

CABINET

Thursday, 7 February 2013

<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

181 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Councillor C Meaden declared a non-pecuniary interest as her daughter worked for Wirral Council.

P Hackett and H Smith declared non-pecuniary interests as they each had a family member who was in a Council Home.

182 MINUTES

RESOLVED:

That the Minutes of the meeting of the Cabinet held on 24 January 2013 be confirmed as a correct record.

183 PROPOSAL TO CHANGE THE COUNCIL'S ENHANCED DISCRETIONARY SEVERANCE SCHEME

A report by the Chief Executive informed the Committee that the Council was facing a considerable financial challenge to reduce its net budget. The current position was that the Council was facing a budget deficit of approximately £109m over the next three years. The projected deficit for 2013/14 was currently £39m, with exception items at £38.4m, giving a total of £77.4m for 2013/14. Consequently, this would necessitate significant changes to the manner in which the Council conducted its business and this would impact on the Council's workforce.

The Council currently employed its workforce on national and local conditions of service. The local conditions of service were subject to local agreement through a collective agreement with recognised Trade Unions (NJC Recognition Agreement with Trade Unions). The Council had a legal obligation to consult with recognised Trade Unions and staff on options to reduce the cost of the workforce and so reduce the potential numbers of job losses. The requirements for consultation were laid out in the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA).

The Cabinet was told that as part of the consultation, the Council was required to consult on the terms of the Enhanced Discretionary Severance Scheme. Consultation in relation to the proposal to change the Council's Enhanced Discretionary Severance Scheme had begun on 12 November 2012. During this period of consultation, the Council had met with the recognised Trade Unions through a series of regular meetings, with the aim of seeking agreement and considering the Trade Unions feedback in relation to the Council's budget shortfall for 2013/14.

Members noted that all employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme had received a letter on 23 November 2012. The letter had informed that the Council had opened consultation with the Trade Unions in relation to changing the current Scheme to a Scheme that was more affordable for the Council.

The Chief Executive introduced his report and informed that the Council had a duty to keep its Scheme under regular review and ensure that it was both practical and affordable. He advised that the application of the 2.2 multiplier was not practical or feasible. The Council would have to make deeper cuts to finance the current Scheme, placing further pressure on the Council's budget.

Appended to the report were a range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme – based on 15% of the workforce for Members' information.

The Chief Executive reported that there had been a number of discussions with the Trade Unions and with the Department for Communities Local Government (DCLG) with regard to the Council being allowed to capitalise the statutory element of any redundancy costs that became payable. The DCLG was considering this matter but had given a positive indication that it may allow the Council to capitalise up to £5m. The Chief Executive however, emphasised that a firm decision had not yet been made but was optimistic of a positive outcome.

It was, however, necessary for the Council to review and make a decision on its Enhanced Discretionary Severance Scheme as budget options could not fully be considered until a firm decision was made. Delaying a decision on this would come at a cost to the Council and this would need to be balanced

against the risk of not being granted permission by the DCLG to capitalise. The statutory element of any redundancy costs. Moreover, potentially affected employees needed to understand what the financial implications could be to them. The Chief Executive informed the Committee that it was his view and that of the S151 Officer that it would be inappropriate for the Council to support an Enhanced Discretionary Severance Scheme that was above the statutory minimum.

The Chief Executive's report provided the Cabinet with a range of options to change the Council's Enhanced Discretionary Severance Scheme, including an update on the consultation process in relation to this. The Cabinet considered the options and the consultation feedback. It agreed that the Council's current Enhanced Discretionary Severance Scheme was unsustainable going forward and Councillor P Davies proposed that the Employment and Appointments Committee be recommended to change it by applying a 1.8 multiplier instead of the 2.2 multiplier that was being applied under the current Scheme.

Joe Taylor, Unison's branch secretary was in attendance at the meeting and was invited to address the Cabinet. Mr Taylor gave credit to the Cabinet for proposing to adopt an Enhanced Severance Scheme rather than the statutory Severance Scheme that had been recommended for adoption by the Chief Executive. Mr Taylor considered that the proposed Enhanced Scheme would attract volunteers for redundancy.

Mr Taylor referred to the cuts that the Government was imposing on the Council and also to the specific local problems the Council was experiencing and informed that a multiplier of 1.8 could provide the grounds to move forward on a voluntary basis. He reminded the Labour Administration that the Labour Party had a proud history of no compulsory redundancies in Wirral. Mr Taylor thanked the Cabinet for the decision it had made.

RESOLVED: That

- (1) this Administration is committed to avoiding compulsory redundancies as far as possible;**
- (2) in the light of the Council's extremely difficult financial position Cabinet cannot commit to discretionary costs without identifying where the funding will come from;**
- (3) discussions have taken place with the minister and senior officials from the Department of Communities and Local Government regarding how the cost of severance can be met. The Council has received indications that DCLG may support a £5 million capitalisation of severance costs. Any additional funding would require us to make further savings and possible job losses.**

- (4) The Cabinet notes the advice of the Chief Executive to limit the cost of severance to the level of a statutory uncapped scheme. Cabinet has also listened to representations from staff and the Trade Unions to operate a severance scheme which is as generous as possible in order to avoid compulsory redundancies;**
- (5) as part of this Administration's commitment to avoiding compulsory redundancies and in recognition of the commitment of our staff, Cabinet is proposing to maintain an enhanced severance scheme over and above the statutory minimum and also to maintain a scheme which is uncapped;**
- (6) the Cabinet would therefore recommend to the Employment and Appointments Committee, which meets on the 7th February 2013, that the Council's Enhanced Discretionary Severance Scheme should be as follows:**
 - (a) it will be based on the statutory scheme;**
 - (b) it will be subject to the following enhancements:**
 - (i) the weekly sum in the calculation will be uncapped;**
 - (ii) the final sum of the statutory calculation (at an uncapped salary level) will be multiplied by 1.8 to a maximum of 54 weeks.**
- (7) The Cabinet reaffirms its support for an enhanced severance scheme and believes that the proposal set out above is the maximum the Council can afford at this time. To go any further would, we believe, require additional cuts and additional job losses. The proposal set out above means that Wirral Council will still have one of the most generous local government severance schemes in Merseyside and the North West.**
- (8) as part of our requirements under the Regulations to operate a severance scheme that is 'workable, affordable and reasonable having regard to the foreseeable costs', Cabinet further recommends that a review of the scheme proposed above takes place in December 2013.**

184 CONSULTATION FINDINGS: WHAT REALLY MATTERS STAGE 2

A report by the Chief Executive reminded the Cabinet that at its meeting on 10 July 2012 it had 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 inform

the decision making process surrounding significant budget savings. (Minute No. 45 refers)

The Cabinet had received the feedback on the first stage of the consultation at its meeting on 8 November 2012 and resolved to instruct officers to publish a series of budget options and to further consult on those options. (Minute No. 120 refers)

The Chief Executive's report set out the feedback on those budget options from Wirral residents, staff and other stakeholders.

Councillor P Davies paid tribute to those staff who had co-ordinated and worked on the consultation. He informed that the response had been tremendous with 6,500 questionnaires having been returned. He expressed gratitude to all those members of the public who had provided their views. He also informed that a number of petitions had also been received.

Councillor P Davies gave his assurance that the Cabinet would make no decisions on the budget until its budget meeting scheduled for 18 February 2013. The Cabinet intended to consider all of the comments received before it put forward its final budgetary proposals.

RESOLVED: That the Cabinet

- (1) notes the consultation process and implementation described within the report, and thanks Wirral residents, staff and other stakeholders for their input;**
- (2) notes the detailed consultation findings in relation to each budget option as contained within Appendices 1, 2 and 3 to the Chief Executive's report; and**
- (3) particularly thanks those members of staff who co-ordinated and worked on the consultation exercise.**

There followed a short adjournment whilst members of the public left the meeting.

185 FEES FOR RESIDENTIAL AND NURSING HOME CARE

A report by the Director of Adult Social Services set out the outcome of a renewed consultation with care home providers as agreed by the Cabinet at its meeting on 20 December 2012 (Minute No. 150 refers) and recommended a final proposal for 2012-13.

The Cabinet was asked to approve the final proposal as detailed below and note that the additional cost was estimated at £1,058,000 in a full year.

Assumed number of beds for an efficient home	37
Occupancy rate	95%
Residential weekly rate	£395
Residential EMI weekly rate	£425
Nursing weekly rate	£537
Nursing EMI weekly rate	£552
Return on capital	7%
Return on business activity	3%
Duration	1 year to 31 March 2013

The Director of Adult Social Services introduced his report informing that Wirral care homes were a mix of purpose built homes and adapted large private houses. The Council's strategy for 2012/13 was to set fees that maintain capacity. It was not necessary to increase provision. In the medium term it was planned to use less care home places. Instead people would be helped to remain in the community. Care home fees were set with due regard to providers' actual costs. The Council's duty to achieve best value was a factor.

The final proposal was calculated by the Efficient Wirral Care Home model. The model aimed to make due allowance for actual costs and market returns. The model was intended to calculate a fair and reasonable weekly rate for the four different categories of care home placement.

Lawson Stebbings, Director of the Wirral Care Home Association Limited was in attendance at the meeting and was invited to address the Cabinet. Mr Stebbings highlighted issues he wished the Cabinet to consider before making its decision on the model that would be used to calculate weekly rates for the different categories of Care Home placements. He specifically reminded the Cabinet that under section 21 of the National Assistance Act 1948 local authorities had a duty to support those who had a local connection with their area who were in need of accommodation and services by reason of age, disability or some other substantial reason. Mr Stebbings told the Cabinet that regard must be had to the actual cost of providing care and the Council having a funding short fall was not a good enough reason not to set fees in accordance with the care package received.

Councillor P Davies thanked Mr Stebbings for his contribution to the meeting and informed that he considered the proposal to be reasonable and fair, following a comprehensive consultation exercise during which Members had read and listened to the views of the Care Home Association.

RESOLVED:

That the implementation of the final proposal as set out above be agreed.

186 **NOMINATION OF MAYOR AND DEPUTY MAYOR 2013/14**

The Cabinet was requested to make nominations for the positions of Mayor and Deputy Mayor for the Municipal Year 2013/2014, which would then be submitted to the Annual Meeting of the Council.

RESOLVED:

That the following nominations be made for the Municipal Year 2013/2014 at the Annual Meeting of the Council on 13 May 2013:

- **Councillor D Mitchell for the role of Mayor; and**
- **Councillor S Foulkes for the role of Deputy Mayor.**

187 **TREASURY MANAGEMENT MONITORING - QUARTER 3**

A report by the Interim Director of Finance presented a review of Treasury Management policies, practices and activities during the third quarter of 2012/13. It confirmed compliance with treasury limits and prudential indicators being prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code for Capital Finance in Local Authorities.

RESOLVED:

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

188 **BAD DEBTS UPDATE**

The Chief Executive presented an oral report to update the Cabinet on the situation with the Council's bad debts. He informed that he intended to provide Members with an interim report within the next two weeks and that he would also ensure that this was placed in the public domain.

The Chief Executive reported that he had established a team of officers to chase up and recover bad debts and the practice which had led to them had now ceased.

RESOLVED:

That the report be noted.

189 **FREEDOM OF INFORMATION MONITORING - QUARTER 3**

A report by the Interim Director of Finance provided Members with quarterly analysis of requests received under the Freedom of Information Act and contacts made by the Local Government Ombudsman, as recommended by the Cabinet at its meeting on 12 April 2012. Additional qualitative information was offered on service performance in responding to contacts, highlighting any exceptions.

Councillor P Davies drew attention to paragraph 4 of the report which informed that the Information Commissioners Office had received a number of complaints about the time it took the Council to respond to FOI requests. The ICO would be monitoring the Council's performance during the three months, from 1 January to 31 March 2013, and may take further action if performance did not improve. The Chief Executive informed that a small team of officers had been put in place to work and find ways to improve the Council's performance.

RESOLVED:

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

190 **LAND ADJACENT TO LAIRD STREET, BIRKENHEAD - COMPULSORY PURCHASE ORDER**

Councillor G Davies introduced a report by the Interim Strategic Director for Regeneration and Environment which sought authorisation to commence action to compulsorily acquire land required for comprehensive redevelopment with new mixed tenure housing in the Milner Street area of Birkenhead, by exercising Compulsory Purchase Order Powers under Section 226(1) (a) of the Town and Country Planning Act 1990.

The report contained exempt information set out in paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972 and included details of the current position with regard to negotiations to acquire remaining legal interests at a site adjoining Laird Street, Birkenhead, shown coloured pink and edged in red on the plan at Appendix 2 area of Birkenhead. The exempt information was in Appendix 3. (Minute No. 193 refers)

RESOLVED: That

- (1) **the Cabinet authorises the use of Compulsory Purchase Order powers under the Town and Country Planning Act 1990, section 226 (1) (a) for the acquisition of the Order Land to complete the acquisition of land and property shown coloured pink and edged in red on the plan at Appendix 2; and**
- (2) **the Acting Director of Law, HR and Asset Management be authorised to take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Order including the publication and service of all notices and the presentation of the Council's case at any Public Inquiry and acquire the interests in the Order Land either by agreement or compulsorily.**

191 **KEY MESSAGES FROM THE IMPROVEMENT BOARD**

Councillor A McLachlan reported on the key messages from the Improvement Board which had met on 23 January 2013 specifically in response to the Council's growing budgetary pressures. The Board had informed that the position of the Council was unprecedented in its experience. Also, the Special Interest Group of Municipal Authorities outside London within the Local Government Association (SIGOMA) believed that the Council had fared the worst of 47 Metropolitan Authorities. The Council had received a cut in funding from the Government, 2.62% which represented a reduction of £151 per resident.

The Improvement Board had also been made aware of the Council's substantial in year budget issues including bad debt and under funded budgets, along with details of the steps being taken to address them.

The Cabinet was informed that the key target of ensuring budget stability had been the priority since the last meeting. Work was underway regarding the review of the Council's Constitution and new models of working relating to Scrutiny and Neighbourhood Working were being developed.

The Improvement Board had welcomed the appointment of Eugene Sullivan, previously the Chief Executive of the Audit Commission, who would provide additional external scrutiny moving forward.

It had been agreed that regular meetings of the Council's Leaders' Board were crucial and that at the next meeting this matter would be discussed and a report on proceedings would be considered at a future meeting of the Improvement Board.

RESOLVED:

That the Key Messages be noted.

192 **EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

That, under section 100 (A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

193 **EXEMPT APPENDICES**

The Cabinet noted the detail of the exempt Appendix 3 to Agenda Item 10 – Land adjacent to Laird Street, Birkenhead – Compulsory Purchase Order. (Minute No. 190 refers)