoring and reporting of the capital programme will enable decisions to be taken faster which may produce revenue benefits and will improve financial control of the programme.

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APPENDIX: Appendix 1 Freeze outcomes weeks 3 - 6

REFERENCE MATERIAL

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly	

Appendix 1

Capital Freeze 4 October 2012

Dept	Ref	Project Title	Requested	Agreed	Suspend	Reject	Draft rec
			£	£	£	£	
TECH	20	Bebington Oval Fitness Suite Refurb	136,321		136,321		Delay - re
REGEN	21	Empty Property Grant Budget £236k; uncommitted £95k	94,954	94,954			Bringing c availabilit Tax if ren
REGEN	22	Private Sector Housing/Wirral Healthy Homes - Budget £204k; uncommitted £89k	89,357	89,357			Improve l vulnerabl
TECH	23	Tech Services Maintenance - Bridges. Of budget of £2.313m, £775k is uncommitted	525,400	525,400			Cottage L & A Dock
			249,610			249,610	Slip in to
TECH	24	Transportation - of £2.65m budget, comit £2m and save £650k	650,000			650,000	This is ur remainde funded ne Supporte
			2,000,000	2,000,000			
		Total	<u>3,745,642</u>	<u>2,709,711</u>	<u>136,321</u>	<u>899,610</u>	
		Percentage	100.0	72.3	3.6	24.0	
						89,961	Revenue

Capital Freeze 11 October 2012

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommen
CYP	25	Fleet Replacement 2012 - 11 vehicles for Community Patrol & Pest Control	114,045		114,045		Vehicles at end of life are replaced. Replacements will also have lower emissions. However, other sections of the budget are also affected.
TECH	26	Alterations for Floral Pavilion - increased seating capacity	193,000	193,000			A spend to save, to generate £120-200k pa, which covers borrowing.
TECH	27	Coast Protection - aids to navigation, currently submerged	161,000	161,000			Legislative - works required - previously item 18 at £161,000
			<hr/>	<hr/>	<hr/>	<hr/>	
			468,045	354,000	114,045	0	
Percentage			100.0	75.6	24.4	0.0	

Capital Freeze 18 October 2012 - decision on outstanding schemes

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
LHR	2	Moreton Library and One Stop Shop Remodelling	300,000	300,000			The 2013-14 budget is not proceeding.
LHR	3	Rock Ferry Centre Re-modelling	630,000	630,000			The 2013-14 budget is not proceeding.

	930,000	930,000	0	0
Percentage	100.0	100.0	0.0	0.0

Capital Freeze 25 October 2012 - decision on outstanding schemes

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommen
TEC	30	Fitness Suite Equipment: £90k 12-13, £63k 13-14, Total £153k - two year replacement for 5 Leisure Centres	90,000		90,000		Delay - require a busine

	90,000	0	90,000	0
Percentage	100.0	0.0	100.0	0.0

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WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT	REVENUE MONITORING 2012/13 MONTH 6 (SEPTEMBER 2012)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report continues the new format and sets out the revenue position for 2012/13 as at Month 6 (September 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure the year-end position will result in spend remaining within the budget allocated.

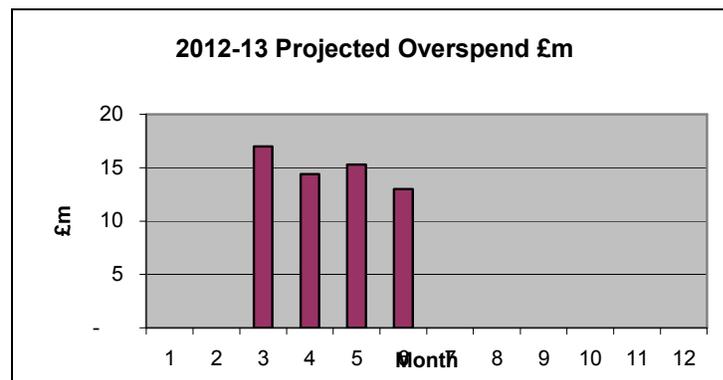
2 BACKGROUND

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a significant projected overspend. Items included in the first two weeks of the freeze were agreed by Cabinet on 18 October. Further items from weeks three to six are recommended for inclusion as per Appendix 7.
- 2.2 A monthly Capital Monitor is separately reported to Cabinet.

OVERALL POSITION AT MONTH 6 (SEPTEMBER 2012)

- 2.3 The projected revenue forecast for the year, at Month 6 (to end September 2012), shows a potential General Fund **overspend of £13.2m**, down £2.1m on the M5 projection of a £15.3m overspend.

Graph 1: Wirral Council – 2012/13 General Fund Variance, by month



CHANGES TO THE AGREED BUDGET AND VARIATIONS

- 2.4 The Budget for 2012/13 was agreed by Council on 1 March 2012 and is detailed in Appendix 2; any increase in the Budget has to be agreed by full Council. Changes to the budget have occurred since it was set and these are summarised in the table below. They presently comprise variations approved by Cabinet / Council and will in future include approved virements relating to the use of the Efficiency Investment Fund, reserves, any budget realignments to reflect any changes to the departmental structure and responsibilities, expenditure freeze decisions as well as any technical adjustments. These are detailed in Appendix 3.

Table 1: 2012/13 Original & Revised Net Budget analysed by Department

	Original Net Budget	Approved Budget Virements Month 1-5	Freeze Decisions Weeks 1-2	Approved Budget Virements Month 6	Revised Net Budget
	£000	£000		£000	£000
Adult Social Services	66,660	-	-85	-66	66,509
Children & Young People	73,665	-	-172	-	73,493
Finance	24,610	27	-142	66	24,561
Law, HR & Asset Management	13,901	224	-53	50	14,122
Regeneration, Hsg & Planning	25,764	34	-22	69	25,845
Technical Services	59,478	392	-526	-119	59,225
Freeze Savings	-	-	1,000	-	1,000
Net Cost of Services	264,078	677	0	0	264,755

Note: the month 6 virements reflect movement of posts between departments relating to Building Control, Welfare Rights and Community Services personnel.

- 2.5. The main report will only comment on large variations (Red and Yellow items). The 'variations' analysis distinguishes between overspends and underspends and the proposed 'risk band' classification is:
- Overspends - Red (over +£301k), Amber (+£141k to +£300k)
 - Acceptable - Green (range from +£140k to -£140k)
 - Underspends - Blue (-£141k to -£300k), Yellow (over -£301k)

Table 2: RAGBY Classification of 2012/13 Departmental Projected General fund Budget variations (Month 5 in brackets)

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Adults	4	2 (2)	0 (0)	1 (1)	0 (0)	1 (1)
Children & YP	7	3 (3)	1 (0)	1 (1)	0 (1)	2 (2)
Finance	6	0 (0)	0 (0)	4 (4)	0 (0)	2 (2)
Law,HR & AM	7	2 (2)	1 (0)	3 (4)	0 (1)	1 (0)
Reg, Hsg & Plan	5	1 (1)	0 (0)	3 (3)	0 (0)	1 (1)
Technical Servs	7	2 (1)	0 (1)	5 (5)	0 (0)	0 (0)
TOTAL	36	10 (9)	2 (1)	17 (18)	0 (2)	7 (6)

2.6 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for a total potential General Fund overspend of £13.2m across the six Directorates for 2012/13, as set out in the table below, which records four departments on red and two on yellow (up one on M5).

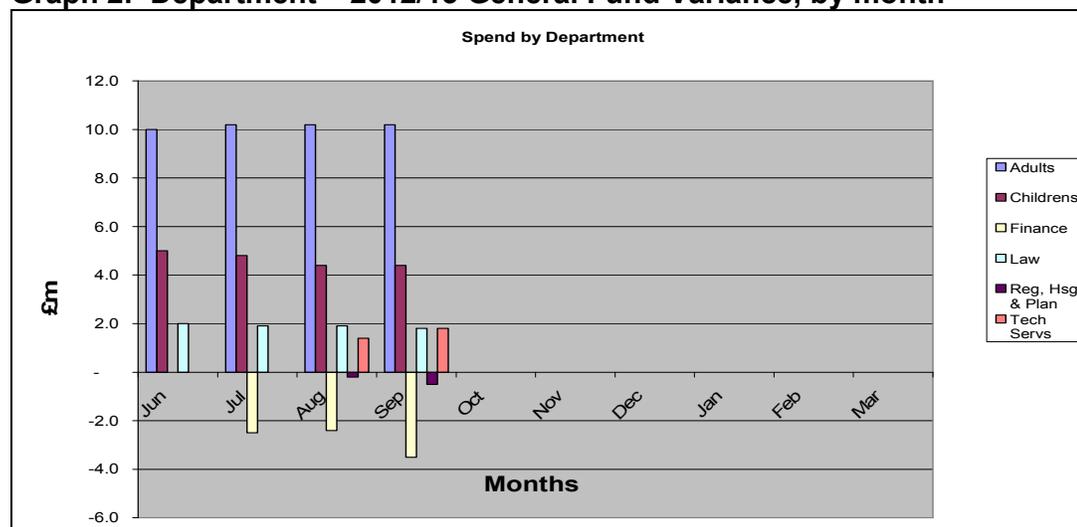
Table 3: 2012/13 Projected General Fund Budget variations by Department

Department	Revised Budget	Forecast Outturn	(Under) Overspend	RAGBY Classification	Month 5 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,509	76,709	10,200	R	10,200	-
Children & YP	73,493	77,893	4,400	R	4,400	-
Finance	24,561	21,061	-3,500	Y	-2,400	-1,100
Law,HR & AM	14,122	15,922	1,800	R	1,900	-100
Reg, Hsg & Plan	25,845	25,345	-500	Y	-200	-300
Technical Servs	59,225	61,025	1,800	R	1,400	+400
Freeze wks 1-2	1,000	0	-1,000		-	-1,000
TOTAL	264,755	277,955	13,200		15,300	-2,100

2.7 Within the various departments, there have been the following developments:

- **Adult Social Services** there is a potential overspend of £10.2m, unchanged since M5.
- **Children and Young People** there is a potential overspend of £4.4m, unchanged from M5.
- **Law, HR and Asset Management** there is a potential overspend of £1.8m, down £0.1m on M5.
- **Finance** is projecting a £3.5m underspend, £1.1m more than in M5. This is largely due to a reassessment of housing benefit claims and related likely grant receipt
- **Regeneration, Housing and Planning** are forecasting a £0.5m underspend an improvement of £0.3m on M5
- **Technical Services** are forecasting a £1.8m overspend an increase of £0.4m on M5.

Graph 2: Department – 2012/13 General Fund Variance, by month



- 2.8 To complete the analysis, the table below sets out the position by category of spend/income. The main areas of variance are under employees and supplies & services, the latter incorporating the cost of care for adults and children.

Table 4: Projected Departmental Variations by Spend and Income

	Reported Budget	Virements Month 6	Revised Budget	Forecast Outturn	Variance	RAG BY	Change from Month 5
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure							
Employees	141,962		141,962	144,062	2,100	R	-900
Premises	21,970		21,970	22,870	900	R	-400
Transport	8,561	-1,313	7,248	8,748	1,500	R	-
Supplies and Services	112,780		112,780	123,780	11,000	R	-150
Third Party Payments	73,227		73,227	73,227	-	G	-
Transfer Payments	163,072	7,301	170,373	170,373	-	G	-
Support Services	78,978	1,313	80,291	80,291	-	G	-
Financing Costs	71,961	-560	71,401	70,001	-1,400	Y	-400
Schools Expenditure	442,596		442,596	441,196	-1,400	Y	-1,400
Total Expenditure	1,115,107	6,741	1,121,848	1,134,548	12,700		-3,250
Gross Income							
Schools Income	439,851	-	439,851	438,451	1,400	R	1,400
Government Grants	205,025	6,741	211,766	213,916	-2,150	Y	-1,000
Other Grants/Reimbursements	17,810		17,810	18,210	-400	Y	-
Customer and Client Receipts	45,838	-	45,838	44,198	1,640	R	240
Other	130	-130	0	0	-	G	-
Interest	875	130	1,005	1,105	-100	G	400
Recharge to Other Rev A/c	140,823	-	140,823	140,713	110	G	110
Total Income	850,352	-6,741	857,093	857,993	500		1,150
Net Expenditure	264,755	-	264,755	277,955	13,200		2,100

- 2.9 Schools expenditure is funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend will not impact on the General Fund financial position.
- 2.10 A number of virements have been made in the month. These include the impact of the housing benefit mid year claim review which has increased claims (transfer payments) and associated grant by £7.3 million, the reclassification of a recharge within DASS for transport costs from transport to support services and adjustments for financing costs and grant receivable relating to regeneration schemes

RAGBY REPORTING AND OTHER ISSUES

- 2.11 The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Area (by Department identifying the service) and then by Subjective Area (by the type of spend / income). The Business Areas are defined as the high level Objective Summary as per the Council Estimates (Blue Book).

2.12 Business Area Reds

Adult Social Services: Two of the Department's Business Areas are reported as red (unchanged from month 5); Personnel Assessment and Planning; and Personal Support. A forecast overspend of £10.2 million remains forecast for the department. The issues involve underlying pressures in Community Care, shortfall in 2011/12 reprovision and unachieved income which total £6.55 million. There is slippage across a number of savings targets including market review £1.6 million, corporate EVR/VS £1.35 million and £0.7 million relating to staff savings targets

Children and Young People: Three of the Department's Business Areas are flagged as red (unchanged from month 5) with a total £4.4 million overspend forecast for the department. The red areas are Children's Services, the Integrated Transport Unit and Capital and Support Services. Children's Services pressures relate in the main to social care costs and case numbers. The Children's Services overspend has increased by £100,000 in the month due to increases in numbers in foster care and court costs. A reduction of £100,000 has occurred in residential care costs due to clients with relatively high cost care packages having left the system. Transport is provided by the department on behalf of all departments and the projected overspend remains projected at £1.2m reflecting both Special Education Needs and Adults transport. Capital and Support Services is overspending due to difficulties in achieving vacancy control targets which are held within this area.

Law, HR and Asset Management: Two areas remain flagged red (as per month 5) with a forecast overspend of £1.7m. The red areas are Asset Management and Human Resources. Both of these areas continue to report issues regarding the non-achievement of savings across a number of activities. These include business transformation and terms and conditions within Human Resources and facilities management, office rationalisation and asset disposal under Asset Management.

Regeneration, Housing and Planning: One area is flagged as red (as in month 5) although in overall terms the department is forecasting a £500,000 underspend. The red area is Strategic Development which continues to have shortfalls on income within Planning and Building Control.

Technical Services: Two areas are flagged as red (up from one in month 5). The additional red area is Parks and Open Spaces where income from golf and from cemeteries and crematoria is projected to be significantly underachieved. Engineers is also flagged as red and includes shortfalls in car parking income and income relating to inspection and alteration of highways is similarly below target.

Schools. The authority is currently in discussion with the department for education regarding the possible loss of £1.4 million of grant for schools. Table 4 reflects a potential loss of grant with a corresponding reduction in schools income.

2.13 Business Area Yellows

Adult Social Services: one area, Finance and Performance is flagged as yellow. Some of this budget is to be allocated against Community Area.

Children and Young People: Two areas remain flagged as yellow, LEA School Costs and Non-School Costs. LEA School Costs reflect the receipt of additional refund of deducted grant and fees in respect of Academies plus general expenditure savings. The non school variance is due to savings relating to the Connexions and Troubled Families Grant.

Finance: Two areas are flagged as yellow. Financial Services reflects savings on Treasury Management; lower borrowing costs and higher than forecast investment returns will provide benefit of £1.5m. Benefits and Revenue Services are forecast to provide a further £1m of savings from additional grant receipts.

Law, Human Resources and Asset Management: One new area Regulatory Services is flagged up as yellow for month 6. The variation is due to higher than anticipated income for Community Patrol services and the Fair Trading scheme combined with an underspend in expenditure within Environmental Health transport costs.

Regeneration, Housing and Planning: Housing and Regeneration Services are forecasted at yellow due to variances on Supporting people contracts and savings on regeneration implementation costs.

2.14 Subjective Area Reds

Employees. Departments have been allocated additional vacancy control targets for 2012/13 whilst for Adults there remains the achievement of savings expected from the Early Voluntary Retirement / Voluntary Severance Scheme. There are also savings targets under Employees Terms and Conditions and Business Transformation change projects which have yet to be progressed. The freeze decision regarding local pay has helped to reduce the level of projected overspend within this area.

Premises. This relates to the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable. A number of freeze decisions have helped to reduce the projected overspend.

Transport. The Integrated transport unit is managed by Children & Young People and the budget continues to be under pressure as a consequence of the demands in respect of Adults Services and Special Education Needs. There is also a projected overspend of £0.3m on the social workers car allowances budget.

Supplies and Services. The variation is mainly comprised of pressures within Adult Social Services and Children & Young People relating to care service costs and it is projected that the overspends will be in the order of £8.2m and £3.7m respectively, partly offset by variances from other departments.

Customer and Client Receipts. This mainly reflects likely income shortfalls within the Technical Services department. Areas forecasting to underachieve budget are car parking, Cultural Services, cemeteries and crematorium fees and highways inspection and inspection fees.

2.15 Subjective Area Yellows

Government Grants. The Authority is forecasting an increased level of Housing and Council Tax Benefit grant receipts.

Other Grants and Reimbursements: This includes additional monies received including in respect of Academy funding

Interest: This area has dropped from yellow to green. This reflects the use of reserves to fund short term borrowing. This has resulted in larger savings within capital financing costs.

MANAGEMENT ACTIONS

- 2.16 The Departmental Directors and the Executive Team continue to seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Appendix 4. Besides the normal Management actions to address the financial pressures, the spending freeze was implemented by Cabinet on 6 September 2012. Administrative arrangements have been put in place to differentiate between critical expenditures, where the freeze will not apply, and non-critical expenditures, that will cease. The impact of freeze decisions will begin to be reflected from the month 6 monitor.
- 2.17 A number of items have been identified as recurring issues, such as the inability to meet income targets in cultural services and car parking. There is an exercise being undertaken to review the accuracy of budgets, in order to:
- Identify short-term funding for 2012/13, if there is a net increase in cost; and,
 - As part of compiling next year's budget, propose growth or savings to ensure that the budget inaccuracies are corrected and budgets are soundly based,
- and a parallel review of Earmarked Reserves is being undertaken.
- 2.18 A series of actions is being undertaken to produce a further reduction in the overspend in coming months. A review of current policy options has been undertaken and is included within the freeze proposals below. The Efficiency Investment Fund is currently being reviewed and changes to its operation may result in significant savings. Future monitors will also include additional savings from the HR freeze process.

FREEZE PROCESS AND OUTCOMES

- 2.19 The Freeze process was agreed on September 6 and developed further as reported in the month 5 monitor. Cabinet on 18 October agreed a recommendation to reject £1,071,638 of expenditure in weeks 1 and 2 of the freeze. This amount has been reduced by £72,000 as an item previously rejected relating to play area improvements is classed as capital expenditure and there has been a corresponding increase to the capital monitoring figure. The revised weeks 1-2 freeze figure of £999,638 has been incorporated into the current monitoring forecast.

2.20 The whole point of the exercise is to reduce the projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. The outcome of the recommendations for rejection, for the next three weeks of the exercise are set out below. The savings of just under £1.5m would feed into the M7 monitor:

	£
Week 3 (4/10)	351,858
Week 4 (11/10)	0
Week 5 (18/10)	940,371
Week 6 (25/10)	0
Total saving	1,292,229

2.21 An analysis by department of the freeze items so far agreed is detailed in the following table. M7 will include any items agreed as per this months monitor.

Table 5: Freeze savings analysed by department

Description	DASS	CYP	Finance	LAWHRAM	RHP	Tech Serv	Total
	£	£	£	£	£	£	£
Weeks1-2	85,038	171,500	141,900	53,300	21,586	526,314	999,638

3 RELEVANT RISKS

3.1 The possible failure to deliver the Revenue Budget will be mitigated by the monthly review by Chief Officers, charged with improving performance. There are a number of risks that may impact adversely on the forecast expenditure for the remaining months of the year including:-

- Individual budgets may turn out to be unsound, for the excess of codes has given scope to behaviours that have spread expenditure over inappropriate budgets;
- Increased demand for services, particularly within Adult and Children’s Social Care Services, where greater than forecast numbers coming into care services can impact significantly on financial forecasts. Cabinet on 18 October 2012 also considered a report on fees for residential and nursing home care. A consultation is currently taking place on three options which could result in a nil increase (which would risk a legal challenge) or increased costs of £757,473 or £1,401,942 over a full financial year.
- The impact of the economic downturn significantly affects both the demand for services and also levels of income, such as fees and charges and arrears collection. This report already forecasts a potential under recovery of fees and charges which may need to be revised if the economic downturn was to worsen.
- The Council’s arrangements for the implementation of a new pay and grade structure under Single Status are progressing and an earmarked reserve for the costs of implementation has been established. There remains uncertainty as to the likely final costs.

- There are budget saving options still to be delivered and these are detailed in Appendix 5. Those yet to be delivered are reflected in the forecast overspends of the Departments.

4 OTHER OPTIONS CONSIDERED

- 4.1 Options are included for Cabinet to consider on increasing the level of the General Fund balance.

5 CONSULTATION

- 5.1 No consultation has been carried out in relation to this report.

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 As yet there are no implications for voluntary, community or faith groups.

7 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

- 7.1 The agreed level of General Fund balance was set at £6m, as part of the March budget decision. The reduction in the overspend this month means that the balance has now risen above this policy level. However there are a number of areas which could result in adverse future pressures on the budget and the General Fund Balance.

Table 6 : SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details	£m	£m
Projected balance 31 March 2013 when setting the Budget 2012/13		8.8
Add : Increase following completion of 2011/12 accounts	+2.0	
Add : Council Tax re-imburement met in 2011/12 rather than budgeted 2012/13	+3.9	
		14.7
Less : Cabinet decisions since the 2012/13 Budget was agreed	-0.7	
Add : Cabinet decision September 6 to release Earmarked Reserve	+7.0	+6.3
Less : Potential overspends, at M6		-13.2
Projected balance 31 March 2013		7.8

- 7.2 The current levels of Earmarked Reserves are shown in Table 7 with a full listing included at Appendix 6.

Table 7: Earmarked Reserves 2012/13

	Balance at 1 April 2012 £000s	Movement in year £000s	Current Balance 30 Sept 2012 £000s
Housing Benefit Reserve	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhoods Fund	7,959	(7,000)	959
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	-	1,884
Management of other risks	32,530	(50)-	32,480
School Balances and Schools Related	15,144	-	15,144
Total Reserves	86,248	(7,050)	79,198

Note: Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

8 LEGAL IMPLICATIONS

- 8.1 The whole report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 2.20.

9 EQUALITIES IMPLICATIONS

- 9.1 An Equalities impact assessment is attached to this report. This is essentially a monitoring report which reports on financial performance. However any budgetary decisions including freeze recommendations need to be assessed for any equality implications.

10 CARBON REDUCTION IMPLICATIONS

- 10.1 There are no implications arising directly from this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no implications arising directly from this report.

12 RECOMMENDATIONS

- 12.1 Cabinet is asked to note that:

- a) At Month 6 (September 2012), the full year forecast projects a potential General Fund overspend of £13.2m;
- b) A review of over/underspends and Earmarked Reserves has been undertaken and will be reported to a forthcoming Cabinet;

- 12.2 The Cabinet is asked to agree

- a) the rejected freeze items, set out at Appendix 7, in the columns 'Rejected', totalling £1,292,229, as evidenced at para 2.20.

13 REASONS FOR THE RECOMMENDATIONS

- 13.1 The Council, having set a Budget at the start of the financial year needs to ensure that the delivery of this Budget is achieved. This has to be within the allocated and available resources to ensure the ongoing financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required which is enhanced with the monthly reporting of the financial position.

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APPENDICES

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.
- Appendix 2 General Fund Revenue Budget for 2012/13 agreed by Council.
- Appendix 3 Changes to the Budget 2012/13 since it was set.
- Appendix 4 Management actions
- Appendix 5 Progress on delivering agreed savings 2012/13
- Appendix 6 Earmarked Reserves – General Fund
- Appendix 7 Freeze outcomes, weeks 3 - 6

SUBJECT HISTORY

Council Meeting	Date
Revenue monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly.	

REVENUE MONITORING AND REPORTING TIMETABLE 2012/13

Budget Monitoring Timetable 2012/13

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Review by Departmental Teams	Reports Available For The Executive Team	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Monthly	Quarterly
1	April	06-May	-		-	-
2	May	11-Jun	-		-	04-Jul
3	June	06-Jul	-	23-Aug	06-Sep	01-Oct
4	July	07-Aug	-	04-Oct	18-Oct	-
5	August	07-Sep	tbc	04-Oct	18-Oct	-
6	September	05-Oct	tbc	25-Oct	08-Nov	27-Nov
7	October	07-Nov	tbc	29-Nov	13-Dec	-
8	November	07-Dec	tbc	03-Jan	17-Jan	-
9	December	08-Dec	tbc	24-Jan	07-Feb	26-Mar
10	January	07-Feb	tbc	28-Feb	14-Mar	-
11	February	07-Mar	tbc	tbc	tbc	tbc
12	Outturn (Provisional)	tbc	tbc	tbc	tbc	tbc

GENERAL FUND REVENUE BUDGET 2012/13

AGREED BY COUNCIL ON 1 MARCH 2012

Department	Current Budget
Expenditure	£000
Adult Social Services	66,660
Children & YP (plus Schools)	73,665
Finance	24,610
Law, HR and Asset Mgt	14,151
Regeneration, Housing and Planning	25,764
Technical Services	59,905
Merseytravel	29,060
Local Pay Review + Low Pay	248
EVR/VS Scheme	(290)
Council Tax Reimbursement	3,990
Contribution from Balances	(10,282)
Budget Requirement	287,481
Income	
Government Grant	144,737
C/Tax Freeze Grant	6,573
Local Services Grant	1,805
Council Tax	132,911
Collection Fund	1,455
Total Income	287,481
Statement of Balances	
As at 1 April	18,405
Contributions from Balances	(9,605)
Balances	8,800

**CHANGES TO THE BUDGET AGREED SINCE THE 2012/13 BUDGET WAS SET
RELATING TO THE COMPLETION OF THE 2011/12 ACCOUNTS**

Cabinet	Items	£m
21 Jun 12	2011/12 Financial Outturn report resulted in an improvement in balances due to a net underspend in the year	-5.9
	OVERALL IMPACT OF THESE DECISIONS	-5.9

VARIATIONS TO THE APPROVED BUDGETS 2012/13

Cabinet	Items	£m
29 Mar 12	Pacific Road Theatre – Law/Technical Services Increase budget	+0.6
12 Apr 12	Streetscene Contract Review - Increase budget	+0.1
	OVERALL IMPACT OF THESE DECISIONS	0.7

VIREMENTS BELOW LEVEL REQUIRING CABINET APPROVAL

Cabinet	Items	£m
The following adjustments have no bottom line impact on the authority budget:		
n/a	Adjustment of Community Asset Transfer capital financing budget from LawHRAM to Finance	0.077
n/a	Employee budget transferred from LawHRAM to HRP	0.034
n/a	Employee budget transferred from Technical Services to LawHRAM	0.035
n/a	Technical Services reallocation of Internal Savings Targets within budget lines	1.4
n/a	Reallocation of Home Insulation Works within Regeneration, Housing and Planning between Supplies and Services category and Third Party payments	1.1
n/a	Movement of posts between departments relating to Building Control, Welfare Rights and Community Services personnel. The housing benefit review increase claims (transfer payments) and associated grant of £7.3 million, the reclassification of DASS transport recharge from transport to support services and adjustments for financing costs and grant receivable relating to regeneration schemes.	

MANAGEMENT ACTIONS

ACTIONS TAKEN BY THE EXECUTIVE TEAM / DEPARTMENTAL DIRECTORS TO REDUCE SPEND / INCREASE INCOME

Department	Items	£000
Children	Connexions – Further reductions in the contract costs (in excess of the agreed savings target)	500
	Troubled Families –Successful submission for Government Grant which will help meet some of the existing costs.	250
	Academies – Increased income being achieved through a review of charges to academies for services provided.	100
	Academies – additional monies received from refund of 'top slice from Department for Education	150
All	Reviews of on going expenditure across all departments	tbc
DASS	Review of all voluntary sector contracts	tbc
DASS	Overarching commissioning strategy developed	tbc
All	Spending freeze weeks 1-2	1,000
	Total savings from these actions	2,000

PROGRESS ON DELIVERING THE AGREED SAVINGS 2012/13 £000's

Department	16,441	Comments / progress on implementation	RA GB Y	4,732	1,519	10,190
	100%			28.8	9.2	62.0
DASS				R	A	G
Commissioning Of Services	1,600	The Department is currently reviewing how services are commissioned to deliver savings of £1.6m. An overarching commissioning strategy has been developed and was presented to 21 June Cabinet	R	1,600		
Prevention Services	500	The Department is currently undertaking a review of all voluntary sector contracts and is seeking to re-commission this activity at a more efficient cost.	R	500		
Employee Budgets 2%	400	This saving is in addition to the Department's existing staff turnover target of £496,100. The shortfall against the total target of £896,100 is estimated at £700,000.	R	400		
Procurement	26	It is anticipated that this saving will be achieved	G			26
Austerity – Supplies	24	It is anticipated that this saving will be achieved	G			24
EVR Scheme	17	Saving have been achieved in full	G			17
CHILDREN & YOUNG PEOPLE						
Early Intervention Grant	1,000	Has been achieved	G			1000
Employee Budgets 2%	750	Progress remains difficult, with pressures on Social work.	R	750		
EVR Scheme	386	Staff who left were from self funded areas, so no budget saving possible.	R	386		
Connexions contract	250	Achieved, with a further £500k contract saving.	Y			250
Schools Intervention Funding	250	Achieved	G			250
Procurement	246	Allocated across Social Care	R	246		
Austerity – Supplies	16	Will be achieved within expenditure controls	G			G
FINANCE						
Efficiency Investment Budget	2,500	The Efficiency Investment Budget has been reduced	G			2,500
Housing Benefit	1,200	This has been built into HB budgets	G			1,200
IT and Printing Services	550	This is part of the departments strategic savings target	A		550	
Employees Budget 2%	520	This is part of the departments strategic savings target	A		520	
EVR Scheme	343	This is part of the departments strategic savings target	G			343
Procurement	189	This is part of the departments strategic savings target	A		189	

Austerity – Supplies	8	This saving has been built into departmental budgets	G			8
LAW,HR,ASSET MGT						
Facilities Management	500	£250k achieved through the reduction in Maintenance budgets, the balance remaining is to be identified.	R	250		250
Business Transformation	300	Target will not be achieved in 2012/13	R	300		
Employee Terms & Conditions	300	Target will not be achieved in 2012/13	R	300		
Employee Budgets 2%	260	Currently on target to be achieved in year.	A		260	
Office Rationalisation	260	Achieved	G			260
Disposal of Assets	100	Achieved.	G			100
Procurement	33	Budgets reduced to reflect these savings.	G			33
Austerity – Supplies	6	Budgets reduced to reflect these savings.	G			6
REG,HSG & PLANNING						
Broadband Facility	1,075	Achieved	G			1,075
Home Insulation Programme	1,000	Achieved	G			1,000
Employee Budgets 2%	160	On target to achieve	G			160
Supporting People Contracts	150	Achieved	G			150
Merseyside Info Service	50	Achieved	G			50
EVR Scheme	13	Achieved	G			13
Austerity – Supplies	8	Achieved	G			8
TECHNICAL SERVICES						
Procurement	745	Currently anticipated to be achieved. Biffa contract part of this	G			745
Employee Budgets 2%	380	Currently anticipated to be achieved.	G			380
EVR Scheme	150	Currently anticipated to be achieved.	G			150
Street Lighting	100	Currently anticipated to be achieved.	G			100
Highways Administration	80	Currently anticipated to be achieved.	G			80
Austerity – Supplies	12	Currently anticipated to be achieved.	G			12

EARMARKED RESERVES - GENERAL FUND

Earmarked Reserves	Balance at 1 April 2012 £000	Movement In Year	Current Balance 30 Sept 2012 £000
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhood Fund	7,959	(7,000)	959
Debt Restructuring	7,941	-	7,941
Minimum Revenue Provision	4,400	-	4,400
Community Fund Asset Transfer	3,301	-	3,301
Intranet Development	3,161	-	3,161
Local Pay review	2,641	-	2,641
One Stop Shop/Libraries IT Networks	2,119	-	2,119
Supporting People Programme	1,505	-	1,505
Cosyhomes Insulation	1,244	-	1,244
School Harmonisation	1,241	-	1,241
Stay, Work, Learn Wise	908	-	908
Schools Capital Schemes	777	-	777
Matching Fund	558	-	558
20 MPH Zones	550	-	550
Home Adaptations	537	-	537
West Wirral Schemes	530	-	530
Merseyside Information Service	500	-	500
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	-	420
Schools Automatic Meter Readers	415	-	415
Children's Workforce Development Council	399	-	399
Schools Contingency	370	-	370
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	-	322
Primary Care Trust Physical Activities	300	-	300
Schools Service IT	294	(16)	278
Schools Summer Term	280	-	280
Homeless Prevention	271	-	271
Other Reserves	<u>8,928</u>	<u>(34)</u>	<u>8,894</u>
	86,248	(7,050)	79,198

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

Appendix 7

Revenue Freeze Executive Team October 4 2012 - Decisions

Dept	Ref	Project Title	Requested	Agreed	Suspend	Rejected	Reason for Recommendation
DASS	49	Consultancy support £10.75k, 50/50 funded with Health	5,375	5,375			Improve efficiency of re-enablement service
FIN	50	Improvement Plan - Concerto software - moving from individual licences to a site licence	33,750	33,750			Better VFM
CYP	51	Area Youth Forum Award Funding	10,000		10,000		Area funding - hold for review
CYP	52	NICEIC Electrical Testing Programme	60,000	60,000			Health & Safety
CYP	53	Improved outside car park lighting at Pensby Children's Centre	822	822			Health & Safety
CYP	54	Tea, coffee & water for staff & elected members Youth Parliament	75	75			In line with previous decision
FIN	55	Review of UPS Systems	6,000	6,000			Produces an overall saving
FIN	56	Financial Services - latest code of accounting practice	680	680			Operational necessity
FIN	57	Revenues and Benefits - National IRRV Conference	390	390			Operational necessity
FIN	58	Libraries - book fund £509k; £376 left	376,000	25,000		351,000	Provision for disabled and disadvantaged.
PEGEN	59	Match funding for Homeless Prevention Opportunities	60,000	60,000			Supported by Grant
HR	60	Security lighting & CCTV imagery Beechwood Recreation Centre	2,800	2,800			Health & Safety
HR	61	Buffer cleaner for Grosvenor Assembly Rooms	858			858	They provide the buffer from income
TECH	62	Highway Maintenance - HESPE contract	10,000	10,000			Operational necessity
TECH	63	Remedial works - Holly Hedge Cottage Telegraph Road, Caldy	13,437	13,437			Commitment to property owner
TECH	64	Highway Management Investigatory works	14,000	14,000			Operational necessity
LHR	65	Hoylake Allotments - extension	1,320	1,320			Required to discharge planning obligations
TECH	66	Street Lighting for remote dimming £210k pilot	15,000	15,000			Required to complete project
			610,507	248,649	10,000	351,858	
V Oct 30			100.0	40.7	1.6	57.6	

Revenue Freeze Executive Team October 11 2012 - Decisions

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
CYP	67	Provision of Holocaust Memorial Day	950	950			Statutory duty
CYP	68	Staff Personal Protective Equipment	106	106			Personal protective equipment
CYP	69	Dance & Drama Wirral Youth Theatre	1,655	1,655			Looked after Children social development
FIN	70	Customer Services - ICT upgrade	17,500	17,500			To meet Equality Legislation - net savings of £2,700pa
FIN	71	Committee Processes & Councillors ICT Systems	350	350			Trial of already purchased I-Pads for Councillors; necessary software
FIN	72	WiFi Implementation Wallasey Town Hall	50,000	50,000			Further information required
LHR	73	Community Energy Efficiency Fund	27,550	27,550			7 schemes to reduce energy costs
LHR	74	Memorial Plaques to honour the war dead	3,250	3,250			Event already planned/committed to
RHP	75	Wirral Enterprise Strategy Update	3,000	3,000			Improve evidence base for better decision making
TEC	76	Traffic & Transportation - provision of on-street parking bays for disabled	3,000	3,000			But report to Cabinet on the implications of the policy
			<u>107,361</u>	<u>107,361</u>	<u>0</u>	<u>0</u>	
			100.0	100.0	0.0		

Revenue Freeze Executive Team October 18 2012 - Decisions

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
CYP	77	Oaklands Outdoor Education Centre - Annual AHOEC conference, fee only as lift sharing - find out from others about managing change and budget pressures	200			200	Nice to have, not life or limb
CYP	78	14-19 Team Community & Faith Sector Get involved project which started June 2012 to engage 16/17 year old NEETs to equip them with skills to get a job this autumn	17,043	17,043			Support employment, reduce crime
CYP	79	Raising of the Participation Age - provision of tools and data for forthcoming statutory duty	81,600	81,600			To keep within the law
CYP	80	Universal Youth Support Service Healthy Eating	171			171	Funding is from an Area Forum
CYP	81	Universal Youth Support Service Apple Final Cut - software	200	200			To upskill young worker-trainees and maintain employment
LHR	82	Intercom Installation Reception Cheshire Lines	700	700			Provide an intercom to eliminate need for receptionist
RHP	83	Private Sector Housing Stock Condition & Home Energy Survey - Housing Act 2004 requirement	30,000	30,000			Legal. Jointly procured with Sefton, saving 5%
RHP	84	Wirral Business Support Programme	500,000	500,000			Use of reserve - no effect on outturn
	85	Review of Policy options - 7 schemes	1,320,000	230,000	150,000	940,000	See below
			<u>1,949,914</u>	<u>859,543</u>	<u>150,000</u>	<u>940,371</u>	
V Oct 30			100.0	44.1	7.7	48.2	
One off Policy Options							
CYP		Child care pilot	100	100			Could be stopped and would impact on ability to respond to school readiness following work by Cambridge and an Early School Attendance Pilot (about £50k would be needed).

CYP	Work Experience Neets	120	120		Commitments are to a seconded post from Wirral Met and phase 1 of an extended work experience programme for young people (pre-apprentice). The uncommitted amount is for a 2nd and 3rd cohort, this would significantly restrict access for NEET young people to this programme.
LHR	Allotment Fund	50		50	Extensive works are needed on sites to maintain and the existing maintenance budget is insufficient to address all necessary works. The option was targeted for such works and bids were submitted in July and evaluated by an External Panel with 41 sites identified for funding. This has not been progressed beyond that stage. To be considered with other Allotment initiatives
RHP	Empty shops	500		500	Portas Pilots - bids invited and currently being assessed. Could stop process, but bids already made. Would be issues regarding support for town centres
RHP	Green Economy	450	10	440	Market Place event = £20k; Green Skills Growth for Business=£175k; Green Growth skills for individuals=£25k; Apprentices=£235k Green Skills for Business could be reduced, but would impact on number of businesses supported. Green Apprentices- Currently out for applications for 24 places specifically in green economy. No indication about demand.
TECH	Car Parking Free after 3 - saving in form of increased income, not reduced spend	100		100	Potential impact on local economy if shoppers chose not to return and pay for parking but instead shop elsewhere. A decision to end the scheme in October would impact from January with a potential saving of £100,000. However if shoppers did not return this may not be fully achieved. Further advice being sought.
		1320	230	150	940

Revenue Freeze Executive Team October 25 2012 - Decisions

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
CYP	86	Looked After Children's Xmas Party	244	244			Part of corporate parenting for disadvantaged children
FIN	87	Tables & Chairs for Birkenhead Central Library	2,400	2,400			The expenditure will be refunded by the Friends of Birkenhead library.
FIN	88	Customer Services - software to improve website	2,750		2,750		Require recommendation of IT also
LHR	89	Trading Standards Business Approval Scheme	13,622	13,622			Invest to save, funded out of income
LHR	90	Flu Vaccination Programme	5,000	5,000			Manage sickness and so retain efficiency
RHP	91	Legal and Financial Compliance	10,000	10,000			Requirement of BIS to unlock investment funds
RHP	92	Inward Investment Support	12,000	12,000			Will ensure staff remain updated in creating investment opportunities.

46,016	43,266	2,750	0
100.0	94.0	6.0	0.0

Percent

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WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management policies, practices and activities during the second quarter of 2012/13 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 for Capital Finance in Local Authorities.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Cabinet approves the Treasury Management and Investment 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 on a quarterly basis.

CURRENT ECONOMIC ENVIRONMENT

- 2.2 Domestically, the outlook moves to the third quarter, with renewed optimism supported by the strong employment data and declining inflation that should feed through some stability in real incomes. Whilst the effect of the Olympics undoubtedly played a part, despite its temporary nature, the underlying data pointed to a more resilient and optimistic outlook. With ongoing fragile conditions in Europe, any meaningful recovery may still be some time off.
- 2.3 Inflation fell back to 2.5% in August from 2.6% as measured by CPI. Looking ahead, the Office for National Statistics have said a number of factors could put upward pressure on prices including potential utility price increases and poor harvests in many parts of the world, which could impact on food prices. However, many economists say weak demand in the UK economy will outweigh these pressures, meaning the inflation rate will continue to fall towards the Bank of England target of 2%.

- 2.4 The Monetary Policy Committee have maintained the Quantitative Easing (QE) scheme at a total of £375 billion, whilst also maintaining the Bank Rate at 0.5%. The Government's Funding for Lending (FLS) initiative, intended to lower banks' funding costs, commenced in August. The Bank of England will assess its effects in easing the flow of credit before committing to further policy action.
- 2.5 The Eurozone crisis has continued over quarter two, with the Spanish economy causing increasing concern as it edges ever nearer to requesting a full IMF bailout. Funding problems, increasing debt and further austerity measures are the issues which threaten to push the Eurozone yet further into difficulty.
- 2.6 Further afield, Japan is embarking on another round of Quantitative Easing. It follows the U.S Federal Reserve's recent decision to inject further liquidity into its economy through the purchase of Mortgage Backed Securities. Alongside the European Central Bank's new Outright Monetary Transactions (OMT) facility - where it will buy the debt of a government in receipt of a bailout - it is clear that QE in a number of forms is very much here to stay.

THE COUNCIL TREASURY POSITION

- 2.7 The table shows how the position has changed since 30 June 2012.

Summary of Treasury Position

	Balance 30 Jun 12 (£m)	Maturities (£m)	Additions (£m)	Balance 30 Sep 12 (£m)
Investments	122	(164)	155	113
Borrowings	(263)	6	0	(257)
Other Long-Term Liabilities	(61)	0	0	(61)
Net Debt	(202)	(158)	155	(205)

INVESTMENTS

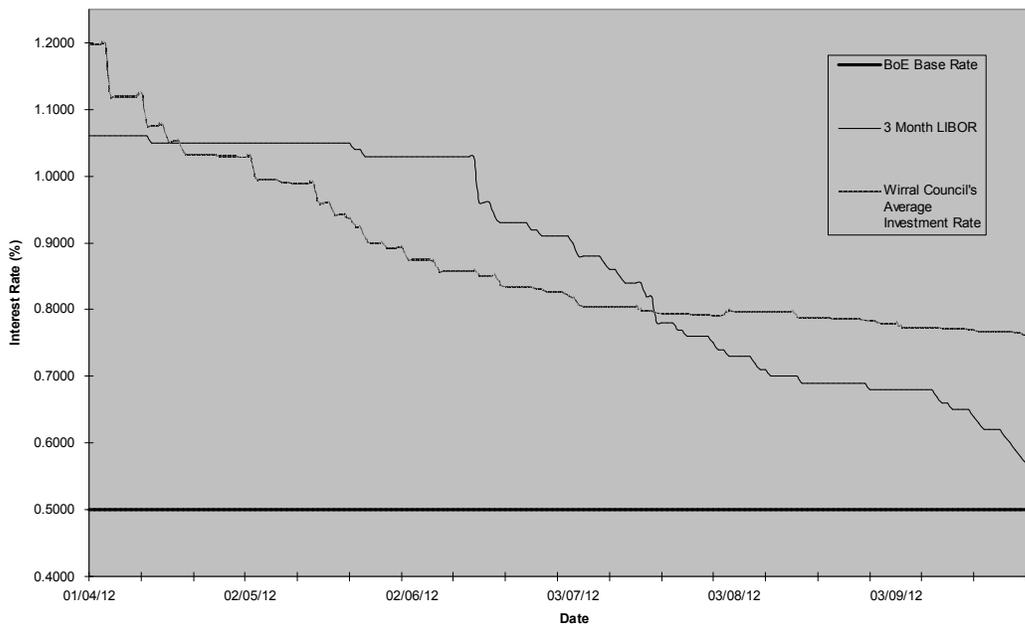
- 2.8 The Treasury Management Team can invest money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. These investments arise from a number of sources including General Fund Balances, Reserves and Provisions, grants received in advance of expenditure, money borrowed in advance of capital expenditure, Schools' Balances and daily cashflow/ working capital.
- 2.9 At 30 September 2012 the Council held investments of £113 million.

Investment Profile

Investments with:	31 Mar 12 £m	30 Jun 12 £m	30 Sep 12 £m
UK Banks	35	36	47
UK Building Societies	6	0	0
Money Market Funds	20	43	22
Other Local Authorities	34	35	36
Gilts and Bonds	8	8	8
TOTAL	103	122	113

- 2.10 Of the above investments, £51 million is invested in instant access funds, £36 million is invested for up to 1 year and £26 million is invested for up to 5 years.
- 2.11 The average rate of return on investments as at 30 September 2012 is 0.76% (at 30 June it was 0.83%). The graph shows how the Treasury Management Team rate of return compares favourably against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate):

Investment Rate of Return in 2012/13



- 2.12 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate. As the Council moves funds away from counterparties with increased risks and into more secure investments, the increased security comes at a price of reduced investment returns. This approach is in line with the Authority's Treasury Management & Investment Strategy:

In accordance with Investment Guidance issued by the Department for Communities and Local Government (CLG) and best practice Wirral's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments are important but are secondary considerations.

- 2.13 The Council maintains a restrictive policy on new investments by only investing in UK institutions A- rated or above and continues to invest in AAA rated money market funds, gilts and bonds. Counterparty credit quality is also assessed and monitored with reference to, credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution; share price.
- 2.14 The ratings of most of the UK banks, Nationwide Building Society and non-UK banks have been either downgraded or placed on review for possible downgrade. For the UK banks, the downgrades largely reflected the reassessment by the agencies of the extent of future systemic support that would be forthcoming from the sovereign. For Eurozone banks, the worsening sovereign debt crisis and poor growth outlook led to pressure on sovereign ratings and consequently on bank ratings.
- 2.15 The downgrades resulted in the long-term rating of several UK institutions falling below the Council's previous minimum criteria of A+. As part of the Treasury Management and Investment Strategy 2012/15, the minimum criterion was revised to A-. Counterparties with a credit rating of A- are defined as having high credit quality, low credit risk and a strong ability to repay. Along with the revision of the minimum criterion, limits regarding the length of investment with the affected counterparties were also reconsidered. NatWest/RBS and Santander are currently restricted to deposits no longer than 35 days, whilst Barclays, Nationwide, Lloyds TSB and Bank of Scotland have a limit of 100 days. HSBC and Standard Chartered are limited to 12 months. Where the Council had previously entered into a fixed term deposit with these institutions the investment will be allowed to mature as originally planned.
- 2.16 The Council's main bank account is with NatWest Bank, although in the process of transferring to Lloyds TSB, with both having an appropriate rating allowing them to be used for shorter term liquidity requirements and business continuity arrangements.
- 2.17 To compensate for the restricted counterparty list the Council has actively sought investments with other Local Authorities as well as increasing its investments in AAA rated money market funds. These sources of investment offer greater security but with a reduced investment return.

- 2.18 The Treasury Management Team will continue to monitor the developing financial situation and make appropriate operational adjustments, within the approved Treasury Management Strategy, to maintain the security of public money and manage the associated risks while also maximising returns within these constraints.
- 2.19 The 2012/13 investment income budget has been set at £0.86 million, reflecting the low interest rates that are anticipated to continue throughout the financial year. At present income is set to achieve the budget.

Icelandic Investment

- 2.20 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 the Council acted, and continued to act, prudently and properly in its investment activities.
- 2.21 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 July 2011, outlined that the return to creditors is projected to be 90p in the £ by the end of 2012 and the final recovery could be higher. To date, £1,570,528 has been received with further payments due 2012/13. The amounts and timings of future payments are estimates as favourable changes in market conditions could lead to higher than estimated repayments.

Heritable Bank Repayments

	£
Initial Investment	2,000,000
Actual Repayments Received	
As at 30 Sept 12	1,570,528
Estimate of Future Repayments	325,173
Estimate of Minimum Total Repayment	1,895,701

- 2.22 If Heritable Bank is unable to repay in full, a pre-emptive claim against Landsbanki Islands HF has been made for the difference. When the original investment was made it was with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. It should be noted that Landsbanki Islands HF is also in Administration.

BORROWING AND OTHER LONG TERM LIABILITIES

- 2.23 The Council undertakes borrowing to fund capital expenditure. However the use of internal resources in lieu of borrowing, in the main, continues to be the most cost effective means of funding capital expenditure. This lowers overall treasury risk by reducing both external debt and temporary investments. However, it is acknowledged that this position is not sustainable over the medium term and the Council expects to borrow for capital purposes. Therefore the borrowing options and the timing of such borrowing will continue to be assessed in conjunction with the Council's treasury advisor.
- 2.24 The Public Works Loans Board (PWLB) remains the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide.
- 2.25 Other Long-Term Liabilities include the schools Private Finance Initiative (PFI) scheme and finance leases used to purchase vehicles plant and equipment. Under International Financial Reporting Standards (IFRS) these are shown on the Balance Sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.
- 2.26 The Council has not entered into any new lease agreements during the second quarter of 2012/13.
- 2.27 The table shows Council debt at 30 September 2012.

Council Debt at 30 September 2012

Debt	Balance 30 Jun 12 (£m)	Maturities (£m)	Additions (£m)	Balance 30 Sep 12 (£m)
Borrowings				
PWLB	(89)	6	0	(83)
Market Loans	(174)	0	0	(174)
Other Long Term Liabilities				
PFI	(59)	0	0	(59)
Finance Leases	(2)	0	0	(2)
TOTAL	(324)	6	0	(318)

- 2.28 Given the latest projections in respect of the capital programme and the continuing use of internal funding in lieu of external borrowing it is anticipated that in 2012/13 there will be a 'one-off' underspend of £1.5 million in respect of capital financing. This will be subject to further change as decisions are taken in respect of the capital programme in light of the Spending Freeze agreed in September 2012.

MONITORING OF THE PRUDENTIAL CODE INDICATORS

- 2.29 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within the Capital Strategy. The following indicators demonstrate that the treasury management decisions are in line with the Strategy, being prudent and affordable.

Net Debt and Capital Financing Requirement (CFR) Indicator

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

Net Debt compared with CFR

	£m
CFR in previous year (2011/12 actual)	375
Increase in CFR in 2012/13 (estimate)	0
Increase in CFR in 2013/14 (estimate)	0
Increase in CFR in 2014/15 (estimate)	0
Accumulative CFR	375
Net Debt as at 30 Sep 2012	205

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

Authorised Limit and Operational Boundary Indicators

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

Authorised Limit and Operational Boundary Indicator

	Jul 12 (£m)	Aug 12 (£m)	Sep 12 (£m)
AUTHORISED LIMIT	482	482	482
OPERATIONAL BOUNDARY	467	467	467
Council Borrowings	263	263	257
Other Long Term Liabilities	61	61	61
TOTAL	324	324	318

- 2.34 The table shows that neither the Authorised Limit nor the Operational Boundary was breached between July 2012 and September 2012. This is a key indicator of affordability.

Interest Rate Exposure Indicator

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

Interest Rate Exposure

	Fixed Rate of Interest (£m)	Variable Rate of Interest (£m)	TOTAL
Borrowings	(257)	0	(257)
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	0%	
Investments	26	87	113
Proportion of Investments	23%	77%	100%
Upper Limit	100%	100%	
Net Borrowing	(231)	87	(144)
Proportion of Total Net Borrowing	160%	-60%	100%

- 2.36 The table shows that borrowing is at fixed rates of interest and investments are split between fixed and 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.
- 2.37 As the environment is one of low interest rates, the Treasury Management Team is working to adjust this position which is restricted by:-
- 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 a costly exercise.

Maturity Structure of Borrowing Indicator

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

Maturity Structure of Borrowing

Borrowings Maturity	As at 30 Sep 12 (£m)	As at 30 Sep 12 (%)	2012/13 Lower Limit (%)	2012/13 Upper Limit (%)
Less than 1 year	34	13	0	80
Over 1 year under 2 years	18	7	0	50
Over 2 years under 5 years	21	8	0	50
Over 5 years under 10 years	33	13	0	50
Over 10 years	151	59	0	100
Total Borrowing	257	100		

Total Principal Sums Invested for Periods Longer than 364 Days

2.39 This indicator allows the Council to manage the risk inherent in investments longer than 364 days. The limit for 2012/13 was set at £30 million. Currently the Council has £26 million of investments which are for a period greater than 364 days during this period.

3.0 RELEVANT RISKS

3.1 All relevant risks have been discussed within Section 2 of this report.

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

5.1 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.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising directly out of this report.

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

7.1 As reported in Section 2.19 the 2012/13 investment income budget has been set at £0.86 million and, at present, income is set to achieve the budget. As reported in section 2.28 the latest projections in respect of the capital programme and the continuing use of internal funding in lieu of external borrowing project that in 2012/13 there will be a 'one-off' underspend of £1.5 million in respect of capital financing. This will be subject to further change as decisions are taken in respect of the capital programme in light of the Spending Freeze agreed in September 2012.

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

8.0 LEGAL IMPLICATIONS

8.1 This report 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 for Capital Finance in Local Authorities.

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

9.0 EQUALITIES IMPLICATIONS

9.1 This a monitoring report on Treasury Management and as there are no equalities implications an Equality Impact Assessment (EIA) is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12.0 RECOMMENDATION

12.1 That the Treasury Management Performance Monitoring Report be accepted in meeting the Council's obligations under the Treasury Management Code.

13.0 REASONS FOR RECOMMENDATION

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

FNCE/186/12

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REFERENCE MATERIAL

Code of Practice for Treasury Management in Public Services CIPFA 2011.
Prudential Code for Capital Finance in Local Authorities CIPFA 2011.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2012/15	21 February 2012
Cabinet - Treasury Management Annual Report 2011/12	21 June 2012
Cabinet - Treasury Management Performance Monitoring Report – Quarter 1 2012/13	6 September 2012

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WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT:	<i>QUARTERLY ANALYSIS OF FREEDOM OF INFORMATION REQUESTS AND LOCAL GOVERNMENT OMBUDSMAN CONTACTS</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>INTERIM DIRECTOR OF FINANCE</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR. PHIL DAVIES</i>
KEY DECISION?	<i>NO</i>

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide members with quarterly analysis of requests received under the Freedom of Information Act and contacts made by the Local Government Ombudsman, as recommended by Cabinet at its meeting on 12 April 2012 (Minute 404). Additional qualitative information is offered on service performance in responding to contacts, highlighting any exceptions.

2.0 BACKGROUND AND KEY ISSUES

2.1 For a full overview of Freedom of Information (Fol) requests and Local Government Ombudsman (LGO) contacts please refer to Council Excellence Overview and Scrutiny Committee 01 October 2012 (Minute 6).

2.2 In summary, Fol requests, made under the Freedom of Information Act 2000 and supplemented by the Environmental Information Regulations 2004, have a response target of 20 working days and are categorised as:

- Freedom of Information requests
- Requests made under the Environmental Information Regulations
- Internal Reviews (internal appeals e.g. against a delay in providing the requested information or a failure to disclose/fully disclose)
- Contacts from the Information Commissioners Office (external appeals on similar grounds to internal reviews)

2.3 LGO contacts, which have a standard response target of 28 calendar days and are generally received after the Council has had the opportunity to resolve the issue through its own corporate or statutory procedure, are categorised as:

- Initial requests for information

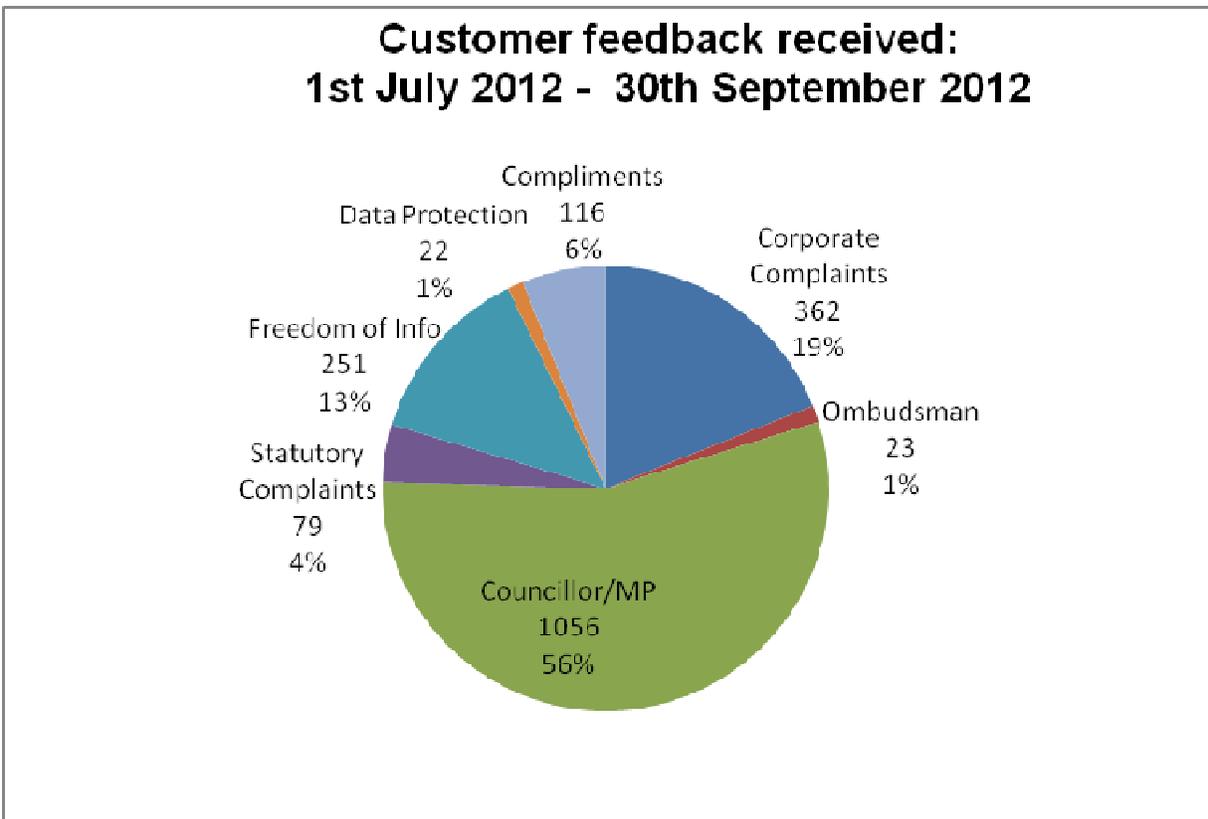
- Follow-up enquiries/clarification sought
- Investigations

2.4 Once the LGO has reviewed a submitted complaint it provides both the complainant and the Council with a finding, categorised as:

- Premature complaints - Council not had an opportunity to consider the complaint
- Outside jurisdiction - precluded from investigation by LGO due to legal statute
- Local settlement – during course of LGO investigation the Council takes some course of action which the LGO considers a satisfactory resolution of issue
- Ombudsman’s discretion – discontinued as complainant withdraws complaint; LGO unable to maintain contact with complainant; the complainant takes court action or insufficient injustice found to continue the investigation
- No evidence of maladministration – Council has acted appropriately and no indication of any wrong-doing

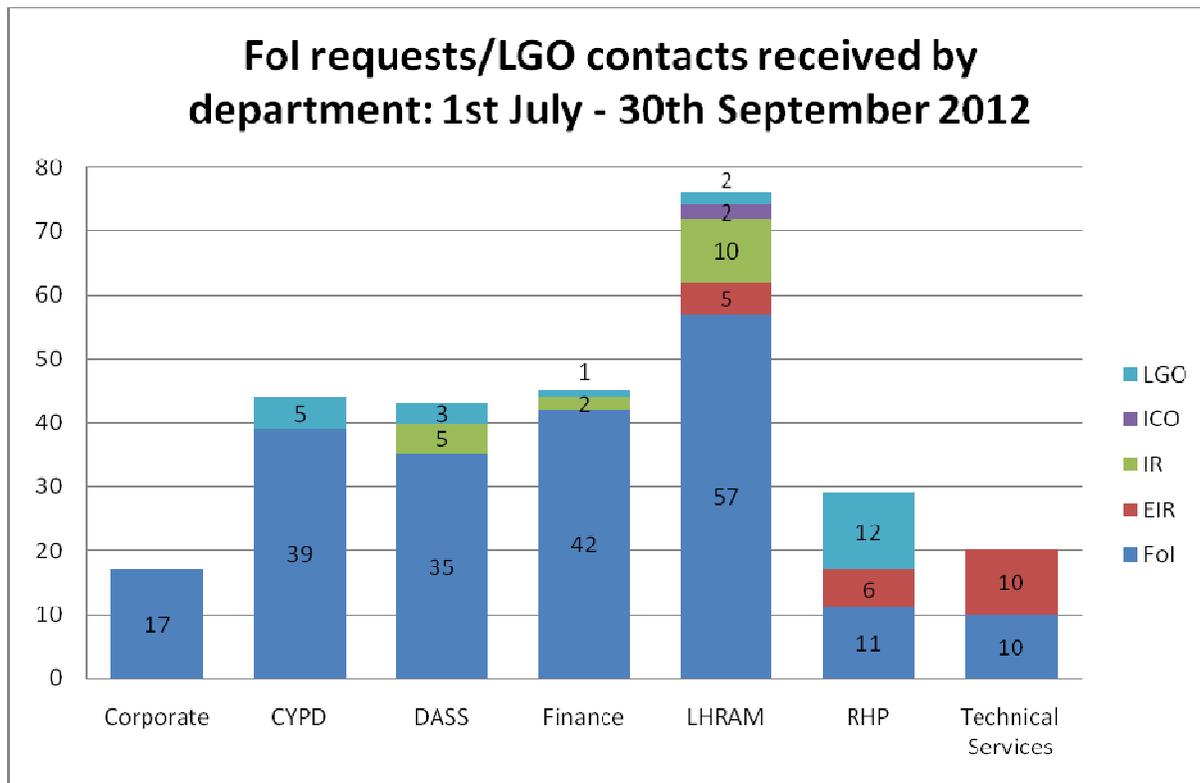
3.0 PERFORMANCE QUARTER 2 2012/13

3.1 For context and to offer volume comparisons, FoI and LGO contacts are displayed in the table below as part of wider customer feedback contacts received in this quarter:



3.2 Fol contacts, which recorded a 26% reduction in overall contacts received in comparison with the last quarter (Q1), were split over Fol requests (84%); requests made under the Environmental Information Regulations (8%); internal reviews (7%) and Information Commissioner's Office (ICO) requests (1%). LGO contacts, which recorded a 44% increase in overall contacts received in comparison with the last quarter, were split over requests for information (96%) and a full investigation (4%).

3.3 By department Fol/LGO contacts were split as follows:



3.4 Analysis within the figures displayed in the table above reveals the following high volume service areas across departments.

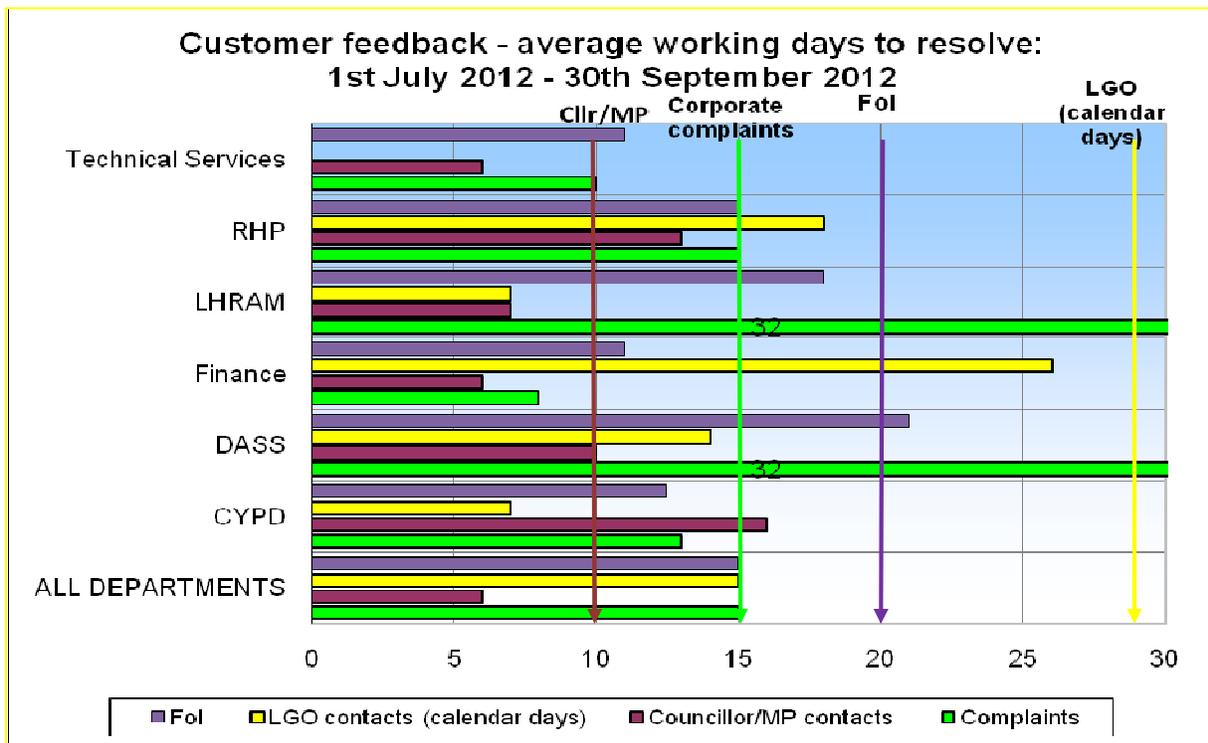
- CYPD social care/schools accounted for 15% of total Fol requests received (17% in Q1) and 80% of all Fol requests received by this department. The schools service also accounted for 80% of this department's LGO contacts.
- DASS access and assessment accounted for 16% of total Fol requests received (18% in Q1) and 100% of all Fol requests received by this department. This service also accounted for 29% of all requests for internal reviews (62.5% in Q1). It should be noted that the access and assessment generic heading covers a wide range of services delivered by the department. Care services accounted for 100% of LGO contacts received by this department.
- Finance support services accounted for 7% of total Fol requests received (no change from Q1) though this includes some requests handled by the Fol coordinator on behalf of the Council/other departments. The benefits; miscellaneous incomes

and revenues services accounted for 55% of all Fol requests received by this department. The only LGO contact was for the revenues services and was a request to instigate a full investigation into the issues raised.

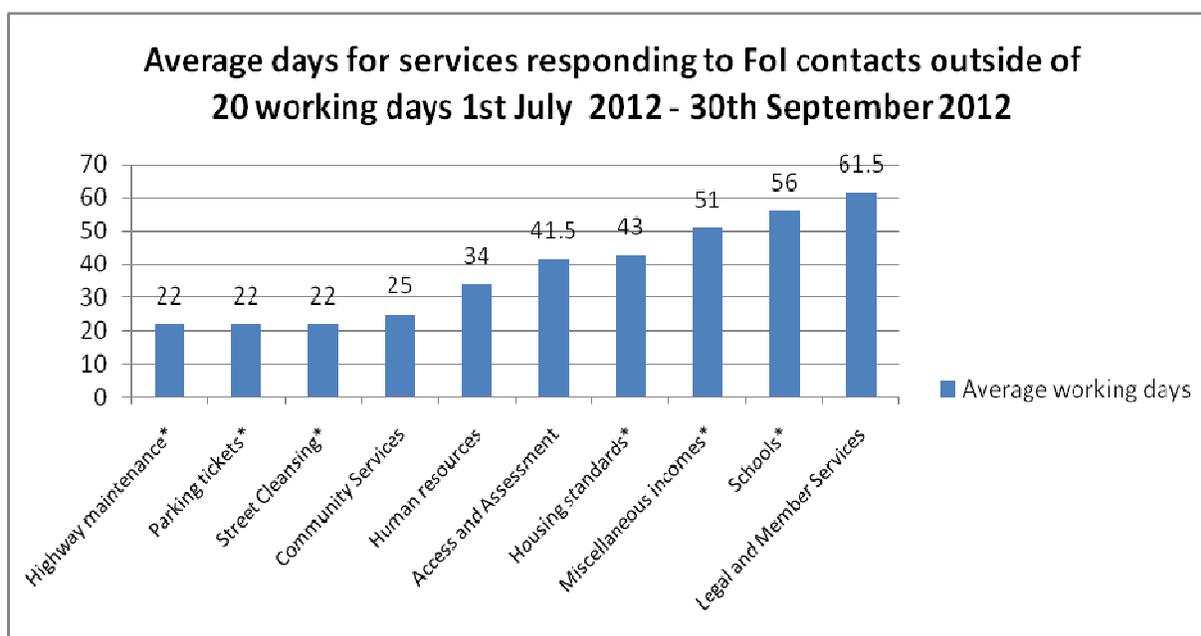
- LHRAM human resources and legal and member services accounted for 15% of total Fol requests and 68% of requests received by this department. Legal and member services accounted for all of this department’s internal review requests and 53% of all internal reviews received by the Council in this quarter. This service also received 2 Information Commissioners Office requests due to delays in responding to previous Fol requests.
- RHP development control and land charges accounted for 42% of all Fol/EIR requests received by this department; planning services accounted for 52% of all LGO contacts received (12.5% in Q1) and 100% of LGO contacts received for this department.
- DTS highway maintenance enforcement accounted for 30% of all Fol/EIR requests by this department.

3.5 As reported in Q1, both departmental and specific service area Fol contact totals have been inflated by numerous requests received from a single source, accounting for 9% of all Fol requests (19% in Q1) and 47% of all internal review requests (81% in Q1) received in this quarter. From a service area perspective, this single source accounts for 33% of all Fol requests received for DASS access and assessment; 80% of all Finance benefits requests and 30% of all LHRAM legal and member services requests received in the quarter.

3.6 Again, for comparison against other key customer feedback contacts, Fol and LGO performance information is provided in the table below.



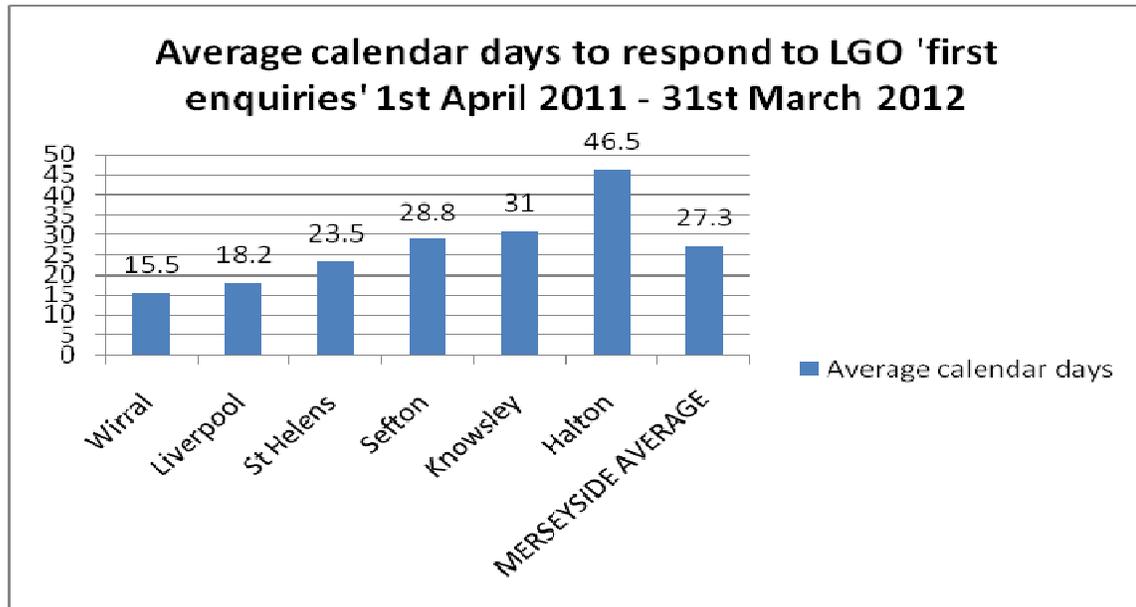
- 3.7 All departments apart from DASS (21 working days) maintained an average response rate within the standard FoI response target (20 working days). All departments maintained an average within the LGO target (28 calendar days) for contacts closed in the quarter. DASS (21 working days) and LHRAM (18 working days) took the longest to respond to FoI contacts with Technical Services (11 working days) taking the least amount of time to respond.
- 3.8 Across all FoI contacts closed in the quarter the Council, within the FoI legislation, requested an additional 20 working days to respond for 4 contacts in total (3 of these being for LHRAM human resources).
- 3.9 Of all the LGO contacts responded to in the quarter, the LGO has communicated a final decision in 5 cases: 3 resolved within the ombudsman's discretion and 2 with no evidence of maladministration found (see point 2.4).
- 3.10 Service areas responding to FoI contacts outside of the designated target during this quarter were as follows:



*indicates single contact only

- 3.11 Issues relating to finite resources available to respond to a particularly high volume of FoI requests were a key factor in these response times for (DASS) access and assessment and (LHRAM) legal and member services. As per point 3.5 a number of FoI requests from a single source focused on specific service areas, which created greater pressures on Council resources to effectively respond to incoming requests.
- 3.12 The ability to record and monitor FoI contacts alongside other customer feedback received by the Council, including LGO contacts, should offer improved visibility over future quarters to identify trends and take remedial action were necessary to address performance issues.

3.13 A separate report will be presented to Standards Committee on 17 November 2012 detailing the annual review letter received from the LGO, covering the Council's performance in responding to LGO contacts during 2011/2012. This report will highlight the key performance indicator used by the LGO of responses to 'first enquiries' which Wirral recorded an average of 15.5 calendar days and can be favourably compared to the reported performance in the immediate North West region:



3.0 RELEVANT RISKS

3.1 That the Council fails to meet target responses, which is mitigated by the performance review offered here and the opportunity to address identified performance related issues.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 No consultation has been carried out in relation to this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications for voluntary, community or faith groups.

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

7.1 There are no significant resource implications other than those already referred to in the body of the report (point 3.11).

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications arising out of this report.

9.0 EQUALITIES IMPLICATIONS

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

No because there is no relevance to equality within the report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None.

12.0 RECOMMENDATION/S

12.1 That the report be noted and considered alongside the separate wider customer feedback review offered in the quarterly corporate performance report.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To ensure members are informed of the number and nature of FoI and LGO requests received by the Council and the level of performance in responding to these contacts.

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FNCE/185/12

APPENDICES

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Standards Committee	29 September 2009
Standards Committee	29 March 2010
Standards Committee	29 September 2010
Standards Committee	02 December 2010
Standards Committee	26 January 2011
Standards Committee	29 September 2011
Cabinet	12 April 2012
Council Excellence Overview and Scrutiny Committee	01 October 2012

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WIRRAL COUNCIL

CABINET

NOVEMBER 8, 2011

SUBJECT:	Efficiency Investment Fund EIF
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE INTERIM
RESPONSIBLE PORTFOLIO	FINANCE
HOLDER:	PHIL DAVIES LEADER
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 To propose a change in the operation of the Efficiency Investment Fund (EIF), which consequently, will lead to budget savings in 2012-13 and future years.

2.0 BACKGROUND AND KEY ISSUES

2.1 The EIF was established by Cabinet on 20 June 2007. The fund purpose was to support the achievement of efficiencies dependent upon the receipt of 'pump priming' investment. This included, where appropriate, the funding of redundancy costs. The EIF was used to part fund the major 2011/12 EVR scheme. The scheme criteria is set out at [Annex 1](#)

2.2 Requests to access funds from the EIF were made via reports to Cabinet. On approval, a budget was vired from the EIF (held by Finance) to departmental budgets to effect the change. Departmental budgets were then permanently reduced to reflect the agreed savings proposals.

Problems with the current regime

2.3. Problems – These are set out in full at [Annex 2](#). The headlines are: too vague; no real criteria; long payback period; no prioritisation; first come rather than strategic; creation of bad budgets if saving not realised; used to fund bad budgets (2012-13 budget book pg 31, £2m); raided for budget cuts (2012-13, £2.5m).

Finances

2.4 Table 1 sets out the budget history over a three year period:

Table 1: EIF budget history 2011-12 to 2013-14 £m

	Original	Change	Agreed (13-14 proposed)
2011-12	4.9	0	4.9
2012-13	4.9	-2.5 savings	2.4
2013-14	2.4	+2.0 in target projection	4.4

2.5 The current 2013-14 budget projections include an additional £2 million per annum to increase the EIF.

Improvements

2.6 The proposed improvements seek to respond to the problems. In particular:

- The first proposal is to remove the base budget item, which would a saving of up to £2.2m in 2012-13 and £4.4m in 2013-14. This would remove £6 million of growth from the £103 million gap.
- From the Earmarked reserves, create a fund that would be a rolling resource, with savings paying off the 'borrowing';
- The EIF proposals should be part of the annual budget process, that is agreed by Council in March 2013. In this way, there would be clear prioritisation for limited resources. Equally, departments would have to ensure there is a payback to the fund, ensuring they take responsibility for the proposal
- The criteria would include a short payback period, a maximum of three years and a 10% return. Partners in the investment world could assist the process.
- The elimination of the base budget item will remove the possibility of collateral damage to EIF's, from a saving being required, without a replacement scheme to deliver efficiencies.

3.0 RELEVANT RISKS

3.1 These will be reduced as a consequence of adopting the recommendations.

4.0 OTHER OPTIONS CONSIDERED

4.1 Continuing with the current arrangements; having no EIA, both of which are unattractive

5.0 CONSULTATION

5.1 With Management Team, October 25, 2012

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None

7.0 RESOURCE IMPLICATIONS: FINANCIAL;

7.1 If the EIF is abolished any costs of future EVR/redundancy will require they are fully charged to departments, or included in the 'central' budget gap calculations, essentially treating the matter as a corporate planning precept .

7.2 There would be the following savings:

2012-13	Fund £2.4m less currently used, £200k (HR) = £2.2m;
2013-14	Base budget £2.4m plus £2m addition to target = £4.4m,

7.3 A 'rolling fund' would be created from any 'spare' Earmarked Reserves.

8.0 LEGAL IMPLICATIONS

8.1 None

9.0 EQUALITIES IMPLICATIONS

9.1 The proposals have no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None

12.0 RECOMMENDATION/S

12.1 That the Cabinet agree

1. to the terms of reference at Appendix 3;
2. the release of the £2.2m unused 2012-13 fund to general reserves;
3. the elimination of the fund from the base budget from 2013-14 (£2.4m base), with a concomitant reduction in the growth target for 2013-14 (£2m) and later years (£4m) totalling £6m over the three years.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To connect the funding regime to the delivery of savings, and so align it to the idea of efficiencies.

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APPENDICES

Appendix 1: Efficiency Investment Fund Scheme criteria.

Appendix 2: Problems

Appendix 3: Terms of Reference

REFERENCE MATERIAL

Other Councils best practice

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	November 8, 2012

Annex 1 - Efficiency Investment Fund Scheme criteria.

The criteria was set out in the DoF's Cabinet report of June 20, 2007. The report did not summarise the criteria, but rather proposed some guiding points to be adopted. They were to help deliver the *Efficiency Plan 2008-2011*. They were:

1. That redundancy payments be scored against the EIF;
2. As a consequence of [1], the budget was to be increased from £1.2m to £3.2m;
3. As a consequence of [2], an increase in the EIF savings target of £2m;
4. Cabinet prior agreement to schemes.

Annex 2 - Problems

There are two major design faults. Firstly, there are no 'terms of reference' that guide the fund. Secondly, the funding regime is not closely connected to the delivery of savings, and runs counter to the idea of efficiencies.

Terms of Reference

- Too vague – in essence there are no terms of reference;
- No criteria – suggested criteria should include:
 - A split between Capital and Revenue;
 - A deminimus figure, say £50k;
 - A rate of return – say 10% - to concentrate investment in schemes that deliver the most.
 - A timetable for the bidding process;
- Long payback period – to be added to the criteria should be a short repayment period, say a maximum of 3 years;
- No prioritisation – a further scheme design is to then prioritise the 'bids' for investment;
- First come rather than strategic – consideration of the all the bids, as part of the budget process will ensure the activity is aligned with the political priorities.

Funding regime

- A base budget item – the key feature of efficiencies is that they should pay for themselves. They do not require an annual base budget investment. Rather there should be a revolving fund, the performance of which is clearly connected to outcomes;
- Creation of bad budgets if saving not realised – because the 'investment banker' principle is not engrained, the clear line of sight between promise and delivery is lost. Where delivery falls short, it presents as a bad budget, rather than an issue to be resolved;
- Used to fund bad budgets (2012-13 budget book pg 31, £2m) – the fund has supported bad budgetary practice, which has nothing to do with efficiency;
- Raided for budget cuts (2012-13, £2.5m) – it is obvious that the delivery of efficiencies are not a central tenant if the fund, which should be of a size that reflects a plan, can be expediently cut to deliver an overall budget..

Annex 3 Terms of Reference - Efficiency Investment Fund

- A split between Capital and Revenue;
- A deminimus figure, of £50k;
- A rate of return, of 10%, to concentrate investment in schemes that deliver the most;
- The fund is a rolling resource, with savings paying off the 'borrowing';
- Payback period – to be a maximum of 3 years;
- A timetable for the bidding process that is connected to the annual budgetary cycle;
- Prioritisation – bids are to be prioritised for investment;
- Strategic consideration - the agreement of the Council to the successful bids as part of the budget process will ensure the activity is aligned with the political priorities.

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WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT:	TENDER REPORT FOR WALLASEY TOWN HALL ACCESS AND FIRE PRECAUTION WORKS
WARD/S AFFECTED:	WALLASEY
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to advise Cabinet Members of the outcome of the two stage tender process for the work required to upgrade the access and fire escape arrangements to Wallasey Town Hall. The report seeks ratification from Members to the selection of the Contractor named on Appendix 1 as the Councils 'preferred constructor' for the scheme

2.0 BACKGROUND AND KEY ISSUES

2.1 Wallasey Town Hall has several fire safety, access and egress concerns that required addressing as a matter of urgency:

1. Travel distances relating to means of escape in Wallasey Town Hall severely exceed maximum distances stipulated in the current Building Regulations and not all the fire protection to the escape routes satisfies current requirements
2. The only means of escape from the ground floor rear corridor is via doors opening over a flight of unguarded external steps leading onto an otherwise inaccessible plateau.
3. The Town Hall has only one passenger/goods lift, which itself is in need of upgrading and refurbishment.

A Scheme and Estimate report was submitted to Cabinet on 21st July 2011 and duly approved (minute 247 refers)

The scheme will include:-

- The construction of new staircase within the northeast light well serving the ground, first and second floors, complete with protected lobbies and refuges at each of the upper floors and a new protected lobby at ground floor with a new external doorway on the north elevation of the building

- The construction of a new staircase and lift within the southeast lightwell serving all floors, complete with protected lobbies and refuges with a new external doorway on the south elevation of the building. The construction of this staircase requires the removal of the existing Mayoress's retiring room at first floor level.
- A review of existing structural fire precautions, including walls, doors, ceilings and internal glazing to means of escape to ensure that the appropriate 30 minute and 60 minute protection is provided, as deemed necessary to comply with Part B of the current Building Regulations
- De-classifying the central doors over the unguarded steps to the promenade, from a designated exit route to doors for use by authorized personnel only, due to safety issues that cannot be easily overcome.

The above works would be required in their entirety in order to satisfy the current Building Regulations regarding access and egress within the Town Hall. They do not include works to improve the fire safety, access and egress relating to the Civic Hall and will be subject to Listed Building Consent, Planning Permission and Building Regulation Approval.

3.0 RELEVANT RISKS

- 3.1 Unforeseen works when works commence due to previous alterations may become apparent. Contingencies have been included for this eventuality.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options were considered.

5.0 CONSULTATION

- 5.1 The design has been developed in consultation with professional and technical officers and the Asset Management Team. Building users will be consulted before construction starts and throughout the construction process.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 The upgraded building will offer better access to upper level facilities to local community and specialist groups who may wish to use the building

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

- 7.1 The Department of Law, HR and Asset Management will provide all Professional Services.
- 7.2 The Director of Law, HR & Asset Management (via the Corporate Health & Safety Team) in accordance with the Construction (Design and Management) Regulations 2007 will carry out the role of CDM Coordinator.
- 7.3 There are no additional staffing implications with these proposals.

- 7.4 Stage 1 Tender submissions were received on 4th October 2012 via “The Chest”. Stage 2 interviews were held with the lowest four tenderers with a panel including Officers from Law, HR and Asset Management Department and Technical Services Department on 16th October 2012. Details of the selection process and relevant scoring of tenderers is included in Appendix 1.
- 7.5 The scheme is to be funded from the Capital Programme, see Appendix 1 (1.7).
- 7.6 The original business case included for three additional internal staircases and two new lifts with an estimate of £1.62M which was reported to Cabinet on 9th December 2010 (Minute 245) within the Capital Programme and Financing 2011-15 report. The scheme has subsequently been reduced to two additional staircases with one new lift, which was reported to cabinet on 9th January 2012 (Minute 247) estimated at £968,279.00.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no specific legal implications associated with this report. The Legal and Member Services Section within the Department of Law, Human Resources and Asset Management will arrange the contract with the successful tendering contractor

9.0 EQUALITIES IMPLICATIONS

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

(a) Yes and impact review is attached – <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/law-hr-asset-management>

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 Low energy electrical fittings, heating controls, water saving devices and high levels of insulation will all be used to help reduce the consumption of natural resources and contribute to the Council’s CO2 reduction objectives.
- 10.2 All timber used will be from sustainable sources regulated by the Forestry Stewardship Council.
- 10.3 The successful contractor will be encouraged to employ local labour and source materials from local suppliers as far as possible.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 Planning permission and Listed building consent has been granted for the work under application references DPP4/12/00795 and LBC/12/00796.

12.0 RECOMMENDATION/S

- 12.1 That the Contractor who submitted the most economically advantageous tender, as detailed in Appendix 1, be accepted as the Council’s ‘preferred contractor’.

12.2 The Director of Law, HR and Asset Management be authorised to execute an appropriate construction contract with the preferred constructor in due course, subject to them developing a satisfactory Health & Safety Plan.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To implement a previously approved scheme that is essential to bring access and means of escape for Wallasey Town Hall up to a satisfactory standard. These works will also allow more intensive use of available space in the future

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APPENDICES

Appendix 1 – Tender Evaluation Scores

REFERENCE MATERIAL

The information used in the preparation of this report was obtained in consultation with departmental professional and technical staff and with reference to the business case documents. No other background papers have been used in the preparation of this report with the exception of the Architects files B02335 and the Quantity Surveyor's working papers.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet report – Scheme and Estimate	12 th January 2012
Cabinet report – Capital Programme and Financing 2011-2015	9 th December 2012
Cabinet report	4 th November 2012

**TENDER REPORT
FOR
WALLASEY TOWN HALL FIRE PRECAUTION WORKS**

CABINET 8 NOVEMBER 2012

Appendix 1: Tender Evaluation Scores

1.1 Tenders have been received and evaluated as part of a two stage evaluation procedure to determine the most economically advantageous tender.

1.2 Tenders received were;

No	Contractor	Tender Sum	First Stage Submission Score for Price
1	TENDER 1	820,752.81	60.00
2	TENDER 2	828,000.00	59.47
3	TENDER 3	943,464.80	52.20
4	TENDER 4	961,862.42	51.20
5	TENDER 5	Opted Out	0
6	TENDER 6	Opted Out	0
7	TENDER 7	No Tender Submitted	0

1.3 The four highest scoring tenderers from the Stage 1 submissions were invited to Stage 2. This consisted of an interview of tenderers on 16th October 2012, at which the quality of their proposed delivery of the scheme and their answers to 9 questions were assessed and scored by a pre-determined panel. The panel comprised of representatives from the Department of Law HR and Asset Management Department and the Technical Services Department.

1.4 The resulting tenderers' quality scores for Stage 2 were as follows:

No.	Contractor	Quality Score
1	Tenderer 1	40.00
2	Tenderer 2	36.46
3	Tenderer 3	36.20
4	Tenderer 4	33.70

1.5 Final Evaluation

When the two stage price and quality scoring is applied to the final evaluation model the most economically advantageous tender is detailed as follows:

No.	Contractor	Total Score
1	Lockwoods Construction Ltd	100.00
2	Tenderer 2	95.93
3	Tenderer 3	88.39
4	Tenderer 4	84.90

1.6 The total cost of the scheme based on the most economically advantageous tender submitted by Lockwood Construction Ltd is:

Construction Costs	£ 820,752.81
Departmental Charges including:	
Design and Supervision @ 16% (including Clerk of Works Salary CDM Coordinator fee and Planning and building regulation fees	<u>£ 131,320.45</u>
TOTAL	<u>£ 952,073.26</u>

1.7 The scheme will be funded from the following sources:

Capital Programme	£ 952,073.26
TOTAL	<u>£ 952,073.26</u>

1.8 Recommendation

That Lockwood Construction Ltd, who submitted the most economically advantageous tender as detailed above, be accepted as the Council's "Preferred Constructor", subject to developing a satisfactory Health & Safety Plan

WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT:	WORKFORCE CHANGE AND CONSULTATION
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	CABINET MEMBER EXECUTIVE MEMBER CORPORATE RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to seek authority for the Chief Executive to consult with the Trade Unions and workforce on a range of issues to enable the council to meet its budget deficit for 2013/14

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Council is facing a considerable financial challenge to reduce the net Council budget. The current position is that the Council is facing a budget deficit of £100m over the next three years and a projected deficit of £39M for 2013/14. This will necessitate significant changes to the manner in which the Council conducts its business. The Council has completed its first stage of consultation with the community with the response reported back to Cabinet at this meeting, 8 November 2012. Officer options for budget savings will be published shortly. These have the potential to change service delivery which will potentially impact on staff. This requires consultation at the earliest possible opportunity.
- 2.2 The Council has a legal obligation to consult with the workforce on the Business and service changes that may affect the workforce. The requirements for consultation are laid out in the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA). The Council would welcome consultation with our Trades Unions and staff to consider all proposals to meet the financial challenge.
- 2.3 The issues requiring consultation are as follows:
- 1). The first option for consideration is to reduce the running costs for the Council through its management costs. The Chief Executive brought a proposal to the Cabinet on 18 September 2012 to strengthen the strategic leadership for the Council as part of the Improvement programme. At that stage it was agreed that further re-structure would follow to fund the new roles of Strategic Director and also to reduce the overall management cost for the Council. To deliver this agreement,

the Council will consider options to reduce the number of managers across the Council. This option will require consultation with all managers and Trade Unions.

- 2). The Council currently employs its workforce on national and local conditions of service. The local conditions of service are subject to local agreement through a collective agreement with recognised Trade Unions (JNC Recognition Agreement with Trade Unions). Consultation with recognised Trade Unions and staff is required to consider options to reduce the cost of the workforce and so reduce the potential numbers of job losses.
- 3). Options need to be considered with the aim of reducing the costs to the Council and the local tax payer of the Council's enhanced discretionary severance scheme. The aim would be to seek ways to reduce the costs, which will in turn protect more jobs and services, while keeping an enhanced scheme to reduce the potential impact on the lowest paid.
- 4). In the event that the scheme is modified any staff leaving after a new scheme comes into effect have to leave on the new terms, regardless of when the dismissal process began. In order to manage expectations, it is recommended that the current voluntary redundancy scheme is suspended immediately/
- 5). The Council has a requirement to implement the final stages of job - evaluation, under the (national joint agreement with date). Further consultation will enable the Council to explore options concerning the arrangements to implement job evaluation for those staff on grade principal officer (earning over £27,849 and above). This will enable the Council to implement a legally fair, affordable and sustainable pay policy at this level.
- 6). In seeking to set the budget for 2013/14, the Council has consulted with the community on a range of areas to explore. In response to the first stage of consultation, reported to this Cabinet, the Chief Executive will publish a range of officer options for the budget savings 2013/14. Those options will be considered by elected members through a series of Scrutiny Committees and with the public through specific targeted consultation. Whilst no decisions are made on the future of services, any options that are being considered that potentially impact on staff require consultation at the earliest possible stage. Consultation with staff does not pre-empt community consultation or the Council's decision making process, but is required if options are being considered that affect our workforce.

3.0 RELEVANT RISKS

- 3.1 The Council is required to set a legal and balanced budget for 2013/14 and is facing an estimated budget deficit of £39M for 2013/14 as part of a total

saving of £100m over the next three years. All options must be considered to minimise the risks to the council and services to our community.

- 3.2 In considering all options the council has a legal requirement to consult with staff and Trade Unions, to minimise the legal challenge concerning the impact on staff.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 All options for addressing the Council's budget deficit are being considered. Consultation formal and informal gives a welcome opportunity to explore all options before final decisions are made which may impact on our workforce.

5.0 CONSULTATION

- 5.1 Consultation with Trade Unions and staff is both a legal requirement under the TULRCA, good practice under ACAS guidelines and a key principle in the Council's employment policies.
- 5.2 The council will seek to agree with the union the criteria to be applied in the event of selecting staff to be made redundant.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 None

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

- 7.1 This report concerns the Council's workforce

8.0 LEGAL IMPLICATIONS

- 8.1 While the potential liability for a failure to consult collectively is one of the most expensive liabilities that a council may face in employment law, it goes without saying that the council faces other potential liabilities in any potential redundancy programme, not least the risk of liability for unfair dismissal. Although discharging the obligation to collectively consult does not of itself protect the council from liability for unfair dismissal, if collective consultation is carried out properly, the risk of a successful unfair dismissal claim will be reduced.

The usual benchmarks of fairness would include:

- The council should give as much warning as possible of impending redundancies so as to enable the Trade Unions and staff who may be affected to take early steps to inform themselves of the relevant facts, consider possible alternative solutions and, if necessary, find alternative employment with the council or elsewhere.
- Consulting the Trade Unions as to the best means by which changes can be achieved fairly with all options to mitigate the effect on staff considered.

8.2 Appropriate collective consultation will go some way towards ensuring that any potential dismissals are fair. The fact that the employer attempted to consult with the trade union on these points will assist in showing that any dismissal is fair.

9.0 EQUALITIES IMPLICATIONS

9.1 Equality impact assessments are published for all options for change. All equalities issues are considered as part of consultation.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 Not applicable for this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 Not applicable for this report.

12.0 RECOMMENDATION/S

12.1 That the Chief Executive is authorised to:

- a) Open formal consultation with Trade Unions and staff under TULRCA and as a matter of good practice on:
 - 1. Changes to the council's enhanced discretionary severance scheme policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
 - 2. Changes to the local conditions of service.
 - 3. The terms upon which to implement the final stages of Job -evaluation, under the 1997 National joint agreement.
 - 4. The potential impact on staff of the officer budget options
- b) Immediately suspend of the council's existing employee enhanced Voluntary Severance Scheme.

12.2 To recommend to the Employment and Appointments Committee that this report is considered and the Chief Executive is authorised to open consultation as outlined in Recommendation 12.1 (a) and that Recommendation 12 (b) is implemented.

The Chief Executive will report back on the progress of consultation the special budget Cabinet on 20 December 2012.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 The Council has to set a legal and balanced budget for 2013/14. The aim is to protect as far as it can, front line services for vulnerable people. All options for reducing costs are being considered. Consultation is required under TULRCA on the potential impact of any options being considered with the aim of

minimising job losses. Consultation is required as part of a collective bargaining position on current local conditions of service. The Council's policies require consultations as good practice. All consultation is an essential and welcome part of working with our Trade Unions and staff to address the significant financial challenges the council faces

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APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

CABINET

8 NOVEMBER 2012

SUBJECT:	<i>OUR TOWN FIRST: HIGH STREET X-FUND</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>DIRECTOR OF REGENERATION, HOUSING AND PLANNING</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR PAT HACKETT REGENERATION AND PLANNING STRATEGY</i>
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out an update of work being undertaken from Government Initiatives to support Town Centres. Specifically, the recently announced: Our Town First: Future High Street X-Funding. This £1million fund will support locations which can demonstrate existing innovative high street regeneration schemes that have effective transformation and how they can build on these schemes to strengthen their impact.
- 1.2 Members are asked to agree that under the delegated authority of the Director of Regeneration, Housing and Planning in consultation with the Portfolio holder, final applications with a letter from the Local Authority agreeing to be the accountable body will be agreed and submitted by the 6th December 2012 deadline.
- 1.3 Members are also asked to note the progress of Town Team Partnerships which support unsuccessful Portas Pilot areas with a package of support to help revitalise their high streets. Through their local MP's Town Teams were asked to register their interested to be a Town Team Partnership to receive £10,000 from the Government to support elements of their original Portas Pilot bid. The Council will act as the accountable body for this funding.

2.0 BACKGROUND AND KEY ISSUES

PORTAS PILOT UPDATE

- 2.1 As part of the Government's initiative to tackle the challenges of high streets, Mary Portas was commissioned to undertake a review of high streets in 2011. In December 2011 Mary Portas published 'The Portas Review - an independent review into the future of our high streets'. This set out 28 key recommendations for overhauling our high streets, one of which was to create "Town Teams", described as a "visionary, strategic and strong operational management team for high streets".
- 2.2 On 4th February 2012 Government announced the 'Portas Pilots – Prospectus: an invitation to become a Town Team' which encouraged applications from groups across the country to become a Town Team. The Government agreed to support

twelve pilots across the Country with up to £100,000 available for each, dependant on the amount sought and Government's overall assessment of the bids.

- 2.3 As Members will be aware, the Council has been working with interested groups in Wirral who have been seeking to create Town Teams. The first round of applications for Portas Pilot funding closed on 30th March 2012 and five Wirral applications were submitted from the following areas: Hoylake, Liscard, Moreton, New Brighton and New Ferry (reported to Cabinet 15th March 2012, minute 346 refers).
- 2.4 The initiative was heavily oversubscribed with over 360 applications from across the country submitted to DCLG. Unfortunately none of the Wirral proposals were successful in the pilot phase. Due to the high demand, the Government subsequently announced an additional round of funding to support a further twelve projects up to £100,000 each.
- 2.5 A further three applications were submitted for Portas Pilots round 2. The Wirral proposals were; Birkenhead & Oxton Road, Seabank Rd (New Brighton) and Birkenhead Market (reported to Cabinet 21st June 2012, minute 24 refers). Unfortunately none of the second round applications from Wirral were successful.

TOWN TEAM PARTNERSHIPS

- 2.6 Following the major rounds, Government announced on 30th August 2012 a Town Team Partnership scheme which is a national package of support totaling £5.5 million. It was designed to support unsuccessful Portas Pilot areas, so that no area is left behind. Town Teams who sign up to be Town Team Partners will receive backing to help put elements of their plans into action and will be able to access support from a variety of experts to gain further advice to tackle issues within their centres. The first step in this process was for Town Teams to register their interest in being a partnership through their Local MP by 16th September 2012. Their MP had to support the registration of the Town Team to become a Town Team partnership.
- 2.7 Seven of the eight Town Teams in Wirral who applied for the Portas Pilot funding have registered to be a Town Team Partnership with approval from their MP's and are waiting to hear if they will receive £10,000 towards implementing an element of their original bid. The Council will act as the accountable body for the funding.

X-FUNDING

- 2.8 Following this, Government announced on the 30th August – Our Town First: Future High Street X-Fund prospectus. This fund invites nominations from locations with exemplary, innovative schemes implemented since May 2011. There are two criteria which the nominations will be judged against, these are innovation and effectiveness. The guidance states that nominated areas should:
- Demonstrate that their schemes are innovative in responding to the area's challenges – i.e. new or bespoke ideas that have not been previously been undertaken elsewhere,
 - Set out how they could help other areas learn from their experience and how their innovative schemes could be replicated elsewhere

- Provide evidence that they have been effective in transforming their areas through schemes implemented since May 2011. Evidence of the effectiveness of the scheme may be quantitative and/or qualitative
 - Provide evidence of the schemes' costs and value for money
 - Explain how they would use potential prize funding, for example to extend or strengthen their high street schemes and what impact it would be reasonably expected to have.
- 2.9 The application process requires applicants to fill in a form and provide a supporting 2-4 minute video setting out why the area should be awarded a prize. The application must be accompanied by a letter from the Local Authority confirming its intention to act as the accountable body for the fund, should it be successful.
- 2.10 All of the Town Teams and Trader groups have been notified of the X-Funding and have been asked to contact the Council directly if they are interested in applying for the funding, as the Local Authority will be the accountable body. The X-Funding has been advertised on the Council's Website. This X-Funding is very specific in its criteria and must build on existing work done by groups in centres.
- 2.11 The applications have to be submitted to Government by 6th December 2012. Currently we have interest from three of the town teams who are looking to build upon their existing work. These are Oxton Road (part of the Birkenhead Town Team – Wirral Chamber), Hoylake Town Team and Liscard Town Team.
- 2.12 These areas are still looking at whether they will submit a final X-Fund application. Oxton Road have drafted an application which would look to build upon their existing work refurbishing empty units and sub dividing them into Micro units for small start up businesses with a package of incentives and support to businesses.
- 2.13 Council officers are continuing to work with any interested group looking to apply for X-Funding and helping guide them through the application criteria process.
- 2.14 Members are asked to agree that under the delegated authority of the Director of Regeneration, Housing and Planning in consultation with the Portfolio holder, final applications with a letter from the Local Authority confirming it will be the accountable body will be agreed and submitted by 6th December 2012 deadline.

3.0 RELEVANT RISKS

- 3.1 The principal risk for the applications is that they are rejected by Government, due to over subscription or that the applications submitted are not seen by Government as fulfilling their criteria.
- 3.2 The Council's costs liability at this stage should be restricted as funding will only be payable to the Council from Government if the X-Funding applications are successful from Government. If the applications are not taken forward by Government, then there is no liability on the Council for the funding.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered, as this report sets out a response to proposals that have been called for by Government and responded to by local organisations, Our Town First: Future High Street X-Fund.

5.0 CONSULTATION

- 5.1 The X-Funding application information has been shared with all existing trader groups and advertised on the Council's website.
- 5.2 Officers will work with the interested applicants to develop their proposals. Appropriate targeted support will be provided to ensure engagement with the widest possible number of local residents through the existing communication mechanisms, if the funding is successful.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 The development of the applications if successful, may require additional skills and expertise that maybe lacking in some organisations. Whilst some organisations may have the necessary skills and experience some may need support and may not have the resources to 'buy in' those skills.

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

- 7.1 In accordance with the criteria set out in the X- Fund, the Local Authority must agree to be the Accountable Body. The total of the fund is £1million and bids are being invited for a proportion of the funding with no prescribed limitations up to £1million. The Local Authority must prepare and submit a letter to Government with each application going forward. The grant will be paid directly to the Local Authority through section 31 un-ringfenced revenue grant.
- 7.2 There will be staffing implications in supporting X-Funding. This will be absorbed within existing work programmes, which aim to support economic development and the promotion of Wirral's town centres.
- 7.3 The Town Team Partnership £10,000 funding will come to the Local Authority for each of the seven town teams that have signed up to be a partnership. A funding agreement will need to be put in place between the Council and the Town Teams.

8.0 LEGAL IMPLICATIONS

- 8.1 The Council will be the accountable body for the funding.

9.0 EQUALITIES IMPLICATIONS

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

(a) Yes and impact review is attached – Links to existing Portas Pilot Town Team EIA (Completed 23rd February 2012) and a further EIA will be completed if required for any successful X- Fund applications.

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

10.0 CARBON REDUCTION IMPLICATIONS

10.1 The X-Funding applications will have to conform with national policy in terms of sustainable development.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 The applications may require planning permission for 'change of use' to any premises which are proposed to be brought into use, dependant on the use classification.

12.0 RECOMMENDATION

12.1 That Cabinet agree to be the accountable body for the Our Town First: Future High Street X-Fund, for each application submitted if successful and the money be allocated in line with the Council's accounting policies.

12.2 That Cabinet agree, for any application submitted to the Council prior to the Government's 6th December 2012 deadline, that the Director of Regeneration, Housing and Planning in consultation with the portfolio holder has the delegated authority to agree applications to be submitted along with a letter agreeing that the Council will be the accountable body.

13.0 REASON FOR RECOMMENDATION/S

13.1 The 'Our Town First: Future High Street X- Fund' stipulates that the Local Authority must be the accountable body for any bids submitted to the Department of Communities and Local Government.

13.2 To allow officers to work with any interested groups to complete their application prior to the 6th December deadline.

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APPENDICES

(List and, if not attached, specify location – e.g. website and/or Group rooms.)

REFERENCE MATERIAL

(Include background information referred to or relied upon when drafting this report, together with details of where the information can be found. There is no need to refer to publicly available material: e.g. Acts of Parliament or Government guidance.)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Portas Pilot Bid Funding	15th March 2012
Cabinet – Wirral Town Teams Funding	12th April 2012
Cabinet – Portas Pilots Round 2	21st June 2012
Economy and Regeneration Overview & Scrutiny - Town Centre Update	5th September 2012

WIRRAL COUNCIL

CABINET

8TH NOVEMBER 2012

SUBJECT:	WIRRAL BUSINESS SUPPORT PROGRAMME
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF REGENERATION, HOUSING AND PLANNING
RESPONSIBLE PORTFOLIO HOLDER:	CLLR PAT HACKETT REGENERATION AND PLANNING STRATEGY
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members that European Regional Development Funding (ERDF) resources have been secured to deliver business support services to small and medium sized enterprises (SMEs) across the Liverpool City Region. Member approval is sought for:
- delegated authority to agree the contract to enable Wirral Council to be the Accountable Body for the ERDF resources to deliver business support services for the Borough;
 - confirmation that the £500,000 of funding allocated as part of the Investment Support Services Framework can be used as match funding for this activity.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Supporting Wirral's businesses is one of the key priorities of the Council's Investment Strategy which aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for Wirral residents. A critical element of this is the provision of effective and co-ordinated advice and support services to Wirral's businesses to ensure that they are supported to develop and grow sustainably. To deliver this, Cabinet approved the Investment Support Services Framework (23 June 2011, minute 47 refers) enabling Invest Wirral to offer a single point of contact and seamless advice service to support Wirral businesses.
- 2.2 Invest Wirral currently provides a range of business support services including:
- Locating business premises – Invest Wirral attracted investments approaching £20 million and secured nearly 1,000 jobs during 2011/12;
 - Business advice – the provision of expert guidance including workshops and seminars and access to business investment finance;
 - The launch of a 'Business Angels' network to provide investment in fast growing enterprises;

- Wirral Business Forum, an on-line business communication service offering opportunities for local inter-trading and development, with a growing membership of over 2,800 Wirral business people;
 - Implementation of the Council's green growth strategy.
- 2.3 Since September 2011 Invest Wirral has operated a business support and advice service which has enabled skilled private sector individuals to be procured to offer support to Wirral businesses on key elements of business activity to promote growth and employment opportunities. The programme has been greatly valued by Wirral businesses with over 500 receiving advice and support. However, the resources identified for the delivery of this programme will be exhausted by the end of November 2012.
- 2.4 Over the past few months Wirral has been working with city region partners to secure ERDF resources for the provision of business support and advice services. This funding will enable Wirral to continue to deliver its business support programme, providing it ensures compliance with ERDF requirements. Delivery of this ERDF programme will be taken forward by each of the six local authorities, with Liverpool City Council acting as accountable body with the Department of Communities and Local Government for the city region funding. Allocations to each of the local authorities has been based on current local authority activity and an assignment of relevant outputs.
- 2.5 The new ERDF Business Support programme will run from the new year and support businesses to grow and increase their turnover. Business advisors will deliver general support, but also targeted specialist advice on areas such as marketing, IT, finance etc. Network / workshop events will be run that are tailored to meet identified business needs and there will be the opportunity for businesses to access managed workspace. In addition the programme will enable SMEs' to maximise their job creation opportunities and to offer support to businesses to employ people from disadvantaged communities.
- 2.6 On the 21st February 2011 (min 327 refers) Cabinet agreed the budget Policy Option of £500,000 over two years, for the provision of business support and advice services to support the Borough's SME's with the potential to grow. On the 23rd June 2011 (minute 47 refers) Cabinet agreed the Investment Support Services Framework from which the match funding from the 2011/12 budget Policy Option of £500,000 would be drawn for supporting businesses. Due to delays in the ERDF development process these funds were transferred into departmental reserves. This resource will enable £430,000 of ERDF funds to be drawn down. However, ERDF resources are only available to deliver activity within designated deprived areas. Invest Wirral will ensure businesses which operate outside of these areas are able to receive support by using the £70,000 that remains within the budget. This funding will also enable legal advice to be obtained to advise on the eligibility of Wirral businesses to receive support under the programme and ensure compliance with State Aid de minimis rules.
- 2.7 A draft grant agreement has now been received from Liverpool City Council for the Business Support programme. The funding offer to Wirral Council is for an ERDF grant of £430,000 at a grant intervention rate of 50% towards ERDF eligible total expenditure of £860,000. The total project cost would be £930,000. The maximum

period over which the ERDF eligible expenditure can be incurred is from the 16th July 2012 until 30th September 2014, with Wirral's programme being planned to run from the 2nd January 2013 until the 30th June 2014.

- 2.8 Officers from Legal Services have identified some clauses within the ERDF grant agreement from Liverpool City Council which require amendment or deletion prior to signing. Due to the timescales for delivery of the programme and the related output targets, Members are requested to delegate responsibility to the Acting Director of Law, HR and Asset Management and the Director of Regeneration, Housing and Planning to finalise and sign off the ERDF grant agreement in consultation with the Leader of the Council and the portfolio holder for Regeneration and Planning Strategy.
- 2.9 Given the value of the contract the procurement of the programme delivery will be taken forward using a process that is OJEU compliant. The Interim Director of Finance has confirmed that the use of Matrix Consultancy, as a pilot in the first instance, meets the OJEU and council requirements for procurement.

3.0 RELEVANT RISKS

- 3.1 The Council is required to be the Accountable Body for the ERDF resources and in addition to managing and accounting for the money it also has to ensure compliance with all existing European financial and audit requirements. Failure to comply with these requirements could result in claw back of the grant from the Council. These are standard ERDF requirements and ones which the Council has undertaken in relation to other ERDF projects for which it is the accountable body.
- 3.2 There will be a requirement for the Council to meet output targets for the provision of business support. These have been based on current activity and the Council has a proven track record in procuring business advisors to successfully work with businesses to enable them to grow and increase employment opportunities. The Council will manage the programme through existing officers in the Department for Regeneration, Housing and Planning who have the expertise in dealing with ERDF projects.
- 3.3 Failure to confirm the match funding would result in the loss of £430,000 of ERDF resources to the Borough and mean that advice and business support services would not be available to Wirral businesses.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 There are no other external funding opportunities available to deliver the Business Support programme.

5.0 CONSULTATION

- 5.1 Wirral's Investment Strategy provides the framework for the development of the Business Support programme and this has been reviewed following consultation with partners. The development of the programme has also been informed by the consultation undertaken as part of the Scrutiny Review of Green Growth in Wirral and through consultation with a number of private sector partners through Invest Wirral's Business Forum.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None as a direct result of this report.

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

7.1 As outlined in paragraph 2.6 above, Cabinet has previously agreed the resources for the Investment Support Services Framework from which the match funding sum of £500,000 would be met. This will enable £430,000 of ERDF resources to be drawn down, but also ensure businesses outside of the designated deprived areas can be supported.

7.2 A City Region Consortium of local authorities has been working to secure ERDF for a Merseyside Business Support programme since early 2011 and £500,000 was identified from the 2011/12 Budget Policy Option (Cabinet 23rd June 2011 minute 47 refers) to be used as match funding for this programme. However due to delays within the development process these resources were transferred into departmental reserves to ensure that the ability to match fund ERDF was retained.

7.3 Owing to the value of the Business Support programme delivery will be taken forward using a process that is OJEU compliant. The Interim Director of Finance has confirmed that the use of the Council's Matrix Consultancy contract, as a pilot in the first instance, meets OJEU and Council requirements for procurement.

7.4 Financial provision for the costs of one Project Manager has been included in the programme. Existing staff resources within the Department of Regeneration, Housing and Planning will also support the implementation of the programme.

8.0 LEGAL IMPLICATIONS

8.1 Businesses supported by the Programme will be subject to State Aid and de minimis rules and it will be necessary to ensure compliance with these. State Aid rules exist in order to prevent any form of aid to a commercial undertaking distorting, or threatening to distort, competition within the European Community. However, a number of block exemptions are in place which enable support to be given in areas such as developing disadvantaged regions and promoting small and medium sized enterprises as this is considered to be in the common interest of the EU and is therefore allowed where required. Expert legal advice will be taken to ensure that the businesses supported by the programme are compliant with State Aid.

8.2 The development of the programme will need to ensure that where relevant there is compliance with the obligations arising under the Bribery Act 2010 which came into force on the 1st July 2011.

8.3 The ERDF grant agreement relating to the Business Support Programme will detail the Council's duties and obligations as the ERDF Accountable Body and the draft agreement will be amended to accurately reflect the terms and conditions negotiated by the Council.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposals been reviewed with regard to equality?

- (a) Yes and the impact review can be accessed at:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 The programme will offer support to local businesses to identify investment/supply chain opportunities within the Low Carbon / Offshore wind sector.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no immediate planning and community safety implications arising from this report.

12.0 RECOMMENDATIONS

- 12.1 Cabinet agrees to delegate responsibility to the Acting Director of Law, HR and Asset Management and the Director of Regeneration, Housing and Planning to finalise and sign off the ERDF grant agreement with Liverpool City Council in consultation with the Leader of the Council and the portfolio holder for Regeneration and Planning Strategy.
- 12.2 Cabinet confirms that £430,000 of funding allocated as part of the Investment Support Services Framework can be used as ERDF match funding for the Business Support Programme.
- 12.3 Cabinet confirms that £70,000 to be used to ensure businesses outside of the designated deprived areas can be supported via this programme alongside other non eligible ERDF activity.

13.0 REASONS FOR RECOMMENDATIONS

- 13.1 The Investment Strategy sets out an ambitious vision for Wirral to secure its economic future by attracting investment and creating sustainable jobs for the people of the Borough. The Business Support programme will assist Wirral businesses to grow and provide employment opportunities for Wirral residents.
- 13.2 The recommendations in this report will enable the Business Support Programme to meet the delivery timescales and achieve the required outputs by enabling advice and support to be provided to businesses from the 2nd January 2013. If this does not happen then the ERDF resources may be lost to the Borough.

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APPENDICES

The Investment Strategy 2011-16 Wirral Council website <http://www.wirral.gov.uk/my-services/business/investment-strategy>

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy and Regeneration Overview and Scrutiny Committee - Green Growth in Wirral	8 th March 2012
Cabinet – Investment Support Services Framework	23 rd June 2011
Cabinet – Targeted Inward Investment Activity	21 st July 2011
Cabinet – Investment Strategy	21 st July 2011

LGA Wirral Improvement Board

Key Messages

The first part of the Board was held in Public session. The Chair explained the role of the Board and updated the public present on the progress made since the last meeting and thanked them for their attendance.

The Chair then updated the Board that Steven Pleasant, Chief Executive of Tameside, will be joining the Board at Chief Executive Peer.

The Board agreed that given the encouraging progress that has been made in implementing the Improvement Plan that meetings would move to every other month. This will enable Council Officers to better support the desire of the Board to focus on Strategic outcomes in the future.

Cabinet lead for the Improvement Board – Councillor Ann McLachlan reported progress on the following:

- Consultation on the first stage of the Council's budget setting process has closed with an encouraging response. Members were thanked for their involvement in scrutiny workshops. This new way of working will be imbedded in the forthcoming member's engagement plan.
- Investors in People accreditation has been retained with improvements identified by the inspection team
- The Board were also updated on the Council's budget process and the work of the Members Development Group
- The Chief Executive thanked the three group Leaders for their continued support and updated the Board on the recent departure of Senior Officers, the forthcoming Senior Management restructure, and progress on the appointment of Strategic Directors. The Board recorded their congratulations to all three Group Leaders for the progress that had been made.

The Board was provided with an update on progress relating to leadership, elected member development and culture change. Performance appraisal for the Chief Executive and Senior Management team has commenced which includes a more systematic approach to leadership capabilities and values. A programme of member development activity is underway as are plans to implement a culture change programme in 2013.

The Board noted the ambitious nature of the programme and stressed the importance of more joint working between Officers and Members, the vital role Group Leaders will play and asked that to be reflected in plans moving forward. It was restated that Leadership Development should be the number one priority for the Council and that appropriate resources should be put in place.

The Board considered reports relating to progress made to improve the Council's decision making and scrutiny processes. The Board stressed the key objective was not to have it

on paper but improved process in practice that would result in better decision making. The Board believed that this would be a key indicator that the Council is making progress.

The Board welcomed a presentation outlining the Council's investment strategy and the approach taken to Economic Development. The Board recognised this as an area of high achievement that would not require the Boards close attention in the future.