

# CABINET

Thursday, 29 November 2012

<u>Present:</u>	Councillor	P Davies (Chair)	Leader of the Council Finance
	Councillors	G Davies P Hackett AER Jones C Jones B Kenny AR McLachlan C Meaden H Smith T Smith	Housing and Community Safety Regeneration and Planning Strategy Corporate Resources Adult Social Care and Public Health Environment Improvement and Governance Culture, Tourism and Leisure Streetscene and Transport Services Children's Services and Lifelong Learning

## 130 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

No declarations of interest were received.

## 131 MINUTES

### RESOLVED:

**That the Minutes of the meeting of the Cabinet held on 8 November 2012 be confirmed as a correct record.**

## 132 WELFARE REFORM - LOCAL COUNCIL TAX SUPPORT SCHEME

A report by the Interim Director of Finance informed the Cabinet that the Council was required to establish a Local Council Tax Support Scheme, known as Council Tax Support (CTS), to replace Council Tax Benefit (CTB) from April 2013. This was a key strand of the Government's wider Welfare Reform Review. The Director informed that the Scheme also brought with it reduced funding from Central Government.

It was proposed that a new Local Council Tax Support Scheme would replace CTB for 2013/14 that would manage the £3.2 million shortfall in Government funding that had been based upon current, and increasing, levels of CTB. The Cabinet was told that there were associated costs that increased the shortfall to a maximum of £3.635 million. In addition, the change also increased the likely level of non-collection of Council Tax by up to £1 million gross/£0.85 million net, and this needed to be included within the Budget Projections for 2013/14.

It was noted that the Council must approve a Scheme by no later than 31 January 2013 or the Government default Scheme, requiring the shortfall to be fully funded by the Council, would be imposed. The Cabinet was asked to recommend a Scheme to the Council.

The Scheme options were as follows:

- Scheme 1 - Grant reduction contained within claimant base
- Scheme 2 – Transitional Grant Scheme
- Scheme 3 – Government Default Scheme

The Cabinet was informed that the adoption of a Localised Scheme included the need to change financial modelling to support the Scheme. Government support would reduce by around £3.2 million in 2013/14 and the Council had to determine whether to meet this loss from alternative savings or to fund all, or part of this, from a reduction in awards to current CTB recipients. Depending upon the decision taken there could be increased challenges ahead in collecting the sums due.

Scheme 1 was recommended as this, essentially, ensured the Scheme could be funded from within the reduced resources available.

Councillor Phil Davies commented that he found the report very difficult to accept. The Council would be imposing an additional burden on some of the poorest people living in the Borough. It was regrettable that the Government had transferred this Benefit to the Council without adequate funding. Under the circumstances he questioned whether the Government was serious about localism as he considered that this made a mockery of it. It was imperative that the Council was given sufficient funds to deliver the new Scheme if the adverse impact upon the poorest in the Borough was to be avoided. Councillor Davies commented that the Government was imposing a charge of 22% on people on low incomes and consequently, Councillor he felt uncomfortable in moving the recommendations.

**RESOLVED: That**

**(1) it is recommended to the Council that:**

- (a) eligible Pensioners and Vulnerable Groups (disabled, disabled child and war pensioners) be protected under the Local Council Tax Support Scheme;**
- (b) the Local Council Tax Support Scheme proposed for 2013/14 be Scheme 1 with the associated proposals that will see Working Age Claimants meet 22% of the Council Tax**

payable in order to meet the £3.2 million reduction in Government Grant;

- (c) the annual increase in caseload, estimated at 1% (£300,000) per year be included with the Budget Growth Projections for 2014/15 onwards;
  - (d) the potential losses on collection of £1 million gross/£0.85 million net be incorporated within the Council Tax Base calculation and that this reduction in Council Tax Income be reflected in the Budget Projections for 2013/14, funded from the change in the Council Tax discounts; and
  - (e) thanks be extended to those residents who participated in the Council Tax Benefit consultation, ensuring the consultation was meaningful.
- (2) the Cabinet is appalled at the Government's decision to transfer responsibility for helping people on low incomes to pay their Council Tax to local authorities, but to cut the funding for this by 10 %, resulting in a shortfall for Wirral of £3.5 million;
  - (3) Councils like Wirral have been placed in the awful position of being forced to choose between reducing support to some of the poorest people in the Borough or removing funding from other Council services;
  - (4) the Government's transitional grant scheme will not help Wirral as it will leave a shortfall of £1.4 million which will have to be found by cuts elsewhere;
  - (5) the Cabinet believes that this policy makes a mockery of Localism. If the Government is not prepared to transfer both powers and adequate funding to Councils then genuine devolution will never be achieved;
  - (6) the Cabinet calls on the Government to rethink this ill-judged policy as a matter of urgency; and
  - (7) the four Wirral MPs be requested to lobby the Government for more funding on the Council's behalf.

### 133 **INSURANCE FUND BUDGET 2013/2014**

A report by the Interim Director of Finance set out the elements which made up the Insurance Fund, the cost of running the Risk and Insurance Section

and the Budget for 2013/14, as the Insurance Fund was one element of the Council budget setting process.

The Cabinet noted that there was a net increase in costs of £44,000 in 2013/14. However, as the 2012/13 increase had been offset by the use of the Budget Surplus Reserve, the increase was £180,000 (£141,000 for General Fund services and £39,000 for Schools). There had also been the return of £529,396 of Fund balances back to Council General Fund balances.

**RESOLVED: That**

- (1) the Insurance Fund budget be agreed;**
- (2) the release of £529,936 from the Insurance Fund to General Fund balances be agreed; and**
- (3) as part of the impending procurement of insurance contracts, options for reducing external premiums through greater self-insurance and/or restrictions in cover be explored and the options and risks/benefits of each be reported to the Cabinet.**

134 **ANNUAL AUDIT LETTER 2011/2012**

A report by the Interim Director of Finance informed that the Annual Audit Letter was issued by the District Auditor and sent to all Members of the Council and presented to the Cabinet and to the Audit and Risk Management Committee for consideration. It was primarily for information with Members being asked to note the comments and the actions taken, and being taken.

The Cabinet considered the Annual Audit Letter in detail noting that it covered the key areas of:

- Financial statements and value for money conclusion.
- Gifts and hospitality and conflicts of interest.
- Report in the Public Interest (Highways and Engineering Services).
- Claims and Returns.

It was noted that Michael Thomas, the District Auditor had discussed and agreed his letter with the Chief Executive and the Interim Director of Finance. Whilst 2011/12 had been another challenging year for the Council, Mr Thomas thanked Members and Council Officers for the positive and helpful approach they had taken to his audit. He also thanked the Senior Management and the Audit and Risk Management Committee for their support and co-operation during the audit.

**RESOLVED:**

- (1) the contents of the Annual Audit Letter 2011/12 including the actions taken, and being taken, to address the issues raised be noted; and**
- (2) the District Auditor be thanked for his work this year, and in previous years.**

135 **LEVEL OF GENERAL FUND BALANCES**

A report by the Interim Director of Finance specified the level of General Fund balances the Council maintained. It also set out the approach that had been used to determine this level and suggested an approach to replenish the Council's General Fund balances.

A risk assessment had been drawn up of the cost and demand pressures on budgets, insurance liabilities, the achievement of budget savings, and other financial uncertainties which supported the proposed level of balances of approximately £12.5 million for 2012/13. This assessment was set out in Appendix 1 to the report and Appendix 2 contained earmarked reserves to be released.

The Council had, and was facing, funding reductions at a time when the demand for its services, due to population changes and the economy, was increasing. The current projected revenue forecast for the year, at Month 6 (to end September 2012), showed a potential General Fund overspend of £13.2 million.

Councillor Phil Davies informed the Cabinet that it was prudent to ensure that there were balances available to deal with the risks identified.

**RESOLVED: That**

- (1) the Cabinet agrees:**
  - (a) the level of General Fund balances recommended is based on a locally determined approach to the assessment of the financial risks the Council may face in the future;**
  - (b) the Council maintains its level of balances at or above the locally determined level of General Fund balances;**
  - (c) the transfer of £10.5 million of earmarked reserves to the General Fund balances; and**

- (d) **the transfer of £2 million of earmarked reserves to enable the creation of an Efficiency Investment Rolling Fund.**
- (2) **the Cabinet notes that, due to the potential £13.2 million in year overspend faced by this Council, caused in the main by unprecedented cuts in grant from the Coalition Government, all non essential spending has been frozen;**
- (3) **the Cabinet has already released £220,000 of funding for local road safety initiatives following a successful bid to the Local Sustainable Transport Fund;**
- (4) **in spite of continuing budget pressures, given clear local need, the Cabinet agrees to the immediate release of £330,000 for Area Forums (£30,000 per Forum) for the support of local Community and Voluntary Group projects;**
- (5) **given the urgency of allocating this resource, the Cabinet instructs Officers to meet with Local Ward Members to consider bids that have been submitted, and make recommendations on how this funding should be allocated. Whilst these recommendations are a matter for Ward Members, the Cabinet urges Members to consider prioritising bids that seek to assist the most vulnerable and to support community groups who are most in need; and**
- (6) **the Cabinet also notes that the Chief Executive is currently consulting with residents and staff regarding the future of Area Forum funding and requests that funding for future years be considered in the light of the consultation findings.**

## 136 **CAPITAL PROGRAMME REVIEW**

A report by the Interim Director of Finance proposed that a number of schemes within the Council Capital Programme be reduced or removed following a review of the Programme and, in particular, those schemes planned to be funded from unsupported borrowing. The reduction in borrowing requirements would deliver savings in 2013/14 and subsequent years.

The Cabinet was informed that, as part of the revised Capital Monitoring arrangements, the regular monthly report had identified the significant slippage that had occurred, and continued to occur, in the delivery of the agreed Programme. The Period 6 report (September 2012) presented to the Cabinet on 8 November 2012 included reference to a future report on proposals to cease or reduce schemes arising from a review of the current Capital Programme (Minute No. 212 refers). The Appendix to the report detailed the proposed reductions in the Capital Programme 2012/15 which

had been proposed by Chief Officers and considered by Officer Groups (Executive Team, Budget and Capital Steering Groups).

**RESOLVED:**

**That, it be recommended to the Council that, the Capital Programme be amended to reflect the changes detailed in Section 2 of the report, and summarised below and this be incorporated within the Period 8 (November 2012) Capital Monitoring Report:**

**Reduction in the Capital Programme and Reductions in Funding**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Programme Reduction</b>	<b>11,475</b>	<b>14,015</b>	<b>5,265</b>	<b>30,755</b>
<b>Funding</b>				
Unsupported Financing	8,230	11,100	3,800	23,130
Invest-To-Save	2,275	400	0	2,675
Grant	970	2,515	1,465	4,950
<b>Funding Reductions</b>	<b>11,475</b>	<b>14,015</b>	<b>5,265</b>	<b>30,755</b>

**137 IMPROVEMENT PLAN - PROGRESS REPORT**

A report by the Chief Executive updated on progress in delivering the Improvement Plan. This included a summary of the key achievements to date as well as the activities scheduled in the next period. These were set out against the five priority themes around which the Plan had been developed.

The report also provided a more general narrative which reflected the observations of the Improvement Board and the feedback from the Peer Challenge, as well as highlighting some of the issues and challenges in the next stages of delivery.

**RESOLVED:**

**That the report be noted.**

**138 IMPROVEMENT BOARD - KEY MESSAGES**

Councillor Ann McLachlan asked the Cabinet to note the Key Messages from the meeting of the Improvement Board held on 16 November 2012. She informed that the Council's budget remained a key priority. The Council was behind other authorities in addressing the budgetary challenges but this did present opportunities to learn from others. Councillor McLachlan confirmed

that the Corporate Peer Challenge had been recently completed and it had confirmed that the Council had adopted an appropriate framework for improvement. The Board welcomed the outcome of the Peer Challenge and had stressed the importance of using the outcomes to drive further progress.

Councillor McLachlan reported that the Corporate Management Team had been strengthened with the appointments of Clare Fish, former Chief of Staff at Oldham Council, to the post of Strategic Director for Families and Wellbeing; and Kevin Adderley, former Director of Regeneration, Housing and Planning, to the role of Interim Strategic Director for Regeneration and Environment.

Councillor McLachlan commented that the recent 'What Really Matters Consultation' had been well received by the public and there had been some good responses. She also reported on Elected Member Development and confirmed that an event had been arranged for 30 November called 'The shape of thing to come' for Members.

Work was ongoing to streamline improvements into the Council and the Wirral Improvement Plan – Progress Report had been well received by the Council Excellence Overview and Scrutiny Committee at its meeting on 29 November 2012.

The Council was implementing much of the Improvement Plan. The Improvement Board was happy with the progress that had been made so far and was now content to meet bi-monthly as opposed to monthly, as it had previously done. The next meeting of the Board had been scheduled for February 2013.

Councillor Phil Davies confirmed that the Council was due to receive more information following the recent Peer Challenge and that this would be posted on the Council's website. He considered the exercise provided a good external health check and had resulted in a positive report.

**RESOLVED:**

**That the Key Messages arising from the meeting of the Wirral Improvement Board held on 16 November 2012 be noted.**

139 **EGERTON HOUSE**

A report by the Director of Regeneration, Planning and Housing outlined the details of a proposed merger of Wirral Investment (Management) Network (WiN) with Egerton House (Wirral) Ltd. The Cabinet was informed that the proposed merger would create a new business support organisation 'Wirral Business Partnership' that would continue to operate from the Egerton House

building, further enhancing the delivery of business support activity within the Borough.

The Council would be asked to endorse the proposed merger and nominate two representatives to sit on the Board of Wirral Business Partnership. Also, the Council had been asked to consider a new twenty years lease relating to the Egerton House facility, which was effectively a ten years extension to the current lease which ran out in 2022.

**RESOLVED: That**

- (1) the Cabinet endorses the merger of Wirral Investment Network (WiN) and Egerton House (Wirral) Limited to form a new company 'Wirral Business Partnership' with the intention of delivering high quality business support activity within the Borough;**
- (2) the nominations to the Wirral Business Partnership Board of the Leader of the Council and the Strategic Director of Regeneration and Environment be agreed;**
- (3) the Acting Director of Law, HR and Asset Management be authorised to enter into negotiations for the surrender of the current Lease of Egerton House (Wirral) Limited and the grant of a new Lease to Wirral Business Partnership on terms to be agreed and reported back to the Cabinet. (This is subject to the conditions outlined within paragraph 8.4 of the report being met.)**

**140 CONTRACT FOR STREETSCENE SERVICES - ARBORICULTURE - 2013 TO 2016**

A report by the Interim Director of Technical Services advised the Cabinet of the completion of the "Streetscene Services Arboricultural Contract 2008 to 2010" and sought approval for the proposals to provide a continued service in the short-term, together with proposals for the next Arboricultural Contract.

The report also advised the Cabinet of the long-term proposals to bring back in-house the maintenance and management of Arboricultural Services.

The Cabinet noted that the maintenance of all aspects of the highway infrastructure, including highway trees, was a statutory duty on the Council as Highway Authority.

**RESOLVED: That the Cabinet**

- (1) approves the proposal to procure competitive tenders for Arboricultural Contractors for a new “Streetscene Services Arboricultural Contract 2013 to 2015” for the period from June 2013 to June 2015, with the option of a one-year extension to June 2016; and**
- (2) approves the recommendation to provide a limited service for the interim period, between 31 December 2012 and 1 June 2013 with an estimated value of £16,500, primarily dealing with emergency/urgent issues and reactive maintenance by employing Amenity Tree Care Ltd on the same financial terms as those that currently exist.**

**141 WIRRAL YOUTH ZONE**

A report by the Acting Director of Children’s Services provided an update on the exploratory work that had been carried out in respect of the development of the Wirral Youth Zone since the last report was presented to Cabinet on 2 February 2012 (Minute No. 300 refers).

The previous Cabinet report had detailed two land options (A and B) for consideration in order to progress the development of Wirral Youth Zone. The report had provided the recommendation to progress with Option B and the justification for this recommendation. The report had also recommended the allocation of £1 million capital funding during 2013/14 and that the Council should continue to work with partner agencies, in both the public and private sectors to develop the scheme and secure the funding required to finance the building of the new Wirral Youth Zone.

The previous report had detailed the benefits for young people in Wirral this facility would provide and Appendix 1 to the report summarised how the Council’s priorities would be achieved.

The Cabinet was informed that capital expenditure to build Wirral Youth Zone had been estimated to be up to £6 million. In the first three Youth Zones developed by the Council’s proposed partner “Onside”, the Council’s contribution had been funded entirely by the Government’s My Place Programme (which had now ended). Currently, Preston, Wolverhampton and Chester were in development and each Council had contributed £3 million in Capital funding. The remaining capital costs in each case had been funded from public, private and voluntary sector contributions. The initial investment from Wirral Council, which this report sought, was intended to be the catalyst to attract further investment.

It was reported that Merseyside Fire Authority had confirmed that it would not be charging for the use of the land and it would present the project as a proposal for capital investment.

The original aim had been for the facility to be opened by the end of 2013. However, Members were informed that this would not now be achievable. This meant the project had fallen behind the timescales of the developments of the new Fire Station, but if the Council committed to a capital allocation, the land would still be available for this purpose. The Cabinet noted that if a commitment was not made the Fire and Rescue Service may need to find an alternative use for the land.

**RESOLVED: That**

- (1) agreement be sought from the Fire Authority regarding the proposed transfer of land to the project;**
- (2) £1 million Capital funding be allocated during 2013/14 and the Council will continue to work with partner agencies, in both the private and public sector to develop the scheme and secure the additional funding required to finance the building of the new Wirral Youth Zone;**
- (3) legal structures be explored for developing and operating the Youth Zone and such agreements be entered into as necessary in respect of match funding.**