



# Cabinet

**Date:** Thursday, 7 February 2013

**Time:** 6.15 pm

**Venue:** Committee Room 1 - Wallasey Town Hall

**Contact Officer:** Lyndzay Roberts

**Tel:** 0151 691 8262

**e-mail:** [lyndzayroberts@wirral.gov.uk](mailto:lyndzayroberts@wirral.gov.uk)

**Website:** <http://www.wirral.gov.uk>

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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.

## ADULT SOCIAL CARE AND PUBLIC HEALTH

### 3. FEES FOR RESIDENTIAL AND NURSING HOME CARE (Pages 1 - 48)

## CORPORATE RESOURCES

### 4. NOMINATION OF MAYOR AND DEPUTY MAYOR 2013/14

The Cabinet is requested to make nominations for the positions of Mayor and Deputy Mayor for the municipal year 2013/2014, which will be submitted to the Annual Meeting of the Council.

5. **PROPOSAL TO CHANGE THE COUNCIL'S ENHANCED DISCRETIONARY SEVERANCE SCHEME (Pages 49 - 120)**

## **FINANCE**

6. **TREASURY MANAGEMENT MONITORING - QUARTER 3 (Pages 121 - 132)**
7. **BAD DEBTS UPDATE**

The Chief Executive to give a current position statement.

## **IMPROVEMENT AND GOVERNANCE**

8. **CONSULTATION FINDINGS: WHAT REALLY MATTERS STAGE 2 TO FOLLOW.**
9. **FREEDOM OF INFORMATION MONITORING - QUARTER 3 (Pages 133 - 144)**

## **REGENERATION AND PLANNING STRATEGY**

10. **LAND ADJACENT TO LAIRD STREET, BIRKENHEAD - COMPULSORY PURCHASE ORDER (Pages 145 - 156)**
11. **KEY MESSAGES FROM THE IMPROVEMENT BOARD (Pages 157 - 158)**
12. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

13. **EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

The following items contain exempt information.

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

**14. EXEMPT APPENDICES (Pages 159 - 160)**

- Appendix 3 to Agenda Item 10  
Land Adjacent To Laird Street, Birkenhead–Compulsory  
Purchase Order

Exempt by virtue of paragraph 3 as it contains commercially  
sensitive information

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

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

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## WIRRAL COUNCIL

### CABINET

7 FEBRUARY 2013

<b>SUBJECT:</b>	<b><i>FEES FOR RESIDENTIAL AND NURSING HOMES CARE – RESPONSE TO CONSULTATION</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL</i></b>
<b>REPORT OF:</b>	<b><i>GRAHAM HODKINSON</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b><i>COUNCILLOR CHRISTINE JONES</i></b>
<b>KEY DECISION?</b>	<b><i>YES</i></b>

#### **1.0 PURPOSE OF REPORT**

- 1.1 To report the outcome of a renewed consultation with care home providers as agreed by Cabinet 20 December 2012.
- 1.2 To recommend a final proposal for 2012-13.

#### **2.0 BACKGROUND**

- 2.1 Wirral care homes are a mix of purpose built homes and adapted large private houses. The Council's strategy for 2012-13 is to set fees that maintain capacity. It is not necessary to increase provision. In the medium term it is planned to use less care home places. Instead people will be helped to remain in the community. Care home fees are set with due regard to providers' actual costs. The Council's duty to achieve best value is a factor.
- 2.2 The final proposal is calculated by the Efficient Wirral Care Home model. The model aims to make due allowance for actual costs and market returns. The model is intended to calculate a fair and reasonable weekly rate for the four different categories of care home placement.
- 2.3 The chronology of arriving at the final proposal is set out below.
- 2.4 Other consultation with providers includes:
  - A questionnaire to providers about Quality Premiums and developing a fee model
  - Home Owner forums
  - Actual cost data collection from providers
  - An Older Peoples Group

<b>Chronology</b>		
April 2011	2011-12 fee rates come into operation	
May 2011	The Wirral Care Homes Association had commissioned their own calculation of 2011-12 rates. The calculation was carried out by market analysts Laing and Buisson. The calculation was provided to the Council.	
January 2012	Preliminary proposal for 2012-13 communicated to providers.	
October 2012	Cabinet authorises formal proposal to providers. The chosen option reflects the previous 9 months of bilateral work on the model.	
December 2012	Cabinet authorises revised proposal to providers reflecting consultation, which was extended to January 2013. This is set out in the following rows. The additional cost is estimated at £985,169 in a full year.	
	Assumed number of beds for an efficient home	37
	Occupancy rate	95%
	Residential weekly rate	£393
	Residential EMI weekly rate	£423
	Nursing weekly rate	£533
	Nursing EMI weekly rate	£552
	Return on capital	7%
	Return on business activity	3%
	Duration	2 years to 31 March 2014
10 January 2013	Wirral Care Homes Association provide the Council with Laing and Buisson reviews of the formal proposal made in October 2012 and the latest revised proposal	
17 January 2013	Consultation period on revised proposal ends	
7 February 2013	Cabinet authority sought for final proposal. Details of the proposal are set out below. The additional cost is 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

- 2.5 Delay in setting the fee rates will have reduced providers' cash flow. The Council now aims to finalise the rates as quickly as possible. Payments will then be made to providers backdating the increased fees to 1 April 2012.

2.6 Fees are set to enable efficient homes to comply with statutory requirements. However 70% of homes have already achieved three stars under Wirral's local scheme that parallels CQC requirements. Homes that have not achieved 3 stars have been prioritised for review by the Quality Assurance Team. The team will ensure that essential standards of quality and safety defined by the Care Quality Commission are met. To date 25 out of the 29 homes that had not achieved 3 stars have been inspected by the Quality Assurance Team.

2.7 Discussions with NHS Wirral are planned to look at continuing health care arrangements and end of life issues and intermediate care.

### 3.0 **CONSULTATION ON THE REVISED PROPOSAL**

3.1 Responses from consultees on the initial fee proposal were taken into account by Officers and each letter was responded to. These comments informed the revised option.

3.2 8 individual providers and Wirral Care Homes Association responded to consultation on the revised proposal. Their comments have been summarised in Appendix 4.

3.3 The Wirral Care Homes Association stated that the Council has not completed the consultation process proposed. The Association also stated that the Efficient Wirral Care Home model contained mistakes and erroneous assumptions. The Association have also advised Cabinet Members of their intention to make a legal challenge unless their issues were responded to. A further meeting was held with the Association on 10 January 2013.

3.4 The Association has identified that the Efficient Wirral Care Home model does not allow for national insurance payable on employees' holiday pay. Consequently, the model has been revised to calculate the final proposal.

3.5 The Association has also stated that it could not recommend to providers fixing fees for two years at the level of the revised proposal. It is suggested 2013-14 should be dealt with separately. This is accepted in the final proposal.

3.6 Some Laing and Buisson comments on the revised proposal were provided to the Council in January 2013 during the extended consultation period. The Laing and Buisson survey that underlies the comments has not been provided to the Council. It is not possible for the Council to address all the issues now communicated because some of the issues have only been raised at a later stage.

### 4.0 **RELEVANT RISKS**

4.1 There is a risk of judicial review. The Association has previously indicated its intention to challenge Council proposals. However the Council has shared the model with providers. It has responded to all the issues raised during the extended consultation period saying whether it accepts the proposed change and the reasons for its decision. Accordingly the final proposal is considered to be reasonable and well considered.

4.2 The Council has endeavoured to maintain a balance between cost and quality. It seeks to ensure quality standards are maintained whilst at the same time best value is obtained.

4.3 There are currently 50 homes (representing 60% of the market capacity) that have fewer than the average of 37 beds. By setting the fees based on this option there is potentially a lower risk of home closures than using the 50 beds assumed in previous proposals.

## 5.0 OTHER OPTIONS CONSIDERED

5.1 N/A.

## 6.0 CONSULTATION

6.1 This report details the outcome, following consultation on the revised proposal.

## 7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no direct implications for voluntary, community and faith organisations.

## 8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 The cost of implementing the proposal made on 20 December 2012 in a full year is £1,058,000. Given the Council's overall financial position and the forecast overspend of £10.2m in DASS for 2012-13 this proposal already exceeds the available budget for Care Home fees.

8.2 It will be necessary to fund the increase in 2012-13 from the Revenue Reserves of the Council. Meeting the cost of this proposal in 2013-14 and the impact of any additional 2013-14 fees review will be considered as part of the council's overall budget.

8.3 The fees paid by DASS are used to determine client contributions in accordance with CRAG guidance. It will be necessary to revise the financial assessments of all clients in care home placements. Some clients' financial assessments will not increase in line with the fee increase.

## 9.0 LEGAL IMPLICATIONS

9.1 During 2011, and more recently, there have been a number of high profile court cases against local authorities which ruled that fees had been set without **due regard** to the actual costs of care and that authorities had failed to consult with home owners. One local authority failed to identify any measures to mitigate the impact of people having to move despite the well-known adverse impact on health that this can have and the Equality Impact Assessment was not properly considered. Wirral is also aware of a judgment against a Local Authority when fees had been set retrospectively in order to fit the budget available, thereby predetermining the outcome of the consultation.

- 9.2 Under section 21 of the National Assistance Act 1948 (“the Act”) and the Directions made under it and LAC 93 (10), the Council has a duty to arrange accommodation for adults who by reason of age, illness or disability or any other circumstance are in need of care and attention.
- 9.3 The National Assistance Act (Choice of Accommodation) Directions 1992 allows the Council to fix a maximum amount or “usual cost” that it is prepared to pay for particular types of residential care. Paragraph 3(b) states that the individual should be accommodated at a place of their choice (known as preferred accommodation) provided making arrangements at the individual’s preferred accommodation would not require the Council to pay more than they would usually expect to pay having regard to the individual’s assessed needs.
- 9.4 Statutory guidance given by the Department of Health in Circular LAC (2004) 20 provides that ‘in setting and reviewing their usual costs, councils should have due regard to the actual costs of providing care and other local factors. Councils should also have due regard to Best Value requirements under the Local Government Act 1999. Such requirements include the discharge of the Council’s functions having regard to efficiency and economy.
- 9.5 The Council is required to pay the amount it usually costs to meet the individual’s objectives set out in the needs assessment and care/support plan [less any means tested contribution]. The Council is not required to pay more than it would usually expect to pay, having due regard to assessed needs. More than one usual cost should be set where the cost of meeting specific needs is different.
- 9.6 In setting its fees the Council must comply with its duty under Section 149 of the Equality Act 2010 to have due regard to the need to eliminate discrimination, and advance equality of opportunity amongst elderly and disabled persons. The Council’s Equality Impact Assessment should therefore focus on the likely impact of its proposed fees on the quality of care for the elderly and disabled differentiating where appropriate between different groups and defining any steps that mitigate any possible adverse consequences e.g. closures of homes.

## **10.0 EQUALITIES IMPLICATIONS**

- 10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality? Yes - completed. The response of the market to the proposals cannot be forecast with any certainty. The EIA remains the same as that submitted on 20 December 2012.

## **11.0 CARBON REDUCTION IMPLICATIONS**

- 11.1 None.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are no planning implications arising directly from this report.

## **13.0 RECOMMENDATIONS**

- 13.1 It is recommended that Cabinet agrees the implementation of the final proposal as set out in 2.4.

## **14.0 REASONS FOR RECOMMENDATIONS**

- 14.1 The Council must set fees that enable homes to meet the CQC Essential Standards of Quality and Safety Regulations 2010.
- 14.2 The Council has listened to the market and recalculated on a 37 bedded home in line with the local average. It has also responded to reflect an occupancy level of 95%. The sector has been indicating this occupancy rate is relevant and in line with the efficient operation of care homes in Wirral.
- 14.3 The Council has taken into consideration the views of WCA and other home owners including the comments made by Laing and Buisson on the Wirral Model and previous proposals. Consideration of the extended consultation and further review of the model has concluded, and the Council believes that the proposal made is reasonable.

**REPORT AUTHOR: Paul Cook**  
Head of Business Management & Challenge - Families & Wellbeing  
Telephone: (0151) 666 4836  
email: [paulcook@wirral.gov.uk](mailto:paulcook@wirral.gov.uk)

## **APPENDICES**

- Appendix 1 Wirral Model assumptions for final proposal.
- Appendix 2 Commentary from Laing and Buisson 30 March 2012 on the preliminary proposal and Wirral responses based on the final proposal.
- Appendix 3 Laing and Buisson commentary 12 November 2012 on the formal proposal and Wirral responses based on the final proposal.
- Appendix 4 Consultation responses on the revised proposal made 20 December 2012 and Wirral responses based on the final proposal, including Wirral Care Homes Association comments at a meeting on 10 January 2013.

## **REFERENCE MATERIAL**

Comments from home owners during the bilateral discussions on the preliminary proposal held in Contracts Section DASS.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Fees for Residential and Nursing Home Care	20 December 2012
Cabinet - Fees for Residential and Nursing Home Care	18 October 2012
Cabinet - Fees for Residential and Nursing Home Care	2 February 2012
Cabinet - Transformation of Adult Social Services, contracts for residential and nursing home care and personal support	11 March 2011

**Wirral Model assumptions for final proposal**

Management salaries and wages	£29,200.00
Other administration salaries and wages	£20,900.00
Management and other oncost rate	12%
Catering hours per client per week	1.5
Domestic hours per client per week	4.5
Care hours per client per week residential	18.5
Care hours per client per week residential EMI	22
Care hours per client per week nursing	20.5
Care hours per client per week nursing EMI	22
Nursing hours per week nursing	7.5
Nursing hours per week nursing EMI	7.5
Catering salary and wages	£6.28
Domestic salary and wages	£6.19
Care salary and wages	£6.55
Nursing staff wages	£12.34
Catering and domestic oncost	24.1%
Care oncost	24.1%
Nursing oncost	25.2%
Care agency staff %	2.0%
Nursing staff agency %	2.0%
Agency staff enhancement	100%
Training backfill %	1%
Annual training cost per employee	£182
Annual allowance for recruitment cost	£1,500.00
BICS - Residential - Fabric	£329.31
BICS - Residential - Services	£415.65
BICS - Residential - Decoration	£143.73
BICS - Nursing - Fabric	£420.85
BICS - Nursing - Services	£432.28
BICS - Nursing - Decoration	£143.73
Weekly gardening cost	£150.00
Insurance cost per client	5.41
Registration/CRB cost per client	3.25
Other non-staff expenses per client	6.50
Food per client	24.90
Utilities per client	23.82
Medical supplies per client	3.25
Domestic and cleaning supplies per client	3.25
Trade and clinical waste per client	3.25
Market Value per bed	37,300.00
Built square meters per client	40
Building cost per metre	1,017.00
NW cost deflator	92%
Return on buildings	7%
Return on activity	3%
VAT increase	2.50%
Number of weeks in a year	52.00
Bed numbers	37
Occupancy	95%
Number of employees	28

Cost components of home total cost per client – Residential							
a	b	c	d = b/c	e	f = d/e	g	h = f/g
	Input	Weekly Divisor if applicable	Input	Bed Divisor if applicable	Input	Occupancy Divisor if applicable	Result
Management	£32,704.00	52.00	£628.92	37	£17.00	95%	£17.89
Other administration	£23,408.00	52.00	£450.15	37	£12.17	95%	£12.81
Catering employees	£11.81	1	£11.81	1	£11.81	1	£11.81
Domestic employees	£34.91	1	£34.91	1	£34.91	1	£34.91
Care employees	£154.89	1	£154.89	1	£154.89	1	£154.89
Nursing employees	£0.00	1	£0.00	1	£0.00	1	£0.00
General training	£2.65	1	£2.65	1	£2.65	1	£2.65
General recruitment	£1,500.00	52.00	£28.85	37	£0.78	1	£0.78
Fabric	£329.31	52.00	£6.33	1	£6.33	95%	£6.67
Services	£415.65	52.00	£7.99	1	£7.99	95%	£8.41
Decoration	£143.73	52.00	£2.76	1	£2.76	95%	£2.91
Handyman/Gardener (Contract)	£150.00	1	£150.00	37	£4.05	95%	£4.27
Insurance	£5.41	1	£5.41	1	£5.41	95%	£5.70
Registration/CRB	£3.25	1	£3.25	1	£3.25	95%	£3.42
Other non-staff expenses	£6.50	1	£6.50	1	£6.50	1	£6.50
Food	£24.90	1	£24.90	1	£24.90	1	£24.90
Utilities	£23.82	1	£23.82	1	£23.82	1	£23.82
Medical Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Domestic & Cleaning Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Trade and Clinical Waste	£3.25	1	£3.25	1	£3.25	1	£3.25
VAT increase	£0.41	1	£0.41	1	£0.41	1	£0.41
Return on buildings and equipment	£2,611.00	52.00	£50.21	1	£50.21	95%	£52.85
Return on business activity						1	£9.97
			£1,603.50		£379.58		£395.30

The result is rounded to the nearest whole pound to give the proposed fee of **£395**

Cost components of home total cost per client – Residential EMI							
a	b	c	d = b/c	e	f = d/e	g	h = f/g
	Input	Weekly Divisor if applicable	Input	Bed Divisor if applicable	Input	Occupancy Divisor if applicable	Result
Management	£32,704.00	52.00	£628.92	37	£17.00	95%	£17.89
Other administration	£23,408.00	52.00	£450.15	37	£12.17	95%	£12.81
Catering employees	£11.81	1	£11.81	1	£11.81	1	£11.81
Domestic employees	£34.91	1	£34.91	1	£34.91	1	£34.91
Care employees	£184.19	1	£184.19	1	£184.19	1	£184.19
Nursing employees	£0.00	1	£0.00	1	£0.00	1	£0.00
General training	£2.65	1	£2.65	1	£2.65	1	£2.65
General recruitment	£1,500.00	52.00	£28.85	37	£0.78	1	£0.78
Fabric	£329.31	52.00	£6.33	1	£6.33	95%	£6.67
Services	£415.65	52.00	£7.99	1	£7.99	95%	£8.41
Decoration	£143.73	52.00	£2.76	1	£2.76	95%	£2.91
Handyman/Gardener (Contract)	£150.00	1	£150.00	37	£4.05	95%	£4.27
Insurance	£5.41	1	£5.41	1	£5.41	95%	£5.70
Registration/CRB	£3.25	1	£3.25	1	£3.25	95%	£3.42
Other non-staff expenses	£6.50	1	£6.50	1	£6.50	1	£6.50
Food	£24.90	1	£24.90	1	£24.90	1	£24.90
Utilities	£23.82	1	£23.82	1	£23.82	1	£23.82
Medical Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Domestic & Cleaning Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Trade and Clinical Waste	£3.25	1	£3.25	1	£3.25	1	£3.25
VAT increase	£0.41	1	£0.41	1	£0.41	1	£0.41
Return on buildings and equipment	£2,611.00	52.00	£50.21	1	£50.21	95%	£52.85
Return on business activity						1	£10.85
			£1,632.81		£408.88		£425.48

The result is rounded to the nearest whole pound to give the proposed fee of **£425**

Cost components of home total cost per client - Nursing							
a	b	c	d = b/c	e	f = d/e	g	h = f/g
	Input	Weekly Divisor if applicable	Input	Bed Divisor if applicable	Input	Occupancy Divisor if applicable	Result
Management	£32,704.00	52.00	£628.92	37	£17.00	95%	£17.89
Other administration	£23,408.00	52.00	£450.15	37	£12.17	95%	£12.81
Catering employees	£11.81	1	£11.81	1	£11.81	1	£11.81
Domestic employees	£34.91	1	£34.91	1	£34.91	1	£34.91
Care employees	£171.63	1	£171.63	1	£171.63	1	£171.63
Nursing employees	£118.19	1	£118.19	1	£118.19	1	£118.19
General training	£2.65	1	£2.65	1	£2.65	1	£2.65
General recruitment	£1,500.00	52.00	£28.85	37	£0.78	1	£0.78
Fabric	£420.85	52.00	£8.09	1	£8.09	95%	£8.52
Services	£432.28	52.00	£8.31	1	£8.31	95%	£8.75
Decoration	£143.73	52.00	£2.76	1	£2.76	95%	£2.91
Handyman/Gardener (Contract)	£150.00	1	£150.00	37	£4.05	95%	£4.27
Insurance	£5.41	1	£5.41	1	£5.41	95%	£5.70
Registration/CRB	£3.25	1	£3.25	1	£3.25	95%	£3.42
Other non-staff expenses	£6.50	1	£6.50	1	£6.50	1	£6.50
Food	£24.90	1	£24.90	1	£24.90	1	£24.90
Utilities	£23.82	1	£23.82	1	£23.82	1	£23.82
Medical Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Domestic & Cleaning Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Trade and Clinical Waste	£3.25	1	£3.25	1	£3.25	1	£3.25
VAT increase	£0.41	1	£0.41	1	£0.41	1	£0.41
Return on buildings and equipment	£2,611.00	52.00	£50.21	1	£50.21	95%	£52.85
Return on business activity						1	£14.09
			£1,740.52		£516.59		£536.54

The result is rounded to the nearest whole pound to give the proposed fee of **£537**

Cost components of home total cost per client – Nursing EMI							
a	b	c	d = b/c	e	f = d/e	g	h = f/g
	Input	Weekly Divisor if applicable	Input	Bed Divisor if applicable	Input	Occupancy Divisor if applicable	Result
Management	£32,704.00	52.00	£628.92	37	£17.00	95%	£17.89
Other administration	£23,408.00	52.00	£450.15	37	£12.17	95%	£12.81
Catering employees	£11.81	1	£11.81	1	£11.81	1	£11.81
Domestic employees	£34.91	1	£34.91	1	£34.91	1	£34.91
Care employees	£184.19	1	£184.19	1	£184.19	1	£184.19
Nursing employees	£118.19	1	£118.19	1	£118.19	1	£118.19
General training	£2.65	1	£2.65	1	£2.65	1	£2.65
General recruitment	£1,500.00	52.00	£28.85	37	£0.78	1	£0.78
Fabric	£420.85	52.00	£8.09	1	£8.09	95%	£8.52
Services	£432.28	52.00	£8.31	1	£8.31	95%	£8.75
Decoration	£143.73	52.00	£2.76	1	£2.76	95%	£2.91
Handyman/Gardener (Contract)	£150.00	1	£150.00	37	£4.05	95%	£4.27
Insurance	£5.41	1	£5.41	1	£5.41	95%	£5.70
Registration/CRB	£3.25	1	£3.25	1	£3.25	95%	£3.42
Other non-staff expenses	£6.50	1	£6.50	1	£6.50	1	£6.50
Food	£24.90	1	£24.90	1	£24.90	1	£24.90
Utilities	£23.82	1	£23.82	1	£23.82	1	£23.82
Medical Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Domestic & Cleaning Supplies	£3.25	1	£3.25	1	£3.25	1	£3.25
Trade and Clinical Waste	£3.25	1	£3.25	1	£3.25	1	£3.25
VAT increase	£0.41	1	£0.41	1	£0.41	1	£0.41
Return on buildings and equipment	£2,611.00	52.00	£50.21	1	£50.21	95%	£52.85
Return on business activity						1	£14.46
			£1,753.08		£529.15		£549.47

The result is less than the current fee rate of £552, so the rate is continued at **£552**

**Commentary from Laing and Buisson 30 March 2012 on the preliminary proposal and Wirral responses based on the final proposal**

Element	Laing and Buisson Comment	Response
Overview	Laing and Buisson understand the fee proposal to be part of a negotiation of 2012/13 fees. An extract of the comments made are presented in this column.	The 2012-13 fee proposal is a final proposal and not part of a negotiation. The Laing and Buisson Fair Price for Care model is based on a theoretical 50-bedded unit at 90% occupancy. The fees in the model are intended to attract an efficient corporate provider to develop facilities and meet any unmet demand. The Wirral Model which has due regard for the actual cost of care. It aims to maintain the current market and not to attract new development at this time.
Occupancy and Care Home Size	Like our Fair Price model, the Council has based its model on a 50-bedded care home operating at 90 per cent occupancy. This is appropriate for the Fair Price model, which indicates the fees that would have to be proposed to attract an efficiently-run corporate operator to develop large new facilities to meet any excess demand. The Council, however, has based its proposed fees on what it perceives to be the actual costs locally, and so it seems reasonable that these parameters should also reflect local and actual occupancy and care home sizes.	This commentary relates to the Council's preliminary proposal that is now revised. The average size home in Wirral is 37 beds and the average occupancy level is 95% based on home owner's vacancy returns. Laing and Buisson base have used 32 beds and 86% occupancy based on the number of homes that completed their survey which is not therefore representative of the Wirral Market.
Management Salaries	Our survey found an average non-owner-managed private sector manager's salary of £30,800 in early 2011, and a subsequent analysis not available to the Council has found an average non-owner-managed full-time independent sector manager's salary of £30,950. This is a little higher than the £29,000 found in the Council's survey slightly earlier, and we would enquire how representative and how large the Council's survey was. Adjusting for an average care home size of 32 beds gives a sum of £18.60 per bed per week and at 86 per cent occupancy this becomes £21.62 per resident per week in early 2011. In our view the Council's figure substantially	The Management salary calculated in the Wirral model is £29,200 which is £1,750 per year lower than the Laing and Buisson fair price for care.  Wirral Adult Social Services has taken a sample of recent local market which indicates an average salary of £29,200 excluding on costs. This has been benchmarked against the National Minimum Data Set Report for February 2012.

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	understates the actual management cost of providing care.	
Administrative costs	The Council has produced a cost of £20,900 excluding on-costs for administrative costs. We cannot comment on the accuracy of this, but if it is accurate allowing for the average care home size of 32 places gives a figure of £12.56 per place per week and £14.60 per resident per week at 86 per cent occupancy; more than the £10 per resident per week including on-costs allowed in the Council's model. The sum of these management and administrative costs, £38.58 before oncosts is substantially higher than the sum of £23.98 including oncosts allowed by the Council in its model.	The Wirral Model has given due regard to actual cost by reviewing local advertisements for administration jobs in the local market and obtained quotes from contractors of additional admin support functions such as IT, Accountancy and Payroll services.
Management and Admin oncosts	The Council's model allows ten per cent for NI and two per cent for sick pay. As far as we can tell the Council has not allowed for paid annual leave as required by the Working Time regulations, which adds 12 per cent to staff costs, and nor for the pension contributions that are often paid for admin and management staff. In our model on-costs of 30 per cent are allowed for these staff.	The Wirral model allows for annualised salaries for Management and Administration which includes holiday pay. Therefore no additional allowance for holiday pay is made. Pension costs no evidence was provided by home owners that pensions are paid to employees. Local job adverts also did not provide evidence that pensions are offered to employees.
Nursing Costs	We and the council agree that 7.5 is the appropriate figure for nursing hours in nursing homes. Our weighted average hourly pay rate for nurses, £12.39, is only slightly above the £12.34 derived from the Council's current market evidence. With similar wage rates, hours and on-costs our figure for nursing care is only marginally higher than the Council's.	Not disputed as Laing and Buisson's costs are similar to the Wirral model.
Care Assistant Costs	We and the council agree that 18.5, 22 and 20.5 are the appropriate figures for care assistant hours in care only for frail older people, care only for people with dementia and for nursing care respectively. The Council has used an hourly pay rate of £6.55 for care assistants, derived from the Council's current market evidence. Our time and skill-mix weighted hourly pay rate for care assistants is £6.71 in care only homes and £6.62 in nursing homes (the difference being due to lower numbers of	<p>The Council has also included a higher number of care hours than the Laing and Buisson model in recognition of the hours required in Nursing EMI care following consultation feedback.</p> <p>The Wirral Laing and Buisson Model for 2011 and their national model did not produce a separate element for Nursing EMI until October</p>

Element	Laing and Buisson Comment	Response
	senior care workers in nursing homes).	2012.
Catering Staff Costs	The Council states that it has accepted our figures for chefs and assistants, although in our model we have one figure for chefs/cooks and another for domestic, laundry and kitchen staff (excluding chefs). It has used 1.5 hours for 'cooks and assistants', whereas our Fair Price model allows 1.5 hours for chefs alone. The Council has generated an average hourly rate of £6.28 for cooks and assistants. Without knowing the skill mix allowed for we cannot agree or dispute this, but it appears to be low. Our 2011 Fair Price figures gave a composite rate of £7.34 for chefs and £6.12 for domestic, catering and laundry staff; using our wage rates gives the unlikely result that the Council is using a skill mix of 7.7 kitchen assistant hours to each chef hour.	The Wirral model allows 1.5 hours per resident per week dedicated catering services and has not distinguished between Chefs and Catering Assistants. An average wage rate of £6.28 per hour is included in the model which has been benchmarked against local job adverts.
Domestic Staff Costs	The Council has applied our figure of 4.5 hours per resident per week for domestic, laundry and kitchen staff to domestic staff, which if kitchen assistants have been separately counted above (section 2.8) is perhaps over-generous. The Council has used a wage rate of £6.08 for domestic and laundry staff; this is lower than the rates our survey found, and we would need to know the size and nature of the Council's research to be convinced that its figures are more accurate than our survey. In fact, this figure is equal to the national minimum wage since October 2011 and appears unlikely to be accurate unless no enhancements are paid for weekends or bank holidays, or unless many domestic staff are below the age for the national minimum wage.	Domestic staff hours of 4.5 hours cover cleaning, catering and laundry.  This commentary relates to the Council's initial proposal on 2 March 2012 which has been updated. The original fee proposal calculated an hourly rate of £6.08; however this has been increased to £6.19 to reflect the increase in National Minimum Wage from October 2012.
Care, Domestic and Catering Staff On-costs	The Council has added 12 per cent (working time), nine per cent (NI) and two per cent (SSP) to give on-costs of 23 per cent; we allow NI on the annual leave allowance and so use a marginally higher 24.1 per cent. For similar reasons our on-costs of 25.2 per cent for nurses is marginally higher than the Council's 24 per cent.	The Wirral final proposal now includes Employer's NI on the holiday allowances.
Agency Backfill	Laing and Buisson state that it does not understand the reference to agency premiums in the Council's narrative.	Some shifts are covered by agency staff; a premium equivalent to 100% of basic pay is

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Training Backfill for care, domestic and catering staff	We and the Council agree that three days' training is appropriate, and other work we have undertaken recently confirms this. The Council has allowed one per cent of salary costs for three days' training backfill for catering and domestic staff and care assistants; we use a figure of 1.3 per cent to reflect three of 233 working days and so our 2011 Fair Price figure is 23 new pence more per resident per week than the Council's 2012/13 one.	added to cover the additional cost.  This allowance is an approximate calculation and the Council has therefore used a rounded percentage.
Training Costs	We expect to find variation between care homes, due to: <ul style="list-style-type: none"> <li>the choice of delivering training in-house, with or without internet based support, or buying it in</li> <li>differences in staff turnover</li> <li>the complexity of cases; a home with many NHS continuing health care patients would be expected to have higher training costs than one with only frail older people.</li> </ul> Our model uses a net figure of £2.16 per resident per week for training; the Council's uses a cost 20 new pence per resident per week lower than this. This is perhaps due to the free training it states that it provides for operators, and the fact that it is assuming a 50-bedded care home and not an average sized 32-bedded one in Wirral.	This commentary relates to the Council's initial proposal on 2 March 2012 which has been updated to a 37 bedded Model to reflect the average home size in Wirral based following feedback received during the consultation.
Recruitment Costs	Variation in recruitment costs is to be expected, considering the many ways in which staff can be recruited; word of mouth, newspapers, local radio, jobcentres, directly from agencies or from agencies after a period as an agency worker. There are also, and perhaps more important, differences in staff turnover rates and some locations, particularly rural ones, make recruitment more difficult.  In its model the Council is making an assumption of 28 WTE staff, not WTE that drives recruitment and is assuming that it takes only one advert to fill a vacancy.	The fee proposal of 20 December 2012 does use FTE to calculate recruitment costs and takes into account that many adverts are placed locally. It is also recognised that homes also use the jobcentre to recruit at no cost.  The Wirral model allows £1,500 per year for recruitment costs.

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Repairs and Maintenance	<p>To model repairs and maintenance costs the Council has used the BCIS Lifecycle Costs for Nursing Homes and the BCIS Lifecycle Costs for Old People's Homes for Q4 2010 and deflated to 2012. Although we are familiar with some BCIS products and use them in our work we are not yet familiar with these two.</p> <p>Until we have studied these indices we can only ask questions about the figures used:</p> <ul style="list-style-type: none"> <li>do they apply to converted homes, as we expect most of Wirral's to be, and not only to newly-built homes? Conversions can be much more expensive to maintain than purpose-built ones</li> <li>are the care home sizes they refer to comparable with the 32-bedded homes in Wirral, and do Wirral homes have 40 m2 per room?</li> <li>the Council appears to have followed its principle of modelling on a 50-bedded home, yet the average Wirral care home has 32 places; if the £45,032 maintenance cost is divided by 52 and by 32 the sum per bed per week becomes £27.06</li> <li>we do not know whether the indices replace the need for a depreciation allowance in the model.</li> </ul>	<p>The BCIS lifecycle costs take account of the age of a building and have been calculated over a 30 year period based on care and nursing homes with a floor space of 40sq.m per bed. These costs include Fabric costs; External walls, roofs, other structural items, fixtures and fittings and internal finishes, Services costs; Plumbing and Internal drainage, Heating and ventilating, Lifts and escalators, electric power and lighting and other mechanical and electrical services and Decoration cost; Internal and External decoration.</p> <ul style="list-style-type: none"> <li>The lifecycle costs relate to new build properties.</li> <li>Costs are calculated per 100sqm. The 40sqm was identified in the Wirral Laing and Buisson survey in 2011.</li> <li>The Council has subsequent to this comment revised it's model to reflect the average Wirral home of 37 beds.</li> <li>As in the Laing and Buisson Model the lifecycle costs allow for capital maintenance and revenue expenditure removing the need for a separate adjustment for depreciation.</li> </ul>
Handyman/gardener	<p>There is an overlap between repairs and maintenance and contract handyman services. The Council's figures for repairs and maintenance and for handyman/gardening are substantially lower than the actual costs reported by efficient corporate providers with many purpose-built homes for our Fair Price model. We would expect these costs per resident per week to be higher in the small converted care homes in Wirral than in large corporate homes, and so in our view the Council's figures</p>	<p>Wirral model based on handyman/gardener it contracted at one of it's supported living units.</p> <p>Capital and revenue maintenance costs are included in the lifecycle costing under repairs and maintenance.</p> <p>We have no evidence from the local market to</p>

Element	Laing and Buisson Comment	Response
	understate these costs.	support Laing and Buisson comment.
Insurance	We agree on the figure for insurances.	Not disputed.
Registration/CRB	We agree on the figure for registration and CRB checks.	Not disputed
Other Revenue Costs	We agree on the figures for the following cost heads: <ul style="list-style-type: none"> <li>• food</li> <li>• utilities</li> <li>• medical supplies</li> <li>• domestic and cleaning supplies</li> <li>• trade and clinical waste</li> </ul> adjustment for VAT increase to 20 per cent.	Not disputed

<p>Return on Buildings, land and equipment</p>	<p>Ideally the Council might value each care home as an asset (rather than as a business) and derive an actual value of the capital invested. This would not be possible in practice, and so the Council has used a new-build cost as a surrogate, as we do in our Fair Price model. The Council has used a floor space of 40 m<sup>2</sup> per room. Our advice is that corporate providers are more likely to allow more square metres per room even for a home primarily for local authority supported residents, which could add perhaps 20 per cent to the return on the buildings and would bring the development cost closer to the one we use in our Fair Price model. We are unsure whether the Council's figure is a turnkey one including all equipment or whether it relates only to the structure. We find no reference to the cost of land in the Council's model; yet this is as essential a cost of operating a care home as are the buildings. In our model the seven per cent return on land equates to £12 per resident per week. The Council has allowed a six per cent return on capital invested, without stating its source of the figure. We use a figure of seven per cent to reflect the level of return that would be expected were the care home to be leased by an operator from a freeholder.</p> <p>While some care homes may be fully owned by the operator others may be bought on a mortgage in which case this 'return on capital' reflects the interest that the operator may have to pay his bank and will be a real cost for the operator, and not an opportunity cost.</p>	<p>The calculation for capital values has been updated since the original proposal to reflect the average market value of care homes in the region <u>inclusive</u> of land and buildings.</p> <p>The Wirral model now includes a return on capital values of 7% which has been benchmarked against market reports from CBRE and Knight Frank.</p>
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Return on Business Activity	<p>The return on business activity can be considered to be the 'profit' that the operator needs to compensate him for the risks and time involved in operating the home. The prices paid for groups of care homes by major operators indicate that the return on business activity that those operators require is around 12-14 per cent. There may be arguments for the Council to offer a return on business activity that is less than this 12-14 per cent:</p> <ul style="list-style-type: none"> <li>• the Council's primary aim is not to entice new corporate providers into the market, as far as we know, but to ensure that its current provider market survives and if necessary expands capacity by extensions to satisfy future increases in demand</li> <li>• private operators benefit in the long term from the capital appreciation of their property asset, a factor that is not factored in by corporate providers and their shareholders.</li> </ul> <p>There is no stated rationale for the Council's use of six per cent, so it appears to be an arbitrary figure. The Council's figures of £19.40 and £27.56 per resident per week for care only and nursing homes respectively are therefore well below our Fair Price figure of £48 per resident per week.</p>	<p>The Council's aim is not to entice new providers into the market due to the current level of vacant beds in Wirral. The Wirral model aims to maintain the current market and therefore the Interim Director of Finance has recommended a return of 3% as reasonable in the current financial climate.</p>
Floor Price	<p>The Council has set a floor price that is lower than the ceiling by half the return on buildings, land and equipment, but as the return is less than our Fair Price the reduction is less than in our model.</p> <p>Our model also reduces the floor price by ten per cent of the return on business activity, to reflect the fact that meeting national minimum standards is not only about the structure and fittings. The Council has not done this, a fact that could appear favourable to care homes.</p>	<p>This commentary refers to the initial proposal on 2 March 2012</p> <p>The latest proposal on 20 December 2012 is based on a flat rate. This comment is therefore no longer relevant.</p>

## Laing and Buisson commentary 12 November 2012 on the formal proposal and Wirral responses based on the final proposal

Element	Laing and Buisson Comment	Response
Occupancy and Home Size	Comment from paragraph 2.2 from our report dated 30/03/2012 applies here. Like our Fair Price for Care model, the Council has based its model on a 50-bedded care home operating at 90 per cent occupancy. This is appropriate for the Fair Price model, which indicates the fees that would have to be offered to attract an efficiently-run corporate operator to develop large new facilities to meet any excess demand. The Council, however, has based its proposed fees on what it perceives to be the actual costs locally, and so it seems reasonable that these parameters should also reflect local and actual occupancy and care home sizes.	This commentary relates to the Council's initial proposal on 2 March 2012. The proposal is now revised in response to consultation feedback from home owners to take account of the local market. The average size home in Wirral is 37 beds and the average occupancy level is 95% based on home owners' vacancy returns.
Manager Costs	<p>Comment from paragraph 2.3 from our report dated 30 March 2012 applies here.</p> <p>Our survey found an average non-owner-managed private sector manager's salary of £30,800 in early 2011, and a subsequent analysis not available to the Council has found an average non-owner-managed full-time independent sector manager's salary of £30,950. This is a little higher than the £29,000 found in the Council's survey slightly earlier, and we would enquire how representative and how large the Council's survey was.</p> <p>Adjusting for an average care home size of 32 beds gives a sum of £18.60 per bed per week and at 86 per cent occupancy this becomes £21.62 per resident per week in early 2011.</p>	<p>The Management salary calculated in the Wirral model is £29,200 which is £1,750 per year lower than the Laing and Buisson fair price for care.</p> <p>A sample of recent local market which indicates an average salary of £29,200 excluding on costs. This has been benchmarked against the National Minimum Data Set Report for February 2012.</p>

Administration/Reception and other Management Costs	Comment from paragraph 2.4 from our report dated 30/03/2012 applies here. The Council has produced a cost of £20,900 excluding on-costs for administrative costs. We cannot comment on the accuracy of this, but if it is accurate allowing for the average care home size of 32 places gives a figure of £12.56 per place per week and £14.60 per resident per week at 86 per cent occupancy; more than the £10 per resident per week including on-costs allowed in the Council's model.	The Wirral Model has given due regard to actual cost by reviewing local advertisements for administration jobs in the local market and obtained quotes from contractors of additional admin support functions such as IT, Accountancy and Payroll services.
Management and Administration On-Costs	Comment from paragraph 2.1 from our report dated 30/03/2012 applies here. The Council's model allows ten per cent for NI and two per cent for sick pay. As far as we can tell the Council has not allowed for paid annual leave as required by the Working Time regulations, which adds 12 per cent to staff costs, and nor for the pension contributions that are often paid for admin and management staff. In our model on-costs of 30 per cent are allowed for these staff.	The Wirral model allows for annualised salaries for Management and Administration which includes holiday pay. Therefore no additional allowance for holiday pay is required in the Wirral model. In respect of pension costs no evidence was provided by homes owners that pensions are paid to employees. Local job adverts also did not provide evidence that pensions are offered to employees.
Catering	Comment from paragraph 2.8 from our report dated 30/03/2012 applies here. As this is a composite rate it is likely that the catering assistant component is below the new NMW and therefore we would expect this to have been uplifted as for domestic staff. Furthermore the 2012 revision to the Fair Price model, based on new research, allows 2 hours for chefs/ cooks	The Wirral model allows 1.5 hours per resident per week dedicated catering and has calculated an average wage rate of £6.28 per hour and is above the NMW rate of £6.19 effective from October 2012. The Council has not been provided with evidence to suggest this does not cover the cost of catering in a care/nursing home in Wirral. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.

Domestics	Comment from paragraph 2.9 from our report dated 30/03/2012 applies here. The Council has applied our figure of 4.5 hours per resident per week for domestic, laundry and kitchen staff to domestic staff, which if kitchen assistants have been separately counted above (section 2.8) is perhaps over-generous. Furthermore the 2012 revision to the Fair Price model, based on new research, allows 5.5 hours for domestic staff	Domestic staff hours of 4.5 hours cover cleaning, catering and laundry. The original fee proposal calculated an hourly rate of £6.08; however this has been increased to £6.19 for the full year to reflect the increase in National Minimum Wage from October 2012. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.
Catering and Domestics On-Costs	Comment from paragraph 2.10 from our report dated 30/03/2012 applies here. The Council has added 12 per cent (working time), nine per cent (NI) and two per cent (SSP) to give on-costs of 23 per cent; we allow NI on the annual leave allowance and so use a marginally higher 24.1 per cent. For similar reasons our on-costs of 25.2 per cent for nurses is marginally higher than the Council's 24 per cent.	The Wirral model is now amended to include employer's NI on the holiday allowances.
Training Backfill	Comment from paragraph 2.11 and 2.12 from our report dated 30/03/2012 applies here. We and the Council agree that three days' training is appropriate, and other work we have undertaken recently confirms this. The Council has allowed one per cent of salary costs for three days' training backfill for catering and domestic staff and care assistants; we use a figure of 1.3 per cent to reflect three of 233 working days and so our 2011 Fair Price figure is 23 new pence more per resident per week than the Council's 2012/13 one. Furthermore the 2012 revision to the Fair Price model, based on new research, allows 1.7% for training backfill	This is an approximate calculation and the Council rounded the percentage. On 30 March 2012 Laing and Buisson agreed 3 days training allowance. It is not clear on what evidence base Laing and Buisson has increased this to 4 days. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally.

Care Assistants	<p>Comment from paragraph 2.7 from our report dated 30/03/2012 applies here. We and the council agree that 18.5, 22 and 20.5 are the appropriate figures for care assistant hours in care only for frail older people, care only for people with dementia and for nursing care respectively. The Council has used an hourly pay rate of £6.55 for care assistants, derived from the Council's current market evidence. Our time and skill-mix weighted hourly pay rate for care assistants is £6.71 in care only homes and £6.62 in nursing homes (the difference being due to lower numbers of senior care workers in nursing homes). These differences lead to approximately £3 higher cost for care assistants in nursing homes and care only homes in our model compared with the Councils. The 2012 revision to the Fair Price model, based on new research, allows</p> <p>22.1 hours for Nursing EMI  20.6hrs for Residential  23.3 for Residential EMI  21.6 for Nursing.</p>	<p>In response to consultation feedback the care hours for Nursing EMI have been increased in the Wirral model to the same level as for Residential EMI. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.</p>
Care Assistant On-Costs	<p>Comment from paragraph 2.10 from our report dated 30/03/2012 applies here. The Council has added 12 per cent (working time), nine per cent (NI) and two per cent (SSP) to give on-costs of 23 per cent; we allow NI on the annual leave allowance and so use a marginally higher 24.1 per cent. For similar reasons our on-costs of 25.2 per cent for nurses is marginally higher than the Council's 24 per cent.</p>	<p>The Wirral model now includes employer's NI on the holiday allowances.</p>
Agency Staff Allowance Care Assistants	<p>The 2012 revision to the Fair Price model, based on new research, allows for 1.5% of care assistant shifts to be filled with agency staff, at twice the hourly cost, equivalent to 3% of gross pay</p>	<p>The Wirral model makes allowance that 2% of shifts will be covered by agency staff and therefore has allowed a premium equivalent to 100% of basic pay to cover the additional cost of those shifts, hence paying double the rate of pay.</p>

Qualified Nursing Staff	The 2012 revision to the Fair Price model, based on new research, allows 8.6 hours for nurses in nursing care of people with dementia	The Wirral model allows 7.5 nursing hours and 22 care assistant hours in the Nursing EMI model. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market. It is not clear if Laing and Buisson are including nursing hours to cover additional services such as intermediate care schemes and End of Life Support which would increase nursing hours overall but would be subject to a different funding mechanism.
Agency Staff Allowance Nursing Staff	The 2012 revision to the Fair Price model, based on new research, allows for 2.5% of nursing shifts to be filled with agency staff, at twice the hourly cost, equivalent to 5% of gross pay	The Wirral model makes allowance for 2% of shifts to be covered by agency and allows a 100% premium to cover the additional cost of those shifts. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.

Training Backfill	<p>Comment from paragraph 2.11 from our report dated 30/03/2012 applies here. We and the Council agree that three days' training is appropriate, and other work we have undertaken recently confirms this. The Council has allowed one per cent of salary costs for three days' training backfill for catering and domestic staff and care assistants; we use a figure of 1.3 per cent to reflect three of 233 working days and so our 2011 Fair Price figure is 23 new pence more per resident per week than the Council's 2012/13 one. Furthermore the 2012 revision to the Fair Price model, based on new research, allows 1.7% for training backfill.</p>	<p>This allowance is an approximate calculation and the Council has therefore used a rounded percentage. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.</p>
Training	<p>Comment from paragraph 2.12 from our report dated 30/03/2012 applies here</p> <p>We expect to find variation between care homes, due to:</p> <ul style="list-style-type: none"> <li>• the choice of delivering training in-house, with or without internet based support, or buying it in</li> <li>• differences in staff turnover</li> <li>• the complexity of cases; a home with many NHS continuing health care patients would be expected to have higher training costs than one with only frail older people.</li> </ul> <p>Our model uses a net figure of £2.16 per resident per week for training; the Council's uses a cost 20 new pence per resident per week lower than this. This is perhaps due to the free training it states that it provides for operators and the fact that it is assuming a 50-bedded care home and not an average sized 32-bedded one in Wirral.</p>	<p>This commentary relates to the Council's initial proposal on 2 March 2012 which has been updated to a 37 bedded Model to reflect the average home size in Wirral based following feedback received during the consultation. The Wirral proposal of 20 December allows £2.65 per bed per week.</p>

Recruitment	<p>The 2012 revision to the Fair Price model, based on new research, allows over £2.60 per resident per week for recruitment</p>	<p>The fee proposal of 20 December 2012 does use FTE to calculate recruitment costs and takes into account that many adverts are placed locally. It is also recognised that homes also use the jobcentre to recruit at no cost. The Wirral model allows £1,500 per year for recruitment costs. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.</p>
Repairs and Maintenance	<p>Comment from paragraph 2.14 and 2.15 from our report dated 30 March 2012 applies here. To model repairs and maintenance costs the Council has used the BCIS Lifecycle Costs for Nursing Homes and the BCIS Lifecycle Costs for Old People's Homes for Q4 2010 and deflated to 2012. Although we are familiar with some BCIS products and use them in our work we are not yet familiar with these two. Until we have studied these indices we can only ask questions about the figures used:</p> <ul style="list-style-type: none"> <li>• do they apply to converted homes, as we expect most of Wirral's to be, and not only to newly-built homes? Conversions can be much more expensive to maintain than purpose-built ones</li> <li>• are the care home sizes they refer to comparable with the 32-bedded homes in Wirral, and do Wirral homes have 40 m2 per room?</li> </ul>	<p>The BCIS lifecycle costs take account of the age of a building and have been calculated over a 30 year period based on care and nursing homes with a floor space of 40sq.m per bed. These costs include Fabric costs; External walls, roofs, other structural items, fixtures and fittings and internal finishes, Services costs; Plumbing and Internal drainage, Heating and ventilating, Lifts and escalators, electric power and lighting and other mechanical and electrical services and Decoration cost; Internal and External decoration.</p> <ul style="list-style-type: none"> <li>• The lifecycle costs relate to new build properties.</li> <li>• Costs are calculated per 100sqm. The 40sqm was identified in the Wirral Laing and Buisson survey in 2011.</li> </ul>

	<ul style="list-style-type: none"> <li>the Council appears to have followed its principle of modelling on a 50-bedded home, yet the average Wirral care home has 32 places; if the £45,032 maintenance cost is divided by 52 and by 32 the sum per bed per week becomes £27.06</li> </ul> <p>We do not know whether the indices replace the need for a depreciation allowance in the model.</p>	<ul style="list-style-type: none"> <li>The Council has subsequent to this comment revised its model to reflect the average Wirral home of 37 beds.</li> <li>As in the Laing and Buisson Model the lifecycle costs allow for capital maintenance and revenue expenditure removing the need for a separate adjustment for depreciation.</li> </ul>
Handyman/gardener	Comment from paragraph 2.15 from our report dated 30/03/2012 applies here. There is an overlap between repairs and maintenance and contract handyman services. The Council's figures for repairs and maintenance and for handyman/gardening are substantially lower than the actual costs reported by efficient corporate providers with many purpose-built homes for our Fair Price model. We would expect these costs per resident per week to be higher in the small converted care homes in Wirral than in large corporate homes, and so in our view the Council's figures understate these costs. The 2012 revision to the Fair Price model allows over £7.80 per resident per week	Wirral model based on handyman/gardener it contracted at one of its supported living units. Capital and revenue maintenance costs are included in the lifecycle costing under repairs and maintenance. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.
Registration/CRB	The 2012 revision to the Fair Price model allows over £3.30 per resident per week, less than the council	The proposal allows £3.42 to cover registration and CRB.
Non staff costs	The 2012 revision to the Fair Price model allows over £8.30 per resident per week	Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.
Food	The 2012 revision to the Fair Price model allows over £25.90 per resident per week	
Utilities	The 2012 revision to the Fair Price model allows over £24.00 per resident per week	
Domestic and Cleaning Supplies	The 2012 revision to the Fair Price model allows £4.50 per resident per week	
Trade and Clinical Waste	The 2012 revision to the Fair Price model allows over £3.40 per resident per week	

VAT Adjustment	The 2012 revision to the Fair Price model includes VAT in the non-staff costs above and so no adjustment is required	It remains appropriate to make this adjustment in the final proposal of 20 December 2012.
Return on Buildings, land and equipment	Our model allows for £57,516 per bed and £63,906 per resident at 90% for a local authority spec. Our other comments in paragraph 2.19 of our last report also apply, other than land seems to be included in the Council's valuation. This is not an unreasonable way of calculating a return for existing homes, assuming the valuations are accurate. Our 2012 model also allows 7%.	The calculation for capital values uses the average market value of care homes in the region <u>inclusive of</u> land and buildings. It is noted that Laing and Buisson's comment that this is not an unreasonable way of calculating a return for existing homes. The Wirral model now includes a return on capital values of 7% which has been benchmarked against market reports from CBRE and Knight Frank. It is noted that the Laing and Buisson model also allows a 7% return.
Return on Business Activity	<p>Comment from paragraph 2.20 from L&amp;B report dated 30/03/2012 were as follows</p> <p>The return on business activity can be considered to be the 'profit' that the operator needs to compensate him for the risks and time involved in operating the home. The prices paid for groups of care homes by major operators indicate that the return on business activity that those operators require is around 12-14 per cent. There may be arguments for the Council to offer a return on business activity that is less than this 12-14 per cent:</p> <ul style="list-style-type: none"> <li>the Council's primary aim is not to entice new corporate providers into the market, as far as we know, but to ensure that its current provider market survives and if necessary expands capacity by extensions to satisfy future increases in demand</li> <li>private operators benefit in the long term from the capital appreciation of their property asset, a factor that is not factored in by corporate providers and their shareholders.</li> </ul> <p>The 2012 revision to the Fair Price model allows around 10% here</p>	<p>The Council's aim is not to entice new providers into the market due to the current level of vacant beds in Wirral.</p> <p>The Wirral model aims to maintain the current market and therefore the Interim Director of Finance has recommended a return of 3% as reasonable in the current financial climate.</p> <p>The rationale for 10% has not been evidenced by Laing and Buisson and appears to be an arbitrary figure. Wirral cannot comment on new research from Laing and Buisson which is not publicly available and for which we understand the research to be based on a survey of major care home groups nationally. There is no evidence available to the Council to confirm that the findings of this research are reflected in the Wirral market.</p>

## Consultation responses on the revised proposal made 20 December 2012 and Wirral responses based on the final proposal

Feedback was been received from 8 homes and through a meeting with the Directors of the WCA who represent a significant number of homes together with information they have provided.

One home has indicated that they are willing to accept the revised proposal made 20 December 2012. In addition five homes had previously accepted the 8 October 2012 formal proposal.

Individual homes' comments and the responses to them are set out in the table below:

Comment	Response
Three Home owners have state that they consider to be unfair to reward homes that have not invested and achieved 3 stars under the previous payment model by moving to a single rate.	The move from the star premium model will mean that some homes benefit initially more than others. The quality of care in homes with less than three stars has been targeted through inspection.
The Council should pay an advance immediately since the fees are acknowledged as being underpaid.	The Council acknowledges that fee payments have been delayed and aims to reach a final settlement for 2012-13 by 7 February 2013.
Please justify why cost information provided by home owners was not accepted by the Council.	The information received was in a summarised format and contained wide variations. The number of returns was also too small to be representative of the four categories of home.
Home owners have requested that the information submitted by other home owners is made available to them in an anonymised form.	Information was submitted on a confidential basis and cannot be shared without the originator's permission. Even if this information is anonymised it may still be possible to identify the homes concerned. Permission to share this information has been requested. Officers met with the Chair of WCA on 27 June 2012 to view and explain results obtained form the data collection exercise.
The settlement of fees has taken too long and should be implemented as soon as possible.	The Council will implement the new fees as soon as possible after 7 February 2013.
One specialist provider asked for confirmation that the bespoke fees agreed in relation to the specific complex need of their residents would remain unchanged by the change in	The Council confirmed that specialist complex packages would be unaffected by the standard rates.

Comment	Response
standard fee levels.	
One home owner suggested that the Council was attempting to suppress economic activity to suit its own budget preferences by the capital returns provided within the Wirral model and that it had given no explanation as to why the Council believes its figures reflect the market better than those of Laing and Buisson.	The rationale for the Council's figures has been provided to all home owners. Wirral Council notes the difference in returns on business activity between the Laing and Buisson Fair price model and the Wirral Model. The Laing and Buisson model is based on a theoretical 50 bedded corporate provider running at 90% occupancy. The return in the Laing and Buisson model is suggested to be that which would attract an efficient corporate provider to develop facilities and meet any unmet demand. This is in contrast to the Wirral Model which has due regard for actual cost of care and aims to maintain the current market and not attract new development at this time.

**Wirral Care Home Association** comments at a meeting on 10 January 2013 and the responses to them are set out in the table below:

Issue Raised	Rational/Assumption	Evidence Base
How did the Council Calculate 111 homes?	The Council maintains a list of all care and nursing homes registered in Wirral.	Please note that the total at the beginning of the consultation was 111 and this has risen to 112 due to a recent new registration.
<b>Staffing</b>		
Manager	A sample of local market rates from October to November 2011 and updated in February 2012. The average salary was £29,200 excluding on costs. This has been benchmarked against the National Minimum Data Set Report for February 2012 showing a median registered manager's salary of £28,080 for the previous 12 months.	Adverts taken from <a href="http://www.carehome.co.uk">www.carehome.co.uk</a> plus various other admin vacancy adverts in the local area.

Other Administration	<p>A sample of recent local market rates for receptionists/Administration jobs which indicates £14,400 as being representative of a full salary for administration/reception staff.</p> <p>The Wirral model also includes £6,500 to cover other management costs such as payroll, IT, accountancy, legal and human resources, which have been calculated using current market rates. This equates to a total cost for Administration/Reception and other management costs of £20,900 excluding on costs.</p>	<p>Adverts taken from <a href="http://www.directgov.uk">www.directgov.uk</a> plus various other admin vacancy adverts in the local area as attached.</p> <p>Other management/Administrations costs from online/ local providers of support functions as attached.</p>
Repairs & Maintenance	<p>Wirral Adult Social Services has considered the evidence available to calculate repair and maintenance costs and has used the 'Build Cost Information Service (BCIS) Lifecycle Costs for Old People's Homes' for the 2nd Quarter 2012 North West. These rates are based on care homes with a floor space of 40 sq.m per bed.</p>	
Fabric	<p>Based on the above Lifecycle costs Wirral Adult Social Services has built in £12,184 as an annual cost, which equates to £329.31 per place. Fabric includes External walls, roofs, other structural items, fixtures and fittings and internal finishes.</p>	<p>BCIS lifecycle costs for care homes and nursing homes Quarter 2 North West</p>
Services	<p>Based on the above Lifecycle costs Wirral Adult Social Services has built in £15,379 as an annual cost, which equates to £415.65 per place. Services include Plumbing and Internal drainage, Heating and ventilating, Lifts and escalators, electric power and lighting and other mechanical and electrical services.</p>	<p>BCIS lifecycle costs for care homes and nursing homes Quarter 2 North West</p>

Decoration	Wirral Adult Social Services has built in £5,318 as an annual cost which equates to £143.73 per place. Decoration includes Internal and External decoration.	BCIS lifecycle costs for care homes and nursing homes Quarter 2 North West
Running Costs		An extract of the Councils running costs was provided to the Association.
Handyman/Gardener	Wirral model based on handyman/gardener it contracted at one of it's supported living units. This is in addition to Capital and revenue maintenance costs included in the lifecycle costing under repairs and maintenance.	Contract 10 hours at £15 per hour
Insurance	No detailed information has been provided to evidence costs other than those used in the Wirral model.	In the absence of detailed actual cost the market research by Laing and Buisson has been used alongside advice from the Council's insurance advisers.
Registration/CRB	No detailed information has been provided to evidence costs other than those used in the Wirral model.	In the absence of detailed actual cost the market research by Laing and Buisson has been used and benchmarked against CQC registration levels.

Return on Capital		
Capital Value	<p>The capital value has been calculated based on the average market value of care homes in the region; this has been taken as the advertised selling price of care homes in the region. This equates to a capital value per bed of £37,300 inclusive of land, buildings and equipment. It is acknowledged that the selling price can be influenced by a range of factors such as how successful the home is. The purchase price may also be lower than the selling price at which homes are offered although no attempt has been made to reduce the values to take account of this. The selling price of homes as a going concern inclusive of land and building provides a reasonable proxy upon which to value capital in the absence of the financial accounts of Wirral Homes. It was not possible to use the information provided by home owners due to the wide variations this contained. In order to benchmark the figure used in the model the wide variations in the sample were removed. This produced a lower figure to the amount use in the model.</p>	<p>Adverts taken from <a href="http://www.carehome.co.uk">www.carehome.co.uk</a></p> <p>Benchmarked against financial returns from care homes in Wirral.</p>
7% Return on Capital Value	<p>The Wirral model allows for a 7% return on the capital value (£37,300) per bed. The Wirral model initially provided a return of 6% on the capital value; however market research has indicated that 7% is a more appropriate level of return on land and building values.</p>	<p>CBRE Healthcare Property Dashboard Quarter 1 2012</p> <p>Knight Frank 2012 Healthcare Investment Research</p>

<b>Return on Business Activity</b>		
3% Return on Business Activity	<p>The Council considers this to be the 'profit' that an owner needs to operate in the current market. The Council's aim is not to entice new providers into the market due to the current level of vacant beds in Wirral.</p> <p>The Wirral model aims to maintain the current market.</p>	The interim Director of Finance has recommended a return of 3% to be reasonable in the current financial climate.

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# Equality Impact Assessment

## Section 1: Your details

**EIA lead Officer:** Mal Price

**Email address:** malprice@wirral.gov.uk

**Head of Section:** Paul Cook

**Chief Officer:** Graham Hodgkinson

**Department:** Adult Social Services

**Date:** 24.01.13

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

Options and recommendations with regard to fees paid by the Council to independent sector residential and nursing homes for older people.

The process ensures that the 'usual cost' the council pays for its social care placements in care homes is set at a level it would expect to pay to meet the 'usual cost of care and accommodation' needs of the individuals receiving the service.

It is not possible to set fees that eliminate all risk of home closure or that meet all the aspirations of all home owners with regard to the returns they would want to achieve. The Council is required to seek best value and balance this against paying a fair fee that does not disadvantage or discriminate against particular groups of people.

The fees paid to specialist mental health and Learning Disability homes will be subject to separate proposals in 2013/2014 which will build on the work undertaken in proposing the fee levels for Older People.

**Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes

If 'yes' please state which meeting and what date

Cabinet - 7 February 2013

Please add hyperlink to where your EIA is/will be published on the Council's website (see your Departmental Equality Group Chair for appropriate hyperlink)

.....

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ✓ **Services** The aim of the fee setting process is to ensure that there are a sufficient places available to accommodate demand and choice to meet the needs of people assessed as requiring residential or nursing care in Wirral.
- ✓ **The workforce**
- ✓ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:** Does the proposal have the potential to maintain or enhance the way the Council ..... (please tick relevant boxes)

- ✓ Eliminates unlawful discrimination, harassment and victimisation
- ✓ Advances equality of opportunity
- ✓ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- ☐ **No** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

## Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

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

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
	<b>General Market Issues</b>				
1. Older People and disabled	<b>Positive</b> – The proposals being considered represent an increase in fees and therefore additional investment in market to ensure that the demand for residential based care can be met. The increase in fees has the potential to increase the number of homes operating at the Councils standard rate.				
2. Older People and disabled	<b>Positive</b> – Establishes clearly the usual terms and conditions of the Council with a single set of fees so that service users, their families and home owners understand the market.				
3. Older People and disabled	<b>Positive</b> – Short Term and Respite Care The proposed increase in fees could make the provision of respite more attractive to home owners and support a range of service user requirements.				

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
4. Older People and disabled	<p><b>Negative</b> - New Service Users requiring Residential or Nursing home care.</p> <p>At present 50% of homes have indicated that they charge a top up on new places. This does not suggest that all existing service users pay a top up.</p> <p>This has the potential to reduce choice for people without a third party contribution.</p>	Develop guidance for service users and their families to explain the options available to them and the Choices of accommodations legislation. Also ensure that information provided to service users clearly identifies contracted homes that offer places at the Councils rates and those that charge a top ups.	M Price	March 2013	
5. Older People and disabled	<p><b>Negative</b> - Old Contracts that have continued to pay the 2010/2011 fee rates will be terminated where the home has also signed a new contract.</p> <p>Homes that do not sign the new contract and agree to the council's usual fees would not be available to council funded residents in accordance with the Choice of Accommodations Legislation. This may reduce choice in the market.</p> <p>Homes that do not accept the new rates and do not wish continue to provide places at the 2010/2011 rates to the listed individuals may serve notice on the individuals concerned thereby placing them at risk of relocation.</p>	<p>Homes that have not entered into the new contract will continue to operate under the old contract for the named residents until their residency ends or the home signs a new contract accepting the council's usual cost fee for 2012/2013.</p> <p>The offer of a new contract will remain open to all home owners. Under the new contract all resident would be paid at the council's usual fee for 2012/2013. Homes are not compelled to offer places at Councils rates and can charge more if they wish and provided they have a contract in place would be able offer places to people who have a third party payment available to them.</p>	<p>M Price</p> <p>M Price</p>	<p>March 2013</p> <p>March 2013</p>	

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
5. continued		Write directly to all the service users and families that have been supported under the old contract and provide clarification.	M Price	February 2013	
6. Older People and disabled	<b>Negative</b> – Self funding Service Users that subsequently qualify for DASS funding may be adversely affected where the home involved does not accept the local authority fees. Funding arrangements are examined on an individual basis and may involve third party payments. The risk of needing to relocate to alternative accommodation is low.	Develop guidance for self funders and their families to explain the options available to them and the Choices of accommodations legislation.	M Price	February 2013	
	<b>Proposal Issues</b>				
7. Older People and disabled	<b>OPTION 2 RESIDENTIAL - including EMI Fee based on 50 Beds at 90% occupancy</b>  <b>Positive</b> Setting the occupancy level at 90% allows homes to more readily accept respite placements in that it recognises that respite can create gaps in occupancy. The full capital return value is achieved at a 90%. Returns also increase if occupancy of 90% or more is achieved.  <b>Negative</b> There are only 5 residential homes with a capacity of 50 beds or more. As a consequence homes with less than 50 beds would be more motivated to introduce a third party payment. A third party arrangement may not be available to all service users thereby reducing choice.	The Council has offered support from the Finance Team to review the business model of homes on an individual basis to enable them to work within the fees proposed.  Homes of less than 25 beds will be contacted directly to assess their stability followed by the balance of homes with less than 50 beds.	Head of Finance	October 2012 Onwards  February 2013	

	Due to the low number of homes having 50 beds or more this proposal has an increased risk of closures	The Council's Home Closure Policy would be followed to ensure appropriate action is taken.		February 2013		
Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications	
8 Older People and disabled	<p><b>OPTION 2NURSING -including EMI Fee based on 50 Beds at 90% occupancy</b></p> <p><b>Positive</b> Setting the occupancy level at 90% allows homes to more readily accept respite placements thereby increasing availability. The full capital return value is achieved at 90% occupancy making the home more stable beyond this level.</p> <p><b>Negative</b> There are currently only 12 out of 42 homes that have a capacity of 50 beds or more. As a consequence homes with less than 50 beds would be more motivated to charge a top up or reduce the quality of care they provide while remaining compliant to registration standards or have a higher risk of closure.</p> <p>Due to the low number of homes having 50 beds or more this proposal has an increased risk of closures</p>	<p>The Council has offered support from the Finance Team to review the business model of homes on an individual basis to enable them to work within the fees proposed.</p> <p>Homes of less than 25 beds will be contacted directly to assess their stability followed by the balance of homes with less than 50 beds.</p> <p>The Council's Home Closure Policy would be followed to ensure appropriate action is taken</p>	Head of Finance	<p>From October 2012 onwards</p> <p>February 2013</p> <p>February 2013</p>		

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
9 Older People and disabled	<p><b>OPTION NEW RESIDENTIAL including EMI</b>  <b>Fee based on 37 beds at 95% Occupancy</b></p> <p><b>Positive</b>  Basing the model on the average number of beds in the market will increase stability in the market. The increase in fees although small also has the potential to increase the number of places available at the Councils usual cost  None identified</p> <p><b>Negative</b>  Only 9 homes out of 41 homes have a capacity of 37 beds or more. As a consequence homes with less than 37 beds would be more motivated to charge a top up or reduce the quality of care they provide while remaining compliant to registration standards or have a higher risk of closure.</p>	<p>The Council has offered support from the Finance Team to review the business model of homes on an individual basis to enable them to work within the fees proposed.</p> <p>Homes of less than 37 beds will be contacted directly to assess their stability.</p> <p>The Council's Home Closure Policy would be followed to ensure appropriate action is taken</p>	Head of Finance	<p>From October 2012 onwards</p> <p>February 2013</p> <p>February 2013</p>	

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
10 Older People and disabled	<p><b>OPTION NEW</b>  <b>NURSING -including EMI</b>  <b>Fee based on 37 beds at 95% Occupancy</b></p> <p><b>Positive</b>  Basing the model on the average number of beds in the market will increase stability in the market. The increase in fees although small has the potential to increase the number of places available at the Councils usual cost</p> <p><b>Negative</b>  There are currently 24 out of 41 homes that have a capacity of 37 beds or more. As a consequence homes with less than 37 beds would be more motivated to charge a top up or reduce the quality of care they provide while remaining compliant to registration standards or have a higher risk of closure.</p>	<p>The Council has offered support from the Finance Team to review the business model of homes on an individual basis to enable them to work within the fees proposed.</p> <p>Homes of less than 37 beds will be contacted directly to assess their stability.</p> <p>The Council's Home Closure Policy would be followed to ensure appropriate action is taken</p>	Head of Finance	<p>From October 2012 onwards</p> <p>February 2013</p> <p>February 2013</p>	

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
11. Older People and disabled	<p>It is recognised that some homes may choose to terminate the residency of service users that are council funded. Reasons for taking this action may include a preference to accommodate private clients only at a higher fee or the absence of a third party contribution.</p> <p><b>Negative;</b> Council may be required to assist service users to choose alternative accommodation.</p> <p>Moving individual can be detrimental to the health and wellbeing of the individual.</p>	<p>DASS Locality Team would be responsible for reviewing the needs of affected service users and would work with them and their family, carer, representative or advocate finding suitable alternative accommodation.</p> <p>Dependant upon the outcome of the assessment. The action taken would be considered on a case by case basis.</p> <p>The Council would not move any individual where to do so would be detrimental to their immediate health and welfare</p>	Head of Assessment Services	February 2013 onwards as required	

**Section 5a: Where and how will the above actions be monitored?**

Capacity in the Market is monitored in the Quality Assurance Team

Homes are asked on a regular basis to confirm any additional charges they levy. Taking responsibility to pay and recover third party top ups from September 2013 will increase market intelligence in this area.

**Section 5b: If you think there is no negative impact, what is your reasoning behind this?**

Negative impacts have been identified

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

1. Laing and Buisson Report Wirral April 2011
2. Market Intelligence re Top up, market capacity, vacancies, council funded places..
3. Questionnaire completed by Home Owners February 2012
4. Consultation feedback received in relation to the Option 2 Proposals as presented to Cabinet on 18 October 2012
5. Experience of current practice

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

YES

**Home Owner Consultation**

The Council launched a consultation process on 22 October 2012 and accepted written feedback to 26 November 2012. The Council also invited individual questions from home owners during this period which were subsequently shared with all home owners including responses.

**Service Users and their families**

No –

It would not be appropriate to consult the public on what fee levels should be. Furthermore until the fees are set and offered to Home owners, they will not be in a position to declare if they are willing to accept them and enter into a contract with the Council on it's usual terms and conditions or not. Prior to this time the Council would not want to cause any unnecessary upset or anxiety for service users and their families. For homes that accept the final fees there will be no impact on the service user or their family. If a home owner declines the fees offered, arrangements will be made to review the needs of each individuals affected and explore with them their family, carer or representative the options available to them

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

## **Section 8: How will consultation take place and by when?**

The Consultation process was undertaken electronically with all home owners.

Before you complete your consultation, please email your preliminary EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

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

## **Section 9: Have you remembered to:**

- a) Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)
- b) Include any potential positive impacts as well as negative impacts? (section 5)
- c) Send this EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer?
- d) Review section 5 once consultation has taken place and sent your completed EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer for re-publishing?

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## WIRRAL COUNCIL

### CABINET

7 FEBRUARY 2013

<b>SUBJECT:</b>	<b>PROPOSAL TO CHANGE THE COUNCIL'S ENHANCED DISCRETIONARY SEVERANCE SCHEME</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>CHIEF EXECUTIVE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>EXECUTIVE MEMBER CORPORATE RESOURCES</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to provide 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.
- 1.2. Cabinet are asked to consider the options and the consultation feedback, and to make a decision in relation to changing the Council's current Enhanced Discretionary Severance Scheme.

#### 2. 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 approximately £109m over the next three years. The projected deficit for 2013/14 is currently £39m, with exception items at £38.4m, giving a total of £77.4m for 2013/14. This will necessitate significant changes to the manner in which the Council conducts its business, which will impact on the Council's workforce.
- 2.2. 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 (NJC Recognition Agreement with Trade Unions). The Council has 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 are laid out in the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA).
- 2.3. As part of the consultation, the Council is 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 formally opened on 12 November 2012.

- 2.4. During this period of consultation, the Council met with the recognised Trade Unions through a series of regular meetings, with the aim of seeking agreement and to consider the Trade Unions feedback in relation to the Council's budget shortfall for 2013-14.
- 2.5. All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

### **3. THE COUNCIL'S ENHANCED DISCRETIONARY SEVERANCE SCHEME**

#### **3.1 Introduction**

The Council currently has an Enhanced Discretionary Early Voluntary Retirement (EVR) and Severance (VS) scheme in place to be able to facilitate the release of an employee from their employment. Severance is where an employee leaves the organisation by mutual agreement and receives a compensatory payment (redundancy) for their loss of employment.

In addition for those employees who leave employment either through voluntary or compulsory redundancy who are aged 55 plus and members of the Local Government Pension Scheme, this process automatically triggers the early release of their pension. The early release of pension for employees over the age of 55 results in an additional cost to the Council. The costs can be paid back with interest over five years if the Council chooses to do so.

#### **3.2 Requirements of the Enhanced Discretionary Scheme**

The power to make a lump sum severance payment derives from the Local Government (Early Termination of Employment) (Enhanced Discretionary Compensation) (England & Wales) Regulations 2006. Regulation 6 of the regulations provides Local Authorities with an Enhanced Discretionary power to make severance payments up to 104 weeks pay. The Council's agreed scheme allows for payments up to 66 weeks.

The 2006 Regulations (Regulation 7) require that each employing authority must formulate, publish and keep under review the policy that they apply in the exercise of their Enhanced Discretionary powers and if the authority decides to change its policy, they must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.

In formulating and reviewing their policy the authority must:

- a) Have regard to the extent to which the exercise of their Enhanced Discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
- b) Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

#### **4. The Council's current budget position**

- 4.1 The range of officer budget options, at £78m, to meet the budget shortfall of £109m, will mean that there will be a reduction in staff. The Council therefore needs to look at the cost of the current enhanced Discretionary Severance Scheme, so that the cost does not worsen the Council's financial position, and seeks to improve it.

The Council's position on reserves is that they exactly match the risk level for 2013-14, as set out in the Cabinet report of 29 November 2012. The Cabinet Monitoring report of 20 December 2012, notes the emergence of new financial risks, that could require further savings.

- 4.2 The Council currently has exception items for 2013/14 which total £38.4m. The exception items include the costs for bad budgets, bad debt, the estimated cost of single status implementation and the estimated cost of redundancies. The total budget deficit, with exception items at £38.4m and the current funding gap of £39m, is £77.4m.

- 4.3 The cost of severance and the early release of pension are met in the following ways:

1. The early release of pension for those staff aged 55 plus is paid back over a five year period if the Council chooses to do so.
2. The cost of severance is met in two ways: however the Council's financial position requires a new approach to minimise revenue costs:

<b>Previous Practice</b>	<b>Proposed Approach</b>
i. The Council is able to capitalise the cost of the statutory scheme only. This involves a request to the Department of Communities and Local Government. The capitalisation, if agreed, results in an additional reserve cost of approximately 10% of the cost which is usually recovered over three years.	Fund from capital receipts
ii. The amount that the Council chooses to pay over and above the statutory element, referred to as the discretion, the Council has to find as a one off payment in year from further savings.	Either: <ul style="list-style-type: none"><li>• Application to Government to fund from capital receipts; or</li><li>• Review the necessity to make the payment.</li></ul>

#### **5. Current Position: Enhanced Discretionary Severance Scheme**

- 5.1 The statutory redundancy scheme is calculated using multipliers (ranging from 0.5-1.5), which provide that a redundant employee is entitled to:

- half a week's pay capped at £450 for every full year of employment under the age of 22;
- a week's pay capped at £450 for every full year of employment aged 22-40; and
- one and a half weeks' pay capped at £450 for every full year of employment aged 41 and over, subject to an overall maximum of 20 years (30 weeks pay).

5.2 The Council's current scheme is based on the above. The Council has exercised its discretion in two ways;

1. The weekly pay is not capped at £450 per week. It is calculated at the actual weekly salary;

And

2. The scheme then applies a multiplier of 2.2 to the statutory uncapped entitlement. This provides a maximum of 66 weeks pay, rather than 30 weeks for those with 20 years service over the age of 41.

5.3 The Council's Enhanced Discretionary Severance Scheme is amongst the most generous schemes. A list of comparative authorities is attached at Appendix 1.

## **6. Alternative Options**

6.1 There are a range of options for changing the Council's Enhanced Discretionary Severance Scheme. Those options are shown at Appendices 3a and 3b. The options are shown based on 10% and 15% of the workforce.

6.2 The range of options at Appendices 3a and 3b show the following, modelled at 10% and 15% of the workforce:

1. The cost of each scheme
2. The cost of statutory redundancy
3. The reduction in cost from the current scheme
4. The percentage saving
5. The total cost above the statutory element that would need to be capitalised.

6.3 The range of options consists of the following:

1. The statutory scheme with the weekly salary capped at the statutory cap of £450 per week (cap effective 1 February 2013).
2. The statutory scheme with the weekly pay uncapped.
3. Alternative options using the statutory scheme, with a capped weekly salary, with a range of multipliers.
4. Alternative options using the statutory scheme, with an uncapped weekly salary with a range of multipliers.
5. A range of options which do not use the statutory multiplier, and instead use a flat week calculation.
6. A proposal for two schemes. Scheme one would protect the lowest paid workers by applying the 2.2 multiplier for those staff earning up to £21K. This salary level is the level used as a definition of low pay in National Pay negotiations. This would be uncapped. Scheme Two would apply the statutory multiplier only, for those staff earning above £21k. The weekly pay would not be capped, so this would benefit the higher paid staff.

## **7. RELEVANT RISKS**

7.1 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 £109m over the next three years. With only £78m of savings options identified, any amount higher than the statutory scheme, the discretion, increases the funding gap of £31m,

the current shortfall in the Council's three year budget. The Cabinet will need to receive advice as to whether additional costs are a prudent action.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 A number of options to change the Council's current Enhanced Discretionary Severance Scheme are provided for consideration.
- 8.2 The consultation process provided an opportunity to explore and discuss all options before final decisions are made which may impact on our workforce.

## **9. CONSULTATION**

- 9.1 Extensive consultation has been undertaken with the recognised Trade Unions on the range of options and alternatives sought.

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

- 10.1 None

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

- 11.1 The Council is having discussions with Government in relation to capitalising the cost of redundancy. Only the statutory element of the cost can currently be capitalised. The Council will be seeking to capitalise costs for up to 15% of the workforce
- 11.2 For 10% of the workforce, the statutory cost of redundancy is £2,479,289. For 15% of the costs of the workforce, the statutory cost of redundancy is £3,718,934. The costs over and above these amounts, given the finances of the Council, may be an imprudent cost. Further advice will be given at the meeting.
- 11.3 This report concerns the Council's full workforce.

## **12. LEGAL IMPLICATIONS**

- 12.1 The Council is meeting the requirements to keep the Enhanced Discretionary Severance Scheme under review.
- 12.2 The Council will ensure that it complies with the necessary requirements to consult under the TULRCA.
- 12.3 The Council must meet its statutory duty under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. By virtue of regulation 7(3) the council when formulating and reviewing its policy must:
  - Have regard to the extent to which the exercise of their discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
  - Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

### **13. EQUALITIES IMPLICATIONS**

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

13.2 The EIA attached to this report, and is available at:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

### **14. CARBON REDUCTION IMPLICATIONS**

14.1 Not applicable for this report.

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

15.1 Not applicable for this report.

### **16. RECOMMENDATION/S**

16.1 That the Cabinet considers the issues raised in the report and reviews the options to change the Enhanced Discretionary Severance Scheme, which are attached, with costs, at Appendices 3a and 3b.

16.2 To recommend to the Employment and Appointments Committee that this report is considered and that any proposed change to the Council's Enhanced Discretionary Severance Scheme is agreed.

### **17. REASON/S FOR RECOMMENDATION/S**

17.1 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.

17.2 The Council's current Enhanced Discretionary Severance Scheme is unaffordable and applying the scheme will worsen the Council's financial position.

17.3 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.

### **REPORT AUTHOR: Chris Hyams**

Head of Human Resources & Organisational Development

telephone: (0151) 691 8590

email: [chrishyams@wirral.gov.uk](mailto:chrishyams@wirral.gov.uk)

### **APPENDICES**

Appendix 1: A Comparison of other North West Local Authorities' Severance Schemes

- Appendix 2: A summary of the options
- Appendix 3a: A range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme – costs based on 10% of the workforce
- Appendix 3b: A range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme – costs based on 15% of the workforce

## REFERENCE MATERIAL

None

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	18 September 2012
Employment and Appointments Committee	18 September 2012
Cabinet	8 November 2012
Employment and Appointments Committee	7 November 2012

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Council Category	Council and Council Category	Level of redundancy calculator applied	Statutory redundancy pay (SRP) or Actual weeks pay (AWP)	Applied to Voluntary/Compulsory
City Council	Carlisle City Council	Statutory Calculator x 2.5 (Max 75 weeks)	AWP	Compulsory
		Statutory Calculator x 1.5 (Max 45 weeks)	AWP	Voluntary only
Metropolitan Borough/Unitary	Cheshire West & Chester	Statutory Calculator x 2 (Max 52 weeks)	AWP	Voluntary and compulsory
City Council	Manchester	3 weeks per year of service (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough	Tameside	3 weeks per year of service (Max 30 weeks)	AWP	Voluntary only – time limited offers
		Statutory Calculator only (Max 30 weeks)	SRP	Compulsory
County/Unitary	Lancashire	Statutory Calculator x 1.8 (Max 54 weeks)	AWP	Voluntary only
		Statutory Calculator only (Max 30 weeks)	AWP	Compulsory
City Council/Unitary	Liverpool	Statutory Calculator x 1.8 (Max 54 weeks)	AWP	Voluntary only
		Statutory only (Max 30 weeks)	AWP	Compulsory
Unitary	Halton	Statutory calculator x multiplier as follows: 1 April 2012 - 31 March 2013 x 1.8 1 April 2013 - 31 March 2014 x 1.6 1 April 2014 - 31 March 2015 x 1.4 (Max 66 weeks)	AWP	Voluntary only

# A Comparisons of other North West Local Authorities' Severance Schemes

## Appendix 1

Council Category	Council and Council Category	Level of redundancy calculator applied	Statutory redundancy pay (SRP) or Actual weeks pay (AWP)	Applied to Voluntary/Compulsory
Unitary	Halton	Statutory Calculator only (Max 30 weeks)	AWP	Compulsory
Metropolitan Borough	Stockport	Statutory Calculator x 1.5 (Max 45 weeks)	AWP	Voluntary only
		Statutory Calculator only (Max 30 weeks)	AWP	Compulsory
County	Cumbria County Council	Statutory Calculator x 1.5 (Max 45 weeks)	AWP	Voluntary only
		Statutory Calculator only (Max 30 weeks)	SRP	Compulsory
Metropolitan Borough/Unitary	Cheshire East	Statutory Calculator x 1.5 (Max 45 weeks)	AWP	Voluntary and compulsory
Borough/Unitary	Warrington	Statutory Calculator x 1.5 (Max 45 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Oldham	Statutory Calculator x 1.5 (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Bolton	Statutory Calculator plus an additional 12 weeks (Max 42 weeks)	AWP	Voluntary only
Metropolitan Borough/Unitary	Bury	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory

## A Comparisons of other North West Local Authorities' Severance Schemes

## Appendix 1

Council Category	Council and Council Category	Level of redundancy calculator applied	Statutory redundancy pay (SRP) or Actual weeks pay (AWP)	Applied to Voluntary/Compulsory
Borough	Blackburn and Darwen	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Borough/Unitary	Blackpool	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Unitary	Chorley Council	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Knowsley	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary only (no compulsory redundancies)
Metropolitan Borough/Unitary	Rochdale	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
City Council/Unitary	Salford	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Sefton	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	St Helens	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Trafford	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory
Metropolitan Borough/Unitary	Wigan	Statutory Calculator only (Max 30 weeks)	AWP	Voluntary and compulsory

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**A summary of options for a revised Enhanced Discretionary Severance Scheme**

<b>Option 1</b>	Statutory scheme, based on the statutory cap on earnings of £450 per week (effective 1 February 2013)
<b>Option 2</b>	Statutory scheme, based on actual earnings
<b>Option 3</b>	Add an additional multiplier to the statutory scheme based on the statutory cap on earnings of £450 per week
<b>Option 4</b>	Add an additional multiplier to the statutory scheme based on actual earnings
<b>Option 5</b>	Do not apply the statutory scheme, use a flat week calculation
<b>Option 6</b>	Two scheme approach where the level of salary is used to determine the multiplier

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**A range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme - based on 10% of the workforce**

Severance Calculation	Capped			Uncapped		
	Cost	% of Current costs	Cost above the Statutory Scheme	Cost	% of Current costs	Cost above the Statutory Scheme
<b>Statutory Scheme</b>	<b>£2,479,289</b>	36.6%	£0	£3,082,967	45.5%	£603,678
<b>Multiplier Options</b>						
1.2	£2,975,147	43.9%	£495,858	£3,699,560	54.5%	£1,220,271
1.5	£3,718,934	54.8%	£1,239,645	£4,624,450	68.2%	£2,145,161
1.7	£4,214,791	62.1%	£1,735,502	£5,241,044	77.3%	£2,761,755
1.8	£4,462,720	65.8%	£1,983,431	£5,549,340	81.8%	£3,070,051
2.0	£4,958,578	73.1%	£2,479,289	£6,165,934	90.9%	£3,686,645
2.2 <b>Current</b>	£5,454,436	80.4%	£2,975,147	<b>£6,782,527</b>	100.0%	£4,303,238
<b>Flat Week Options</b>						
1.5	£3,038,485	44.8%	£559,196	£3,764,522	55.5%	£1,285,233
1.7	£3,443,617	50.8%	£964,328	£4,266,458	62.9%	£1,787,169
1.8	£3,646,182	53.8%	£1,166,893	£4,517,426	66.6%	£2,038,137
2.0	£4,051,314	59.7%	£1,572,025	£5,019,363	74.0%	£2,540,074
2.2	£4,456,445	65.7%	£1,977,156	£5,521,299	81.4%	£3,042,010
<b>Two Scheme Option</b>						
1.0 Over £21,000 2.2 Under £21,000	N/A			£3,848,167	56.7%	£1,368,878

Based on estimate at 31 March 2013, employees in post at 28 January 2013  
 Statutory Cap = £450 per week (effective 1 February 2013)

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**A range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme - based on 15% of the workforce**

Severance Calculation	Capped			Uncapped		
	Cost	% of Current costs	Cost above the Statutory Scheme	Cost	% of Current costs	Cost above the Statutory Scheme
<b>Statutory Scheme</b>	<b>£3,718,934</b>	36.6%	£0	£4,624,450	45.5%	£905,517
<b>Multiplier Options</b>						
1.2	£4,462,720	43.9%	£743,787	£5,549,340	54.5%	£1,830,407
1.5	£5,578,400	54.8%	£1,859,467	£6,936,676	68.2%	£3,217,742
1.7	£6,322,187	62.1%	£2,603,254	£7,861,566	77.3%	£4,142,632
1.8	£6,694,081	65.8%	£2,975,147	£8,324,011	81.8%	£4,605,077
2.0	£7,437,867	73.1%	£3,718,934	£9,248,901	90.9%	£5,529,967
2.2 <b>Current</b>	£8,181,654	80.4%	£4,462,720	<b>£10,173,791</b>	100.0%	£6,454,857
<b>Flat Week Options</b>						
1.5	£4,557,728	44.8%	£838,794	£5,646,783	55.5%	£1,927,849
1.7	£5,165,425	50.8%	£1,446,491	£6,399,687	62.9%	£2,680,754
1.8	£5,469,274	53.8%	£1,750,340	£6,776,140	66.6%	£3,057,206
2.0	£6,076,971	59.7%	£2,358,037	£7,529,044	74.0%	£3,810,110
2.2	£6,684,668	65.7%	£2,965,734	£8,281,949	81.4%	£4,563,015
<b>Two Scheme Option</b>						
1.0 Over £21,000 2.2 Under £21,000	N/A			£5,772,250	56.7%	£2,053,316

Based on estimate at 31 March 2013, employees in post at 28 January 2013  
 Statutory Cap = £450 per week (effective 1 February 2013)

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# Proposal for Officer Options for Savings - Equality Impact Assessment Template (Oct 2012)

## **Section 1:      Your details**

**EIA lead Officer:** Jenny Fletcher

**Email address:** jennyfletcher@wirral.gov.uk

**Head of Section:** Chris Hyams

**Chief Officer:** Surjit Tour

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

**Date:** 6 December 2012

## **Section 2:      What Council proposal is being assessed?**

**Proposal to change the Council's Discretionary Severance Scheme to two schemes as follows:**

**Scheme One:**

**Statutory scheme with enhancement of 2.2 multiplier, uncapped salary, for employees earning up to £21,000**

**Scheme Two:**

**Statutory scheme with uncapped salary for those employees earning over £21,000**

**Scheme one affects 3508 posts, scheme two affects 2825 posts.**

**Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

**Yes / No** If 'yes' please state which meeting and what date

**Cabinet and Employment and Appointments Committee: 20 December 2012**

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ☐ **Services**
- ☒ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

#### **Section 4:**

**Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?**

**You may also want to consider socio-economic status of individuals.**

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

<b>Which group(s) of people could be affected</b>	<b>Potential positive or negative impact</b>	<b>Action required to mitigate any potential negative impact</b>	<b>Lead person</b>	<b>Timescale</b>	<b>Resource implications</b>
All employees	<p>Positive – all employees will be entitled to an enhanced discretionary severance scheme, as both schemes are based on uncapped salary. Currently the statutory scheme is capped at £430 per week.</p> <p>The Council's lowest paid employees (those earning up to £21,000, will be entitled to statutory, plus a multiplier of 2.2.</p> <p>Negative - Employees earning above £21,000 will be entitled to less severance pay than the current scheme.</p>	<p>The proposal to change the Council's current discretionary severance scheme is part of a range of measures the Council is proposing to make financial savings needed to reduce the budget deficit, and is</p>			

		therefore not intended to discriminate any particular group of employees.			
Women/men	<p>The number of women post holders in the workforce is 64.39% - 4078 posts.</p> <p><b>Scheme One</b> Of the 64.39% (4078 posts) of women post holders, 58.23% (2375 posts) are affected.</p> <p><b>Scheme Two</b> Of the 64.39% (4078 posts) of women post holders, 41.76% (1703 posts) are affected.</p> <p><b>Comparison of schemes</b> Positive – more women post holders are entitled to scheme one.</p>	N/A			
Race	<p>The number of BME post holders in the workforce is 2.27% - 144 posts.</p> <p><b>Scheme One</b> Of the 2.27% (144 posts) of BME employees, 39.58% (57 posts) are affected.</p> <p><b>Scheme Two</b> Of the 2.27% of BME employees, 60.41% (87 posts) are affected.</p> <p><b>Comparison of schemes</b> Negative – less BME post holders are entitled</p>	This is an unintentional			

	to scheme one	disadvantage.  All BME post holders are entitled to an enhanced discretionary severance scheme, based on an uncapped weekly payment.			
Disability	<p>The number of disabled post holders in the workforce is 2.75% - 174 posts.</p> <p><b>Scheme One</b> Of the 2.75% (174 posts) of disabled employees, 48.28% (84 posts) are affected.</p> <p><b>Scheme Two</b> Of the 2.75% (174 posts) of disabled employees, 51.72% (90 posts) are affected.</p> <p><b>Comparison of schemes</b> Negative – less disabled post holders are entitled to scheme one.</p>	<p>This is an unintentional disadvantage.</p> <p>All disabled post holders are entitled to an enhanced discretionary severance scheme, based on an uncapped weekly payment.</p>			
Religion and Belief	The number of non Christian post holders in the workforce is 3.98% - 252 posts.	N/A			

	<p><b>Scheme One</b> Of the 3.98% (252 posts) of non-Christian post holders, 43.65% (110 posts) are affected.</p> <p><b>Scheme Two</b> Of the 3.98% (252 posts) of non-Christian post holders, 56.35% (142 posts) are affected.</p> <p>.</p> <p><b>Comparison of schemes</b> Negative – less non-Christian post holders are entitled to scheme one.</p>	<p>This is an unintentional disadvantage.</p> <p>All non-Christian post holders are entitled to an enhanced discretionary severance scheme, based on an uncapped weekly payment.</p>			
Sexual Orientation	<p>The number of lesbian, gay or bi-sexual post holders in the workforce is 0.63% - 40 posts.</p> <p><b>Scheme One</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 32.5% (13 posts) are affected.</p> <p><b>Scheme Two</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 67.5% (27 posts) are</p>				

	<p>affected.</p> <p>.</p> <p><b>Comparison of schemes</b> Negative – less lesbian, gay or bi-sexual post holders are entitled to scheme one.</p>	<p>This is an unintentional disadvantage.</p> <p>All lesbian, gay or bi-sexual post holders are entitled to an enhanced discretionary severance scheme, based on an uncapped weekly payment.</p>			
Gender Re-assignment	<p>The number of transgender post holders in the workforce is 0.17% - 11 posts.</p> <p><b>Scheme One</b> Of the 0.17% (11 posts) of transgender post holders, 72.72% (8 posts) are affected.</p> <p><b>Scheme Two</b> Of the 0.17% (11 posts) of transgender post holders, 27.27% (3 posts) are affected.</p> <p>.</p> <p><b>Comparison of schemes</b> Positive – more transgender post holders are entitled to scheme one.</p>	N/A.			
Age	The number of post holders in the workforce aged between 16-29 is 15.30% - 969 posts.				

	<p><b>Scheme One</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 79.56% (771 posts) are affected.</p> <p><b>Scheme Two</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 20.43% (198 posts) are affected.</p> <p>.</p> <p><b>Comparison of schemes</b> Positive – more post holders aged between 16-29 are entitled to scheme one.</p> <p>The number of post holders in the workforce aged between 30-59 is 75.82% - 4802 posts.</p> <p><b>Scheme One</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 48.81% (2344 posts) are affected.</p> <p><b>Scheme Two</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 51.19% (2458 posts) are affected.</p> <p>.</p> <p><b>Comparison of schemes</b> Negative – less post holders aged between 30-59 are entitled to scheme one.</p>	N/A			
		<p>This is an unintentional disadvantage.</p> <p>All post holders aged between 30-59 are entitled</p>			

	<p>The number of post holders in the workforce aged over 60 is 8.87% - 562 posts.</p> <p><b>Scheme One</b> Of the 8.87% (562 posts) of post holders aged over 60, 69.93% (393 posts) are affected.</p> <p><b>Scheme Two</b> Of the 8.87% (562 posts) of post holders aged over 60, 30.07% (169 posts) are affected.</p> <p><b>Comparison of schemes</b> Positive – more post holders aged over 60 are entitled to scheme one.</p>	<p>to an enhanced discretionary severance scheme, based on an uncapped weekly payment.</p> <p>N/A</p>			
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**Section 5a:      Where and how will the above actions be monitored?**

The Council will consult with staff and trade unions in relation to this proposal and feedback will be considered. The proposals and consultation feedback will be presented to Cabinet on 20 December 2012. The impact on employees will be monitored by managers with support from Human Resources and Organisational Development. A further EIA will be produced on the impact of application of the discretionary severance policy where this is appropriate.

**Section 5b:      If you think there is no negative impact, what is your reasoning behind this?**

N/A

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

The Council's budget deficit position: Wirral Council is facing unprecedented cuts to its funding. £100million, one third of the Council net budget will be removed over the next three years.

Research has been conducted through North West Employers and other local authorities across the country to make comparisons against other discretionary severance schemes. A number of Council's use schemes based on the statutory entitlement e.g. Sefton, Wigan, Knowlsey.

Workforce statistics generated for employees who would be entitled to scheme one and those entitled to scheme two, and workforce statistics for the full workforce.

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

Yes

If 'yes' please continue to section 8.

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

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

## **Section 8:      How will consultation take place and by when?**

Consultation has taken place with the Trade Unions as part of the Corporate Joint Consultative Committee (JCC) process where meetings are held every three weeks. In addition there have been and will be ongoing specific meetings with The Leader and The Chief Executive in relation to terms and conditions of employment, including the proposed change to the enhanced discretionary severance scheme. A decision will be made by Cabinet in December 2012.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

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# Proposal for Officer Options for Savings - Equality Impact Assessment Template (Oct 2012)

## **Section 1:      Your details**

**EIA lead Officer:** Jenny Fletcher

**Email address:** jennyfletcher@wirral.gov.uk

**Head of Section:** Chris Hyams

**Chief Officer:** Surjit Tour

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

**Date:** 12 December 2012

## **Section 2:      What Council proposal is being assessed?**

**Proposal to change the Council's Enhanced Discretionary Severance Scheme to apply a flat week multiplier to the number of years service.**

**This affects 6333 posts.**

## **Section 2b:      Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?**

**Yes / No**

**If 'yes' please state which meeting and what date**

**Cabinet and Employment and Appointments Committee: 20  
December 2012**

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ☐ **Services**
- ☒ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:**

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

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

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All employees	<p>Positive – all employees will be entitled to an enhanced discretionary severance scheme, which is based on a flat week multiplier, based on length of service. The flat week multiplier will be at least equivalent to the highest statutory multiplier of 1.5 weeks. The multiplier will be applied to all employees and will be based on actual weekly pay.</p> <p>Negative – all employees will receive less redundancy than the current scheme.</p>	<p>N/A</p> <p>This is an unintentional disadvantage.</p> <p>The proposal to change the Council's current discretionary severance scheme is part of a range of measures the Council is</p>			

		proposing to make financial savings needed to reduce the budget deficit, and is therefore not intended to discriminate any particular group of employees.			
Women/men	<p>The number of women post holders in the workforce is 64.39% - 4078 posts.</p> <p>Positive - All women post holders are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p>	N/A			
Race	<p>The number of BME post holders in the workforce is 2.27% - 144 posts.</p> <p>Positive - All BME post holders are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p>	N/A			
Disability	<p>The number of disabled post holders in the workforce is 2.75% - 174 posts.</p> <p>Positive - All disabled post holders are</p>	N/A			

	entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.				
Religion and Belief	<p>The number of non Christian post holders in the workforce is 3.98% - 252 posts.</p> <p>Positive - All non-Christian post holders are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p>	N/A			
Sexual Orientation	<p>The number of lesbian, gay or bi-sexual post holders in the workforce is 0.63% - 40 posts.</p> <p>Positive - All lesbian, gay or bi-sexual post holders are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p>				
Gender Re-assignment	<p>The number of transgender post holders in the workforce is 0.17% - 11 posts.</p> <p>Positive - All transgender post holders are entitled to the flat week multiplier (at least</p>	N/A			

	equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.				
Age	<p>The number of post holders in the workforce aged between 16-29 is 15.30% - 969 posts.</p> <p>Positive - All post holders aged between 16-29 are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p> <p>The number of post holders in the workforce aged between 30-59 is 75.82% - 4802 posts.</p> <p>Positive - All post holders aged between 30-59 are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of 1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.</p> <p>The number of post holders in the workforce aged over 60 is 8.87% - 562 posts.</p> <p>Positive - All post holders aged over 60 are entitled to the flat week multiplier (at least equivalent to the highest statutory multiplier of</p>	N/A			

	1.5 weeks), based on length of service, (consistent with the statutory scheme) and applicable to all other employees.				
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**Section 5a:      Where and how will the above actions be monitored?**

The Council will consult with staff and trade unions in relation to this proposal and feedback will be considered. The proposals and consultation feedback will be presented to Cabinet on 20 December 2012. The impact on employees will be monitored by managers with support from Human Resources and Organisational Development. A further EIA will be produced on the impact of application of the enhanced discretionary severance policy where this is appropriate.

**Section 5b:      If you think there is no negative impact, what is your reasoning behind this?**

N/A

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

The Council's budget deficit position: Wirral Council is facing unprecedented cuts to its funding. £108million, one third of the Council net budget will be removed over the next three years.

Research has been conducted through North West Employers and other local authorities across the country to make comparisons against other discretionary severance schemes.

Workforce statistics for the full workforce.

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

Yes

**Section 8:      How will consultation take place and by when?**

Consultation has taken place with the Trade Unions as part of the Corporate Joint Consultative Committee (JCC) process where meetings are held every three weeks. In addition there have been and will be ongoing specific meetings with The Leader and The Chief Executive in relation to terms and conditions of employment, including the proposed change to the enhanced discretionary severance scheme. A decision will be made by Cabinet in December 2012.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

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# Proposal for Officer Options for Savings - Equality Impact Assessment Template (Oct 2012)

## **Section 1:** Your details

**EIA lead Officer:** Jenny Fletcher

**Email address:** jennyfletcher@wirral.gov.uk

**Head of Section:** Chris Hyams

**Chief Officer:** Surjit Tour

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

**Date:** 12 December 2012

## **Section 2:** What Council proposal is being assessed?

**Proposal to change the Council's Enhanced Discretionary Severance Scheme to the Statutory Scheme, with a reduced multiplier (less than the current multiplier of 2.2).**

**This affects 6333 posts.**

## **Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

**Yes / No**

**If 'yes' please state which meeting and what date**

**Cabinet and Employment and Appointments Committee: 20  
December 2012**

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ☐ **Services**
- ☒ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:**

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

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

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All employees	<p>Positive – all employees will be entitled to an enhanced discretionary severance scheme, which is based on the statutory scheme, with a multiplier. The multiplier will be less than the current multiplier of 2.2. The multiplier will be applied to all employees and will be based on actual weekly pay.</p> <p>Negative – all employees will receive less redundancy than the current scheme.</p>	<p>N/A</p> <p>This is an unintentional disadvantage.</p> <p>The proposal to change the Council's current discretionary severance scheme is part of a range of measures the Council is proposing to make financial</p>			

		savings needed to reduce the budget deficit, and is therefore not intended to discriminate any particular group of employees.			
Women/men	<p>The number of women post holders in the workforce is 64.39% - 4078 posts.</p> <p>Positive - All women post holders are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>	N/A			
Race	<p>The number of BME post holders in the workforce is 2.27% - 144 posts.</p> <p>Positive - All BME post holders are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>	N/A			
Disability	<p>The number of disabled post holders in the workforce is 2.75% - 174 posts.</p> <p>Positive - All disabled post holders are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>	N/A			
Religion and	The number of non Christian post holders in	N/A			

Belief	<p>the workforce is 3.98% - 252 posts.</p> <p>Positive - All non-Christian post holders are entitled to the statutory scheme with a multiplier based on actual weekly pay, consistent with all other employees.</p>				
Sexual Orientation	<p>The number of lesbian, gay or bi-sexual post holders in the workforce is 0.63% - 40 posts.</p> <p>Positive - All lesbian, gay or bi-sexual post holders are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>				
Gender Re-assignment	<p>The number of transgender post holders in the workforce is 0.17% - 11 posts.</p> <p>Positive - All transgender post holders are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>	N/A			
Age	<p>The number of post holders in the workforce aged between 16-29 is 15.30% - 969 posts.</p> <p>Positive - All post holders aged between 16-29 are entitled to the statutory scheme, with a multiplier based on actual weekly pay, consistent with all other employees.</p>	N/A			

	<p>The number of post holders in the workforce aged between 30-59 is 75.82% - 4802 posts.</p> <p>Positive - All post holders aged between 30-59 are entitled to the statutory scheme, with a multiplier. on actual weekly pay, consistent with all other employees.</p> <p>The number of post holders in the workforce aged over 60 is 8.87% - 562 posts.</p> <p>Positive - All post holders aged over 60 are entitled to the statutory scheme, with a multiplier. based on actual weekly pay, consistent with all other employees.</p>				
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**Section 5a:      Where and how will the above actions be monitored?**

The Council will consult with staff and trade unions in relation to this proposal and feedback will be considered. The proposals and consultation feedback will be presented to Cabinet on 20 December 2012. The impact on employees will be monitored by managers with support from Human Resources and Organisational Development. A further EIA will be produced on the impact of application of the enhanced discretionary severance policy where this is appropriate.

**Section 5b:      If you think there is no negative impact, what is your reasoning behind this?**

N/A

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

The Council's budget deficit position: Wirral Council is facing unprecedented cuts to its funding. £108million, one third of the Council net budget will be removed over the next three years.

Research has been conducted through North West Employers and other local authorities across the country to make comparisons against other discretionary severance schemes. A number of Council's use schemes based on the statutory entitlement only e.g. Sefton, Wigan, Knowlsey, St Helen's. A number of Council's then apply a multiplier, e.g. Warrington, Cheshire East, Cheshire West and Chester.

Workforce statistics for the full workforce.

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

Yes

## **Section 8:       How will consultation take place and by when?**

Consultation has taken place with the Trade Unions as part of the Corporate Joint Consultative Committee (JCC) process where meetings are held every three weeks. In addition there have been and will be ongoing specific meetings with The Leader and The Chief Executive in relation to terms and conditions of employment, including the proposed change to the enhanced discretionary severance scheme. A decision will be made by Cabinet in December 2012.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

# Proposal for Officer Options for Savings - Equality Impact Assessment Template (Oct 2012)

## **Section 1:** Your details

**EIA lead Officer:** Jenny Fletcher

**Email address:** jennyfletcher@wirral.gov.uk

**Head of Section:** Chris Hyams

**Chief Officer:** Surjit Tour

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

**Date:** 12 December 2012

## **Section 2:** What Council proposal is being assessed?

**Proposal to change the Council's Enhanced Discretionary Severance Scheme to the Statutory Scheme, applying the statutory cap of £430 weekly pay.**

**This affects 6333 posts.**

## **Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

**Yes / No**

**If 'yes' please state which meeting and what date**

**Cabinet and Employment and Appointments Committee: 20  
December 2012**

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ☐ **Services**
- ☒ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:**

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

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

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All employees	<p>Positive – all employees will be entitled to the same statutory severance scheme, which applies a statutory cap of £430 weekly pay.</p> <p>Negative – those employees earning more than £430 a week will not have their redundancy payment based on actual pay.</p> <p>Negative – all employees will receive less redundancy than the current scheme.</p>	<p>This is an unintentional disadvantage.</p> <p>The proposal to change the Council's current discretionary severance scheme is part of a range of measures the Council is proposing to make financial savings needed to reduce the budget deficit, and is therefore not intended to discriminate any particular group of employees.</p>			

Women/men	<p>Positive</p> <p>The number of women post holders in the workforce is 64.39% - 4078 posts.</p> <p><b>Earning £430 per week or less</b> Of the 64.39% (4078 posts) of women post holders, 74.64% (3044 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 64.39% (4078 posts) of women post holders, 25.36% (1036 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less women post holders earn more than £430 per week and will be subject to the statutory cap.</p> <p>This therefore has more of a negative impact on men.</p>	N/A			
Race	<p>Positive</p> <p>The number of BME post holders in the workforce is 2.27% - 144 posts.</p> <p><b>Earning £430 per week or less</b> Of the 2.27% (144 posts) of BME post holders, 64.58% (93 posts) earn £430 per week or less.</p>				

	<p><b>Earning more than £430 per week</b> Of the 2.27% of BME employees, 35.42% (51 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less BME post holders earn more than £430 per week and will be subject to the statutory cap.</p>	N/A			
Disability	<p>Positive</p> <p>The number of disabled post holders in the workforce is 2.75% - 174 posts.</p> <p><b>Earning £430 per week or less</b> Of the 2.75% (174 posts) of disabled employees, 64.94% (113 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 2.75% (174 posts) of disabled employees, 35.06% (61 posts) earn more than £430.</p> <p><b>Comparison</b> Positive – less disabled post holders earn more than £430 per week and will be subject to the statutory cap.</p>	N/A			
Religion and Belief	<p>Positive</p> <p>The number of non Christian post holders in the workforce is 3.98% - 252 posts.</p>				

	<p><b>Earning £430 per week or less</b> Of the 3.98% (252 posts) of non-Christian post holders, 56.75% (143 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 3.98% (252 posts) of non-Christian post holders, 43.25% (109 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less non-Christian post holders earn more than £430 per week and will be subject to the statutory cap.</p>	N/A			
Sexual Orientation	<p>Negative</p> <p>The number of lesbian, gay or bi-sexual post holders in the workforce is 0.63% - 40 posts.</p> <p><b>Earning £430 per week or less</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 45% (18 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 55% (22 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more lesbian, gay or bi-sexual post holders earn more than £430 per week</p>	<p>This is an unintentional disadvantage.</p> <p>All lesbian, gay or bi-sexual</p>			

	and will be subject to the statutory cap.	post holders are entitled to the statutory scheme consistent with all other employees.			
Gender Re-assignment	<p>Positive</p> <p>The number of transgender post holders in the workforce is 0.17% - 11 posts.</p> <p><b>Earning £430 per week or less</b> Of the 0.17% (11 posts) of transgender post holders, 81.82% (9 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 0.17% (11 posts) of transgender post holders, 18.18% (2 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less transgender post holders earn more than £430 per week and will be subject to the statutory cap.</p>	N/A			
Age	<p>Positive</p> <p>The number of post holders in the workforce aged between 16-29 is 15.30% - 969 posts.</p> <p><b>Earning £430 per week or less</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 92.05% (892 posts)</p>				

	<p>earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 7.95% (77 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less post holders aged between 16-29 earn more than £430 per week and will be subject to the statutory cap.</p> <p>The number of post holders in the workforce aged between 30-59 is 75.82% - 4802 posts.</p> <p><b>Earning £430 per week or less</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 64.72% (3108 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 35.28% (1694 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less post holders aged between 30-59 earn more than £430 per week and will be subject to the statutory cap.</p> <p>The number of post holders in the workforce aged over 60 is 8.87% - 562 posts.</p>	N/A			
		N/A			

	<p><b>Earning £430 per week or less</b> Of the 8.87% (562 posts) of post holders aged over 60, 82.38% (463 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 8.87% (562 posts) of post holders aged over 60, 17.62% (99 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – more post holders aged over 60 earn more than £430 per week and will be subject to the statutory cap.</p>	N/A				
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**Section 5a:      Where and how will the above actions be monitored?**

The Council will consult with staff and trade unions in relation to this proposal and feedback will be considered. The proposals and consultation feedback will be presented to Cabinet on 20 December 2012. The impact on employees will be monitored by managers with support from Human Resources and Organisational Development. A further EIA will be produced on the impact of application of the enhanced discretionary severance policy where this is appropriate.

**Section 5b:      If you think there is no negative impact, what is your reasoning behind this?**

N/A

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

The Council's budget deficit position: Wirral Council is facing unprecedented cuts to its funding. £108million, one third of the Council net budget will be removed over the next three years.

Research has been conducted through North West Employers and other local authorities across the country to make comparisons against other discretionary severance schemes. A number of Council's use schemes based on the statutory entitlement e.g. Sefton, Wigan, Knowlsey, St Helen's.

Workforce statistics generated for employees who earn more than £430 per week, and workforce statistics for the full workforce.

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

Yes

## **Section 8:       How will consultation take place and by when?**

Consultation has taken place with the Trade Unions as part of the Corporate Joint Consultative Committee (JCC) process where meetings are held every three weeks. In addition there have been and will be ongoing specific meetings with The Leader and The Chief Executive in relation to terms and conditions of employment, including the proposed change to the enhanced discretionary severance scheme. A decision will be made by Cabinet in December 2012.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

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# Proposal for Officer Options for Savings - Equality Impact Assessment Template (Oct 2012)

## **Section 1:** Your details

**EIA lead Officer:** Jenny Fletcher

**Email address:** jennyfletcher@wirral.gov.uk

**Head of Section:** Chris Hyams

**Chief Officer:** Surjit Tour

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

**Date:** 12 December 2012

## **Section 2:** What Council proposal is being assessed?

**Proposal to change the Council's Discretionary Severance Scheme to the Statutory Scheme, with uncapped salary.**

**This affects 6333 posts.**

## **Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

**Yes / No**

**If 'yes' please state which meeting and what date**

**Cabinet and Employment and Appointments Committee: 20  
December 2012**

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/budget-options-eias>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ☐ **Services**
- ☒ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ☐ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:**

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

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

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All employees	<p>Positive – all employees will be entitled to an enhanced discretionary severance scheme, as the proposal is to use actual weekly pay (uncapped salary). Currently the statutory scheme is capped at £430 per week.</p> <p>Negative – those employees earning less than £430 a week (current statutory cap) will not benefit from the proposal to use actual weekly pay.</p> <p>Negative – all employees will receive less redundancy than the current scheme.</p>	<p>This is an unintentional disadvantage.</p> <p>This is an unintentional disadvantage.</p> <p>The proposal to change the Council's current discretionary severance scheme is part of a range of</p>			

		measures the Council is proposing to make financial savings needed to reduce the budget deficit, and is therefore not intended to discriminate any particular group of employees.			
Women/men	<p>Negative</p> <p>The number of women post holders in the workforce is 64.39% - 4078 posts.</p> <p><b>Earning £430 per week or less</b> Of the 64.39% (4078 posts) of women post holders, 74.64% (3044 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 64.39% (4078 posts) of women post holders, 25.36% (1036 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more women post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All women post holders are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
Race	Negative				

	<p>The number of BME post holders in the workforce is 2.27% - 144 posts.</p> <p><b>Earning £430 per week or less</b> Of the 2.27% (144 posts) of BME post holders, 64.58% (93 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 2.27% of BME employees, 35.42% (51 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more BME post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All BME post holders are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
Disability	<p>Negative</p> <p>The number of disabled post holders in the workforce is 2.75% - 174 posts.</p> <p><b>Earning £430 per week or less</b> Of the 2.75% (174 posts) of disabled employees, 64.94% (113 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 2.75% (174 posts) of disabled employees, 35.06% (61 posts) earn more than £430.</p>				

	<p><b>Comparison</b> Negative – more disabled post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All disabled post holders are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
Religion and Belief	<p>Negative</p> <p>The number of non Christian post holders in the workforce is 3.98% - 252 posts.</p> <p><b>Earning £430 per week or less</b> Of the 3.98% (252 posts) of non-Christian post holders, 56.75% (143 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 3.98% (252 posts) of non-Christian post holders, 43.25% (109 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more non-Christian post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>N/A</p> <p>This is an unintentional disadvantage.</p> <p>All non-Christian post holders are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			

Sexual Orientation	<p>Positive</p> <p>The number of lesbian, gay or bi-sexual post holders in the workforce is 0.63% - 40 posts.</p> <p><b>Earning £430 per week or less</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 45% (18 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 0.63% (40 posts) of lesbian, gay or bi-sexual post holders, 55% (22 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Positive – less lesbian, gay or bi-sexual post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	N/A			
Gender Re-assignment	<p>Negative</p> <p>The number of transgender post holders in the workforce is 0.17% - 11 posts.</p> <p><b>Earning £430 per week or less</b> Of the 0.17% (11 posts) of transgender post holders, 81.82% (9 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b></p>				

	<p>Of the 0.17% (11 posts) of transgender post holders, 18.18% (2 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more transgender post holders earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All transgender post holders are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
Age	<p>Negative</p> <p>The number of post holders in the workforce aged between 16-29 is 15.30% - 969 posts.</p> <p><b>Earning £430 per week or less</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 92.05% (892 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 15.30% (969 posts) of post holders aged between 16-29, 7.95% (77 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more post holders aged between 16-29 earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All post holders aged between 16-29 are entitled to the statutory scheme</p>			

	<p>The number of post holders in the workforce aged between 30-59 is 75.82% - 4802 posts.</p> <p><b>Earning £430 per week or less</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 64.72% (3108 posts) earn £430 per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 75.82% (4802 posts) of post holders aged between 30-59, 35.28% (1694 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more post holders aged between 30-59 earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay. .</p> <p>The number of post holders in the workforce aged over 60 is 8.87% - 562 posts.</p> <p><b>Earning £430 per week or less</b> Of the 8.87% (562 posts) of post holders aged over 60, 82.38% (463 posts) earn £430</p>	<p>based on actual weekly pay, consistent with all other employees.</p> <p>This is an unintentional disadvantage.</p> <p>All post holders aged between 30-59 are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
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	<p>per week or less.</p> <p><b>Earning more than £430 per week</b> Of the 8.87% (562 posts) of post holders aged over 60, 17.62% (99 posts) earn more than £430 per week.</p> <p><b>Comparison</b> Negative – more post holders aged over 60 earn less than £430 per week and therefore will not benefit from the proposal to use actual weekly pay.</p>	<p>This is an unintentional disadvantage.</p> <p>All post holders aged over 60 are entitled to the statutory scheme based on actual weekly pay, consistent with all other employees.</p>			
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**Section 5a:      Where and how will the above actions be monitored?**

The Council will consult with staff and trade unions in relation to this proposal and feedback will be considered. The proposals and consultation feedback will be presented to Cabinet on 20 December 2012. The impact on employees will be monitored by managers with support from Human Resources and Organisational Development. A further EIA will be produced on the impact of application of the enhanced discretionary severance policy where this is appropriate.

**Section 5b:      If you think there is no negative impact, what is your reasoning behind this?**

N/A

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

The Council's budget deficit position: Wirral Council is facing unprecedented cuts to its funding. £108million, one third of the Council net budget will be removed over the next three years.

Research has been conducted through North West Employers and other local authorities across the country to make comparisons against other discretionary severance schemes. A number of Council's use schemes based on the statutory entitlement e.g. Sefton, Wigan, Knowlsey, St Helen's.

Workforce statistics generated for employees who earn £430 per week or less, and workforce statistics for the full workforce.

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

Yes

## **Section 8:       How will consultation take place and by when?**

Consultation has taken place with the Trade Unions as part of the Corporate Joint Consultative Committee (JCC) process where meetings are held every three weeks. In addition there have been and will be ongoing specific meetings with The Leader and The Chief Executive in relation to terms and conditions of employment, including the proposed change to the enhanced discretionary severance scheme. A decision will be made by Cabinet in December 2012.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme were written to on 23 November 2012. The letter informed employees 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.

## WIRRAL COUNCIL

### CABINET

7 FEBRUARY 2013

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

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a review of Treasury Management policies, practices and activities during the third quarter of 2012/13. It confirms 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.

### 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 The end of the calendar year brings to an end an eventful and economically challenging 2012. The Autumn Statement by the Chancellor of the Exchequer acknowledged that since 2008/09 (the onset of what was known as the Credit Crunch) the UK economy had contracted by 6.3% making it the largest change to the economy since World War II. A sustained trend of anything approaching economic growth still appears some way off, as the path to recovery continues to be difficult with the Office for Budget Responsibility expecting the economy to have shrunk by 0.1% in 2012.

- 2.3 Annual Consumer Price index (CPI) fell to 2.2% in September before rising to 2.7% at the year-end due largely to a bigger-than-expected contribution from university tuition fees. Inflation is expected to remain above the Bank of England's 2% target for the next year or so, as the planned utility price rises take effect and as a result of the rise in food prices earlier this year. The latest market statistics released by the Office for National Statistics show the UK labour market continuing to grow but the pace of expansion slowing. Wage growth remains weak, rising at an annual rate of 1.8% so with inflation at 2.7%, real wage growth remains negative.
- 2.4 The Bank of England's Monetary Policy Committee have continued to hold the Quantitative Easing (QE) scheme at a total of £375 billion, whilst also maintaining the Bank Rate at 0.5%.
- 2.5 In Europe, Greece has managed to obtain some respite from its lenders as European Finance Ministers eased the terms on its emergency aid financing. Yields on Spanish, Italian and even Portuguese government debt eased despite the Eurozone sliding back into economic recession. In the U.S, the 'Fiscal Cliff' was averted at the eleventh hour, preventing the US economy from returning to recession. An agreement was reached, however tougher decisions regarding spending cuts must be addressed in 2013. Future developments in overseas economies will continue to impact on market conditions and consequently the U.K's own economic recovery.

## THE COUNCIL TREASURY POSITION

- 2.6 The table shows how the position has changed since 30 September 2012.

**Table 1 : Summary of Treasury Position**

	<b>Balance 30 Sep 12 (£m)</b>	<b>Maturities (£m)</b>	<b>Additions (£m)</b>	<b>Balance 31 Dec 12 (£m)</b>
Investments	113	(158)	145	100
Borrowings	(257)	7	0	(250)
Other Long-Term Liabilities	(61)	0	0	(61)
<b>Net Debt</b>	<b>(205)</b>	<b>(151)</b>	<b>145</b>	<b>(211)</b>

## INVESTMENTS

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

2.8 At 31 December 2012 the Council held investments of £100 million.

**Table 2a : Investment Profile**

<b>Investments with:</b>	<b>30 Jun 12 £m</b>	<b>30 Sep 12 £m</b>	<b>31 Dec 12 £m</b>
UK Banks	36	47	47
UK Building Societies	0	0	2
Money Market Funds	41	22	4
Other Local Authorities	35	36	39
Gilts and Bonds	8	8	8
<b>TOTAL</b>	<b>120</b>	<b>113</b>	<b>100</b>

2.9 The table below shows approximately where the investments came from.

**Table 2b : Investment Sources**

<b>Usable Reserves</b>	<b>£m</b>
General Fund	21
Earmarked Reserves	88
Capital Receipts Reserve	9
Capital Grants Unapplied	32
	<b>150</b>
Internal Borrowing in lieu of External Borrowing	(50)
<b>Reserves Invested</b>	<b>100</b>

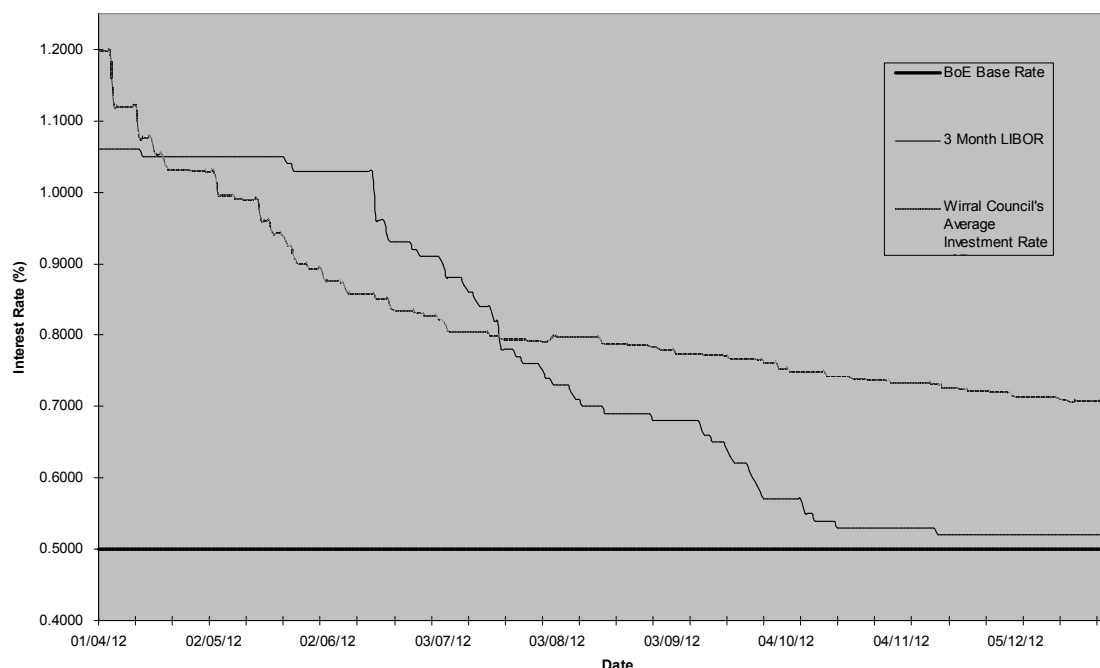
2.10 Of the above investments, £42 million is invested in instant access funds, £35 million is invested for up to 1 year and £23 million is invested for up to 5 years.

2.11 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate of 0.5%. The Council seeks to invest into more secure investments; the increased security comes at a price of reduced investment return. 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.*

- 2.12 The average rate of return on investments as at 31 December 2012 was 0.71% (at 30 September it was 0.76%). 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).

**Graph 1 : Investment Rate of Return in 2012/13**



- 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 In previous months the ratings of most of the UK banks, Nationwide Building Society and non-UK banks were either downgraded or placed on review for possible downgrade. Restrictions were put in place regarding the investment duration limits, to help safeguard Council funds. In November, as a result of advice from our Treasury Management consultant (Arlingclose), extensions to the duration limits of a number of investment counterparties were granted. The change came in response to continued analysis of the various metrics used to assess the creditworthiness of financial institutions, which continued to show signs of stabilisation, and in some cases, considerable improvement.

- 2.15 The credit rating of the approved counterparties and the duration of which an investment may be made are under constant review. Santander are currently restricted to deposits no longer than 100 days, whilst RBS, NatWest, Lloyds TSB and Bank of Scotland have a limit of 6 months. Barclays, Nationwide, 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 has now been transferred to Lloyds TSB. Although, the Council's old current account with NatWest will continue to operate for at least six months to ensure a smooth transition. Both counterparties have an appropriate credit rating and will therefore continue 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 £ 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.

**Table 3 ; Heritable Bank Repayments**

	£
<b>Initial Investment</b>	2,000,000
<b>Actual Repayments Received</b>	
As at 31 Dec 12	1,570,528
<b>Estimate of Future Repayments</b>	325,173
<b>Estimate of Minimum Total Repayment</b>	<b>1,895,701</b>

- 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 third quarter of 2012/13.

2.27 The table shows Council debt at 31 December 2012.

**Table 4 : Council Debt at 31 December 2012**

<b>Debt</b>	<b>Balance 30 Sep 12 (£m)</b>	<b>Maturities (£m)</b>	<b>Additions (£m)</b>	<b>Balance 31 Dec 12 (£m)</b>
<u>Borrowings</u>				
PWLB	(83)	7	0	(76)
Market Loans	(174)	0	0	(174)
<u>Other Long Term Liabilities</u>				
PFI	(59)	0	0	(59)
Finance Leases	(2)	0	0	(2)
<b>TOTAL</b>	<b>(318)</b>	<b>7</b>	<b>0</b>	<b>(311)</b>

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.

#### **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.

**Table 5 : Net Debt compared with CFR**

	<b>£m</b>
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
<b>Accumulative CFR</b>	<b>375</b>
<b>Net Debt as at 31 Dec 2012</b>	<b>211</b>

- 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.

**Table 6 ; Authorised Limit and Operational Boundary Indicator**

	<b>Oct 12 (£m)</b>	<b>Nov 12 (£m)</b>	<b>Dec 12 (£m)</b>
<b>AUTHORISED LIMIT</b>	<b>482</b>	<b>482</b>	<b>482</b>
<b>OPERATIONAL BOUNDARY</b>	<b>467</b>	<b>467</b>	<b>467</b>
Council Borrowings	254	254	250
Other Long Term Liabilities	61	61	61
<b>TOTAL</b>	<b>315</b>	<b>315</b>	<b>311</b>

- 2.34 The table shows that neither the Authorised Limit nor the Operational Boundary was breached between October 2012 and December 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.

**Table 7 ; Interest Rate Exposure**

	<b>Fixed Rate of Interest (£m)</b>	<b>Variable Rate of Interest (£m)</b>	<b>TOTAL</b>
<b>Borrowings</b>	(250)	0	<b>(250)</b>
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	0%	
<b>Investments</b>	23	77	<b>100</b>
Proportion of Investments	23%	77%	100%
Upper Limit	100%	100%	
<b>Net Borrowing</b>	<b>(227)</b>	<b>77</b>	<b>(150)</b>
Proportion of Total Net Borrowing	151%	-51%	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.

**Table 8 : Maturity Structure of Borrowing**

<b>Borrowings Maturity</b>	<b>As at 31 Dec 12 (£m)</b>	<b>As at 31 Dec 12 (%)</b>	<b>2012/13 Lower Limit (%)</b>	<b>2012/13 Upper Limit (%)</b>
Less than 1 year	28	11	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	32	13	0	50
Over 10 years	151	60	0	100
<b>Total Borrowing</b>	<b>250</b>	<b>100</b>		

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 £23 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.

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.

**REPORT AUTHOR:** Mark Goulding  
Group Accountant – Treasury Management  
Telephone: 0151 666 3415  
Email: markgoulding@wirral.gov.uk

## **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**

<b>Council Meeting</b>	<b>Date</b>
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
Cabinet - Treasury Management Performance Monitoring Report – Quarter 2 2012/13	8 November 2012

## WIRRAL COUNCIL

### CABINET

7 FEBRUARY 2013

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

#### 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 2005 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

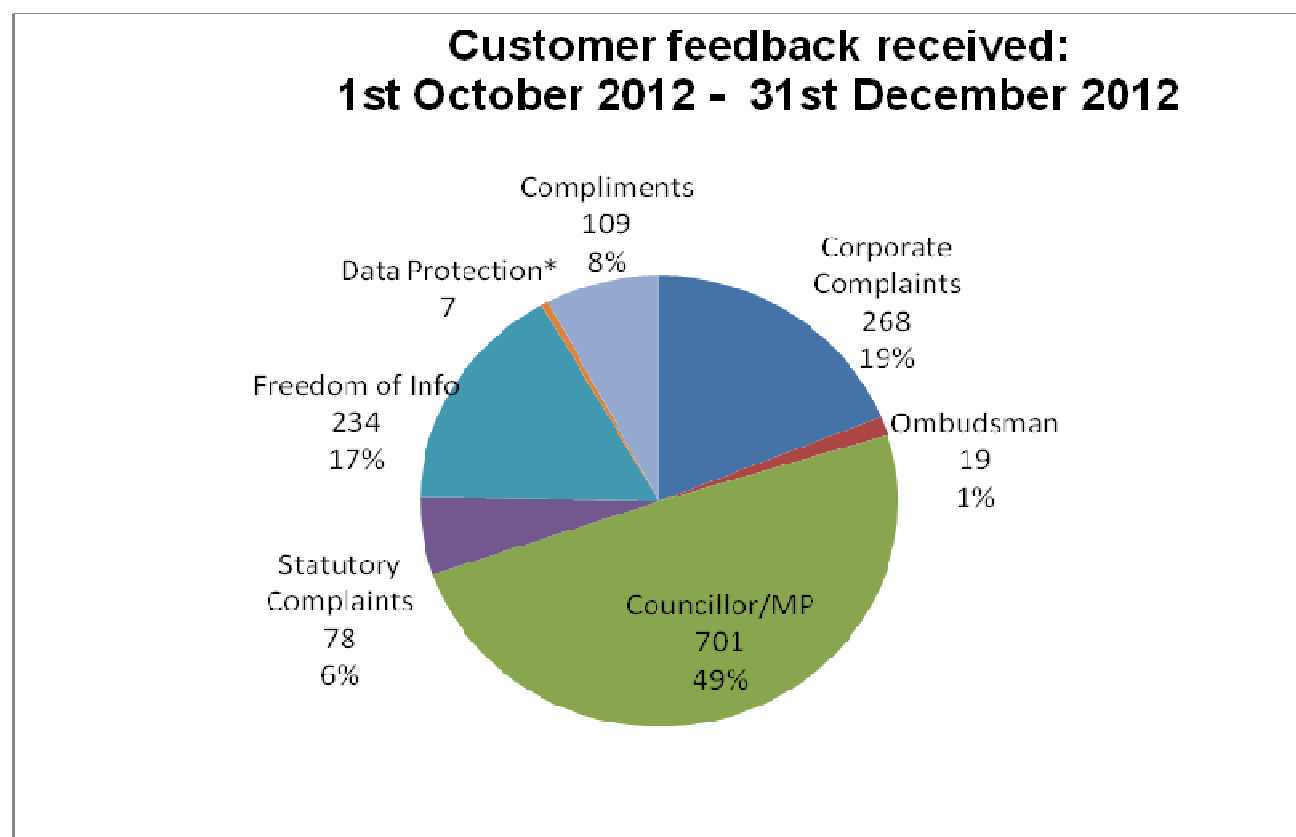
- Follow-up enquiries/clarification sought
- Investigations

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 3 2012/13

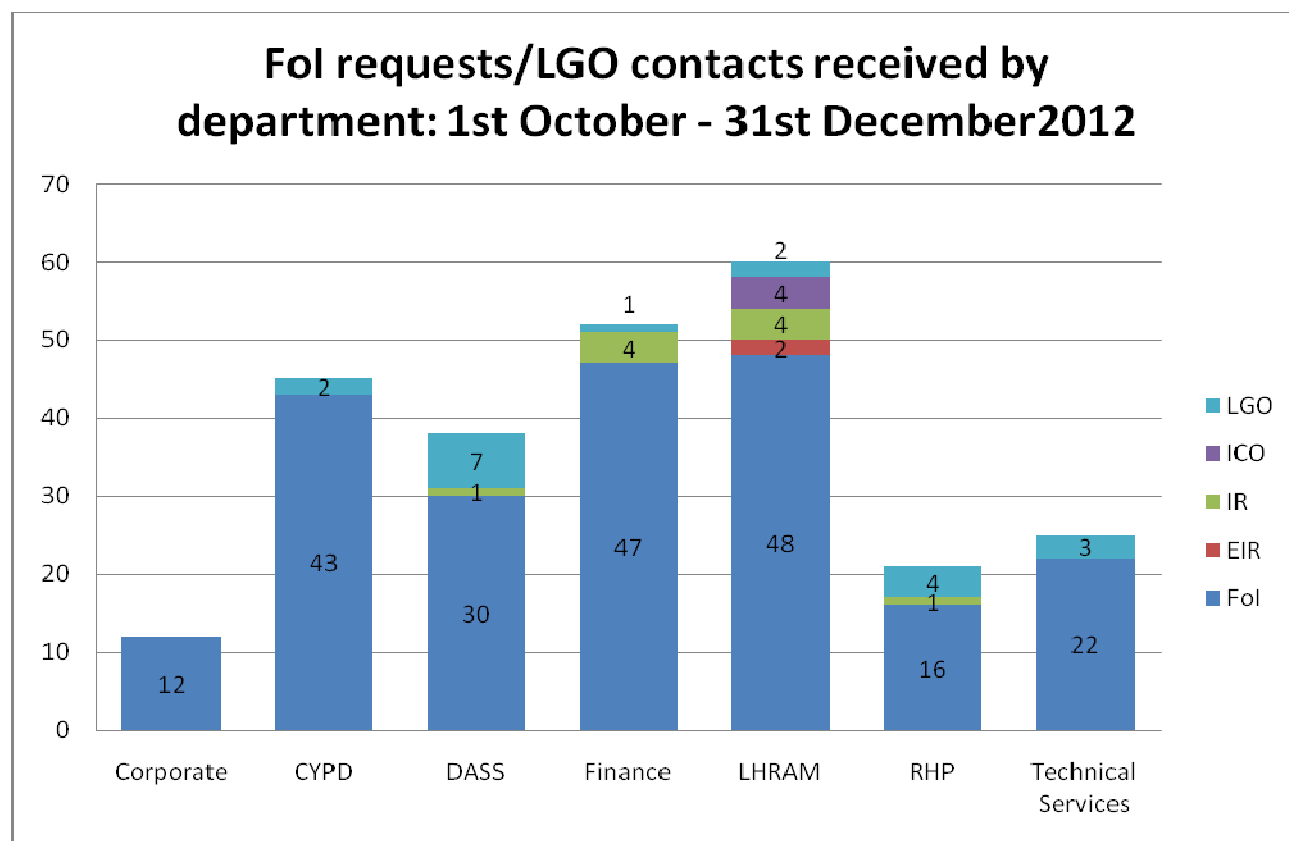
3.1 For context and to offer volume comparisons, FoI and LGO contacts are displayed in the table below as part of wider customer feedback contacts received in this quarter:



\*Data Protection figure not including CYPD contacts (unavailable at time of report)

3.2 Fol contacts, which have displayed a reducing trend since quarter 1 (Q1 340; Q2 251; Q3 234) were split over Fol requests (93%); requests made under the Environmental Information Regulations (1%); internal reviews (4%) and Information Commissioner's Office (ICO) requests (2%). LGO contacts, which recorded a 17% decrease in overall contacts received in comparison with the last quarter, were split between requests for information (15); follow-up enquiries (3) and a single full investigation.

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.

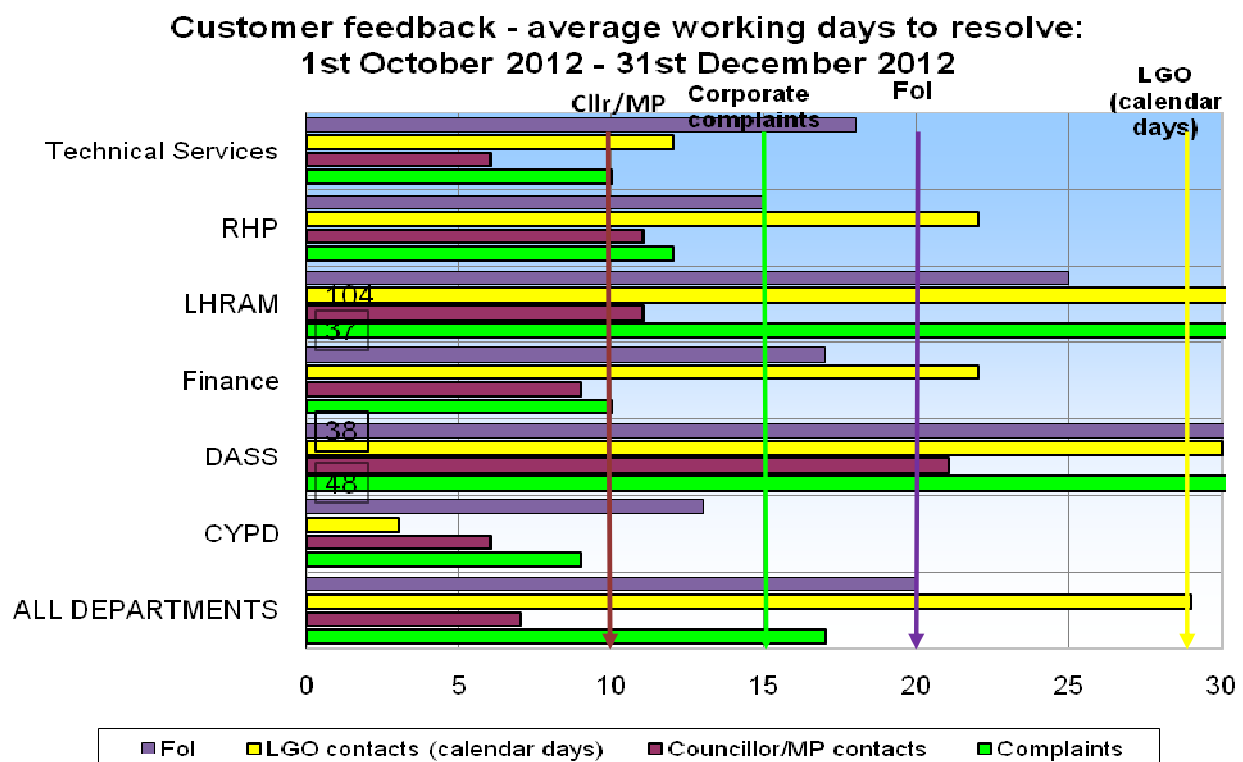
- CYPD social care/schools accounted for 15% of total Fol requests received (Q1 17%; Q2 15%) and 81% of all Fol requests received by this department. There were 2 LGO contacts recorded (child protection and children's social care).
- DASS access and assessment accounted for 9% of total Fol requests received (Q1 18%; Q2 16%) and 71% of all Fol requests received by this department. 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 86% of LGO contacts received by this department.
- Finance support services accounted for 14% of total Fol requests received, including 40% of all internal reviews raised in this quarter though this includes some contacts handled by the Fol coordinator (working within this service) on behalf of the Council/other departments. The Benefits; Miscellaneous Incomes and Revenues

services accounted for 39% of all Fol requests received by this department. The only LGO contact was for the Benefits Service.

- LHRAM Human Resources and Legal And Member Services accounted for 15% of total Fol requests (no change from last quarter) and 62% of requests received by this department. Human Resources accounted for all of this department's internal review requests and 40% of all internal reviews received by the Council in this quarter. This department also received all Information Commissioners Office requests received by the Council in this quarter, predominantly due to delays in responding to previous Fol requests (3 legal and member services; single human resources contact). There were 2 LGO contacts recorded in this quarter (community safety and legal and member services).
- RHP development control and land charges accounted for 41% of all Fol/EIR requests received by this department and included a single internal review; planning services accounted for 75% of all LGO contacts received for this department.
- DTS parks, countryside, cemeteries and crematoria and traffic issues accounted for 36% of all Fol contacts received by the department with 3 LGO contacts recorded (highway maintenance; refuse collection and trees).

3.5 As reported in Q1 and Q2, both departmental and specific service area Fol contact totals have been inflated by numerous requests received from a single source, accounting for 13% of all Fol requests (Q1 19%; Q2 9%) and 30% of all internal review requests (Q1 81%; Q2 47%) received in this 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 (38 working days) and LHRAM (25 working days) maintained an average response rate within the standard FoI response target (20 working days). The DASS access and assessment service responded in an average of 41 working days and the LHRAM legal and member service responded in an average of 52 calendar days.
- 3.8 All departments apart from LHRAM (104 calendar days) and DASS (30 calendar days) maintained an average within the LGO target (28 calendar days) for contacts closed in the quarter. DASS care services took an average of 32 calendar days to respond to contacts and LHRAM community services took an average of 104 calendar days to respond to (2) contacts in the quarter.
- 3.9 Across all FoI contacts closed in the quarter the Council, within the FoI legislation, requested an additional 20 working days to respond for a single contact.
- 3.10 Of all the LGO contacts responded to in the quarter, the LGO has communicated a final decision in 10 cases: 7 resolved within the ombudsman's discretion and 3 with no evidence of maladministration found (see point 2.4).
- 3.11 Service areas responding to FoI contacts outside of the designated target during this quarter were as follows:



\*indicates single contact only

- 3.12 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.

- 3.13 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.

#### **4.0 FoI IMPROVEMENT PLAN**

- 4.1 The Information Commissioners Office has received a number of complaints regarding the time it takes the Council's to respond to FoI requests. The ICO will be monitoring Wirral's performance during the three months, from 1 January 2013 to 31 March 2013, and may take further action if performance does not improve.

- 4.2 A detailed action plan has been agreed by the Executive Team to address the concerns raised by the ICO and will ensure all possible improvements are implemented before the end of quarter 4 2012/2013.

- 4.3 The plan includes the following aspects:

- Improved workflow to increase accessibility and subsequent assignment of requests
- Increased resources in support of coordinating FoI contacts
- Integration of the FoI team into Legal and Member Services in support of improved communication
- Improved and consolidated management information to enhance ability to manage service performance
- Improvements to the Council's publication scheme

#### **5.0 RELEVANT RISKS**

- 5.1 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.

#### **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 None.

#### **7.0 CONSULTATION**

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

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

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

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

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

#### **10.0 LEGAL IMPLICATIONS**

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

## **11.0 EQUALITIES IMPLICATIONS**

11.1 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.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 None.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 None.

## **14.0 RECOMMENDATION/S**

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

## **15.0 REASON/S FOR RECOMMENDATION/S**

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

**REPORT AUTHOR:**   **Geoff Paterson**  
Head of IT Services  
telephone: (0151) 666 3029  
email: [geoffpaterson@wirral.gov.uk](mailto:geoffpaterson@wirral.gov.uk)

## **APPENDICES**

## **REFERENCE MATERIAL**

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
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
Cabinet	8 November 2012
Council Excellence Overview and Scrutiny Committee	27 November 2012

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## Equality Impact Assessment Toolkit (from May 2012)

### Section 1: Your details

**EIA lead Officer:** Geoff Paterson

**Email address:** Geoffpaterson@wirral.gov.uk

**Head of Section:** Geoff Paterson

**Chief Officer:** Peter Timmins

**Department:** Finance

**Date:** 24/01/2013

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

Statistical report of FOI requests quarter 3 2012/13

**Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?**

~~Yes~~/ No

If 'yes' please state which meeting and what date

.....

Please add hyperlink to where your EIA is/will be published on the Council's website (see your Departmental Equality Group Chair for appropriate hyperlink)

.....

**Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)**

- ☐ **Services**
- ☐ **The workforce**
- ☐ **Communities**
- ☐ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- ✓ **None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4: Does the proposal have the potential to maintain or enhance the way the Council ..... (please tick relevant boxes)**

- ☐ Eliminates unlawful discrimination, harassment and victimisation
- ☐ Advances equality of opportunity
- ☐ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- ✓ **No** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

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## WIRRAL COUNCIL

### CABINET

7 FEBRUARY 2013

#### REPORT OF THE INTERIM STRATEGIC DIRECTOR FOR REGENERATION AND ENVIRONMENT

<b>SUBJECT:</b>	<b>LAND ADJACENT TO LAIRDSTREET, BIRKENHEAD – COMPULSORY PURCHASE ORDER</b>
<b>WARDS AFFECTED:</b>	<b>BIDSTON &amp; ST JAMES</b>
<b>REPORT OF:</b>	<b>INTERIM STRATEGIC DIRECTOR FOR REGENERATION AND ENVIRONMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>HOUSING AND COMMUNITY SAFETY</b>
<b>KEY DECISION</b>	<b>Yes</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek 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
- 1.2 This report contains exempt information set out in paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972 and includes details of the current position with regards 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 is in Appendix 3.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 On the 9<sup>th</sup> October 2003 (minute 259 refers), Cabinet approved a regeneration strategy for inner Wirral 2004-2014. This strategy was developed in consultation with local communities in response to the national Housing Market Renewal Initiative (HMRI). This involved Wirral Borough Council ("the Council") working with Liverpool City Council, Sefton Council and the Merseyside Pathfinder (Newheartlands), in preparing a Housing Market Renewal Strategy to address issues of low housing demand in some of the poorest neighbourhoods in inner Merseyside. This strategy recognised that intervention was necessary in 5 neighbourhoods, including Birkenhead, to tackle both economic and social problems associated with low demand housing in these areas. As part of the delivery of the Housing Market Renewal Initiative the Council developed and adopted a more detailed Masterplan for North Birkenhead at Cabinet on the 16<sup>th</sup> June 2005 (minute 42 refers).

- 2.2 This was subsequently followed by a more focussed Neighbourhood Options Appraisal (NOA) involving 1-63 Milner Street (odds), 2-52 Milner Street (evens), the Narrowgate Centre on Milner Street, 1-49 Carrington Street (odds), 2-44 Carrington Street (evens), 32-50 Rundle Street (evens), and 57-71 Rundle Street (odds), Birkenhead, inclusive, known as Area 1. The adjacent area which included Thorneycroft Street, Plumer Street and 12-30 and 41-55 Rundle Street was known as Area 2. The aim of the NOA in Area 1 was to determine the best course of action for dealing with low demand issues.
- 2.3 Both before and during the Area 1 NOA the Council was approached by a number of property owners and residents in both Areas 1 and Area 2 who wished to sell and move on. On 6<sup>th</sup> September 2007 (minute 224 refers) Members endorsed the adjustment of the 2007/08 acquisitions programme to accommodate acquisitions within both NOA areas pending the final Area 1 NOA report. Acquisitions were focussed primarily on Area 1 although a limited number were made in Area 2, largely to limit the impact of property speculation occurring at that time.
- 2.4 In addition to the housing acquisitions, Members agreed, on 23<sup>rd</sup> January 2008 (minute 469 refers), to make selective strategic commercial acquisitions at 134-148, 240-246, 250-256 and 129-187 Laird Street, in support of a proposed wider scale retail regeneration strategy. Members subsequently agreed to the acquisition and demolition of the properties at 134-148, 240-246 and 250-256 Laird Street as recommended by the Cabinet Report of 9<sup>th</sup> July 2008 (minute 134 refers).
- 2.5 At Cabinet on 3<sup>rd</sup> of April 2008 (minute 490 refers) and as a result of the findings contained within the final NOA report, Members agreed to the recommended course of action of acquisition and clearance of Area 1. Properties involved included 1-63 Milner Street (odds), 2-52 Milner Street (evens), the Narrowgate Centre on Milner Street, 1a-49 Carrington Street (odds), 2-44 Carrington Street (evens), 32-50 Rundle Street (evens), and 57-71 Rundle Street (odds), Birkenhead, inclusive. It should be noted that there is a typographical error in relation to the odd numbered Carrington Street properties which should read '1 Carrington Street' (rather than 1a Carrington Street) as clearly identified in the cabinet report plan included with the said report and in Appendix 1 to this report. Members also agreed that as many of the properties as possible should be acquired by negotiation and agreement with individual owners and that should it not be possible to acquire all properties by agreement then a further report should be submitted to Cabinet seeking the use of Compulsory Purchase powers to secure the site for future residential development.
- 2.6 Members will note that the all properties within the area shown coloured pink and edged in red at Appendix 2 ("the Order Land") were therefore included in the strategy outlined in 2.5
- 2.7 Members authorised the implementation of a second NOA on 15<sup>th</sup> October 2009 (minute 170 refers), which included residential properties at 1-39 and 4-26 Plumer Street, 1-39 and 2-46 Thorneycroft Street and 41-55 and 12-30 Rundle Street (known as Area 2). It also included the commercial properties

at 96-114 Laird Street and the Laird Street Baptist Church. The purpose of this NOA was to help determine the long term future of the area as part of the Housing Market Renewal Initiative.

2.8 On 2<sup>nd</sup> February 2012 Members agreed (minute 286 refers) to the acquisition by agreement and subsequent demolition of the residential properties in NOA Area 2 at 1-39 and 2-46 Thorneycroft Street, 1-39 and 4-26 Plumer Street, and 41-55 and 12-30 Rundle Street, followed by housing redevelopment of the cleared site and Members further agreed that the commercial properties at 96-114 Laird Street and the Laird Street Baptist Church be excluded from the demolition proposals

2.9 At Cabinet on the 2<sup>nd</sup> June 2011 (minute 21 refers), Members approved the appointment of Keepmoat Ltd (referred to as Keepmoat) as the Council's preferred private sector developer to implement the strategy for Birkenhead indicated at 2.4, 2.5 and 2.8 above. The Council subsequently entered into a Development Agreement with Keepmoat. Good progress with property acquisitions has resulted in the Milner/Thorneycroft Street site (Areas 1 and 2 combined) being the site available for redevelopment and redevelopment proposals have been drafted. Following consultation with the local community, Keepmoat intends to submit a full planning application to redevelop the site with new multi tenure affordable housing. The planning application will be for development of an area including the Order Land in line with the strategic aims outlined at 2.4 2.5 and 2.8 and with planning policies.

2.10 See exempt information at Appendix 3

### **3.0 THE CURRENT POSITION**

See exempt information at Appendix 3

### **4.0 COMPULSORY PURCHASE ORDER**

4.1 Although the compulsory purchase process is intended as a last resort should attempts to acquire by agreement fail, the Council should consider when the Order Land it is seeking to acquire will be needed and as a contingency measure should plan a compulsory purchase timetable in conjunction with ongoing negotiations to acquire by agreement. It is essential that the Council minimises any delay to the redevelopment by completing the statutory process as quickly as possible. In addition to the making of a Compulsory Purchase Order under Section 226 (1) (a) of the Town and Country Planning Act 1990 (as amended by Section 99 of the Planning and Compulsory Purchase Act 2004), Section 226 (1) (a) states that on being authorised to do so by the Secretary of State, a local authority has the power to acquire compulsorily any land in their area if the authority thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. Under s226 (1) (A) the Council cannot exercise this power under s226 (1) (a) unless it thinks that the development redevelopment or improvement is likely to contribute to achievement of the promotion and/or improvement of the economic, social or environmental well-being of the Council's area.

4.2 The acquisition of the Order Land is essential to facilitate:

- (a) the comprehensive redevelopment and improvement of the area coloured pink and edged in red on the plan in Appendix 2.
- (b) the comprehensive delivery of a range of new house types providing a mix of social and affordable open market housing in an area blighted by a dysfunctional housing market.
- (c) bringing forward a more diversified housing provision and the re-invigoration of the local housing market supporting the wider regeneration and sustainability of the area.

4.3 For these reasons it is believed that the compulsory purchase of the land is enabled under s226 (1) (a) of the Town and Country Planning Act 1990.

4.4 Members were made aware at Cabinet on the 2<sup>nd</sup> February 2012 (Minute 285 refers) that the Council has secured £2.7m capital funding to support outstanding occupied property acquisitions left following the demise of the HMRI at the end of March 2011. This funding is matched by an additional range of resources including Capital Receipts, Regional Housing Pot, Capital Programme, New Homes Bonus and New Growth Point. The match funding will provide the resources needed to compensate the owners for the sale of their interests to the Council. This includes the market value compensation and associated fees. Keepmoat are committing their own resources to achieve the residential redevelopment and the Global Development Appraisals demonstrate that redevelopment is viable and achievable.

## 5.0 RELEVANT RISKS

5.1 There is a risk that any Compulsory Purchase Order action taken will result in objections being received which could result in a Local Public Inquiry. This will prolong the time taken to secure ownership and demolition of the remaining interests. As with all CPO proceedings it is difficult to project exactly how long the process will take but this could be over 2 years from start to finish. Subject to progress with the redevelopment there is a possibility that the site might not be assembled in time to enable Keepmoat to fully develop the site in line with their programme. The service of the CPO in a timely manner will ensure the Council has used its best endeavours in relation to the procedural matters under its control. Keepmoat has also advised that it is fully committed to the scheme

5.2 Any objections formally made to the service of a CPO could result in a Local Public Inquiry being held and there is a possibility that the Secretary of State may not confirm the CPO following the Inquiry. However, officers advise that there is a compelling case in the public interest to use CPO powers for this particular site and are confident of a positive outcome.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 All options were considered as part of the original NOA work. Due to the advanced nature of the ongoing clearance programme and progress with site assembly and redevelopment, if the transfers of the remaining legal interests contained within the Order Land to the Council are not completed it is considered that there is no realistic alternative action that would be appropriate. Negotiations to conclude the transfer by agreement will continue in parallel with the CPO process.

## **7.0 CONSULTATION**

- 7.1 The Council has an ongoing dialogue with all known owners of the remaining legal interests and this will continue in parallel with the CPO proceedings.

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

- 8.1 The use of CPO powers to complete the site assembly and enable a comprehensive residential redevelopment will ensure the site is regenerated in line with community expectations raised in both the North Birkenhead Masterplan and NOAs.

## **9.0 RESOURCE IMPLICATIONS**

### **9.1 FINANCIAL**

The Regeneration, Housing and Planning capital programme includes £2.7 million Government grant support and £2.7 million additional match funding resources to complete the outstanding property acquisitions following the demise of the HMRI. The cost of the Order Land should be in the region of £430,000 and can be met from these resources. An estimated allowance of £50,000 has also been made to support a Local Public Inquiry, should this be necessary. The exact costs of an Inquiry could increase in line with the number of objectors.

### **9.2 IT**

- 9.3 There are no IT implications.

### **9.4 STAFFING**

Existing Staff in the Departments of Regeneration Housing & Planning and Law, HR & Asset Management, would be used to take forward a CPO.

### **9.5 ASSETS**

The acquisition of the remaining legal interests contained within the Order Land will facilitate the comprehensive regeneration of the area and the Council will negotiate a Development Appraisal with Keepmoat. If members approve the recommendations in paragraphs 14.1 and 14.2, and should the remaining legal interests contained within the Order Land be either acquired

or vested following confirmation of the Compulsory Purchase Order, The original Global Appraisal predicted a capital receipt of £643,288 when the Order Land was to be transferred to Keepmoat. Since the Global Appraisal was undertaken the economic climate has deteriorated which in turn has depressed the housing market nationally. This will have an impact on the capital receipt eventually realised for this site. The Homes and Communities Agency will be entitled to receive 65% of any receipt based on previous HMRI and HCA funding utilised to assemble the whole site.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 It is acknowledged that the compulsory acquisition of the Order Land will amount to an interference with the human rights of those with an interest in the Order Land. These will include rights under Article 1 of the First Protocol of the European Convention on Human Rights (“ECHR”) (which provides that every natural or legal person is entitled to peaceful enjoyment of his possessions) and Article 8 of the ECHR (which provides that everyone has the right to respect for his private and family life, his home and his correspondence). The acquisition of land ‘in the public interest’ is specifically allowed by the ECHR. Having consulted extensively with both residents and property owners both through the original masterplanning exercise for North Birkenhead and the area specific Neighbourhood Options Appraisals, a majority were in favour of clearance action as part of a wider regeneration strategy for Birkenhead as a whole. Progress with property acquisitions and demolitions has resulted in the assembly of the majority of the site. The Council is of the view that there is a compelling case in the public interest for compulsory acquisition of the Order Land which should outweigh the ECHR rights, and that the use of compulsory purchase powers in this matter is proportionate.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 It is intended that the use of CPO powers will have a positive impact on one of the most socially and economically deprived areas of Wirral and the successful acquisition of the remaining Order Land will contribute to achieving delivery of the North Birkenhead masterplan.
- 11.2 An Equality Impact Assessment has previously been completed in 2009 for the combined delivery of the clearance, refurbishment and new build schemes in accordance with the former Housing Market Renewal Programme and the Private Sector Housing and Regeneration Assistance Policy. This Assessment has been reviewed and a separate EIA has been completed to cover both NOAs and clearance schemes. These can be viewed using the following link:

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

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 The acquisition and demolition of the Order Land will result in a loss of embodied carbon in the building materials; however, a proportion of this will

be recycled as salvage. The redeveloped housing stock on the cleared site will be built to current day building standards and Level 3 of the Code for Sustainable Homes. Over the longer term carbon savings will be realised through lower energy consumption by the future new build property occupants. The site is also close to good public transport networks reducing the need for car use.

### **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 Keepmoat intend to submit a full planning application incorporating the Order Land.

13.2 The majority of the site of the redevelopment area is designated as a Primarily Residential Area in the Wirral Unitary Development Plan (UDP saved by direction of the Secretary of State on 28<sup>th</sup> September 2007). Part of the site between Milner and Carrington Streets (already acquired), fronting onto Laird Street lies within part of the Laird Street Traditional Suburban Centre under Policy SH2. The site is within the inner area of the City Region shown on the map with Policy LCR1 of the Northwest Regional Spatial Strategy (September 2008). The site is therefore within a regeneration priority area.

13.3 Although the Government intends to abolish RSS, subject to the outcome of consultation on Environmental Assessment, it will remain part of the statutory development plan until formally revoked.

13.4 Housing development in this location would be consistent with the principles of urban regeneration and the aim to revitalise the area through comprehensive area based regeneration schemes as set out in RSS and the UDP.

13.5 Planning applications for new housing developments within Primarily Residential Areas are currently subject to UDP Policy HS4 'Criteria for New Housing Development' and RSS Spatial Principles, which contain criteria for securing good design including community safety and security, landscaping and public open space with children's play areas.

13.6 Additionally, the Integrated Regeneration Study for Birkenhead and Wirral Waters (IRS) was adopted by the Council's Cabinet on the 24<sup>th</sup> March 2010 (Minute 43 refers) as a material planning consideration in relation to development proposals in the vicinity of the study area. The IRS provides a framework, which sets the Wirral Waters proposals being promoted by Peel Holdings in a wider context and develops linkages with HMRI and Birkenhead Town Centre.

13.7 The National Planning Policy Framework requires local planning authorities to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable and mixed communities (para 50, NPPF). At para 51 the NPPF requires local planning authorities to identify and bring back into residential use empty housing and buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers.

13.8 Once the remaining properties are acquired all openings will be secured by metal or timber sheets at ground and first floor levels. Regular monitoring throughout the CPO process will be undertaken with available staffing resources to ensure property security is maintained and that the remaining buildings do not blight the area and be a focus for anti-social behaviour.

#### **14.0 RECOMMENDATIONS**

14.1 The Council authorise the use of Compulsory Purchase Order powers under the Town & 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.

14.2 That the 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.

#### **15.0 REASONS FOR RECOMMENDATIONS**

15.1 Acquisition of the Order Land is needed to complete a key element of the Council's regeneration strategy for North Birkenhead.

15.2 In the absence of a voluntary sale by the owners the most appropriate compulsory purchase power is under Section 226(1) (a) as explained in this report.

**REPORT AUTHOR:**     **Alan Lipscombe**  
                                  **Housing Renewal Manager**  
                                  telephone: (0151) 691 8122  
                                  email: [alanlipscombe@wirral.gov.uk](mailto:alanlipscombe@wirral.gov.uk)

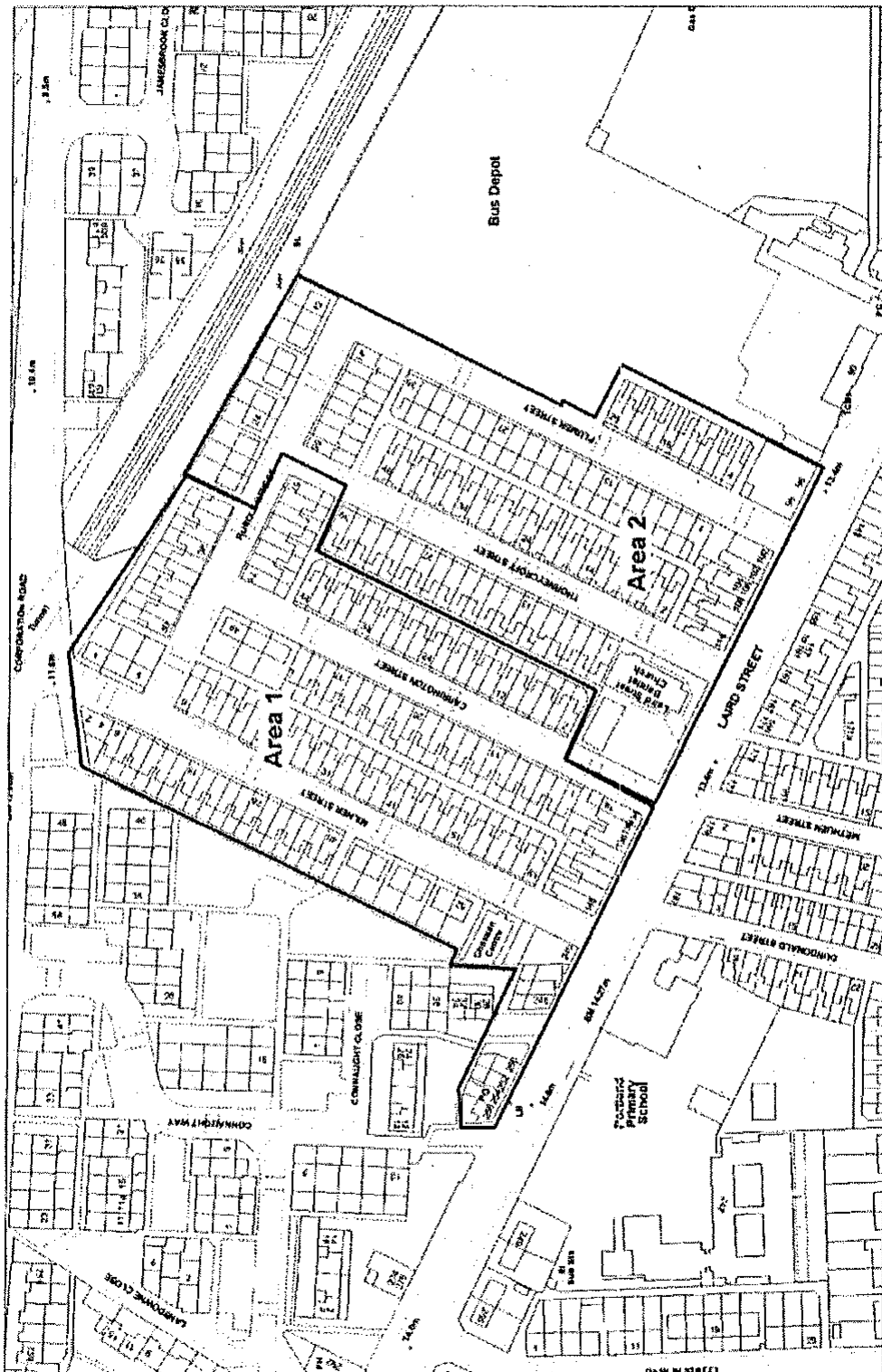
#### **APPENDICES**

Appendix 1 – Copy of plan from Cabinet report from the meeting held on the 23<sup>rd</sup> April 2009

Appendix 2 – Proposed Compulsory Purchase Order Map – Land adjacent to Laird Street, Birkenhead

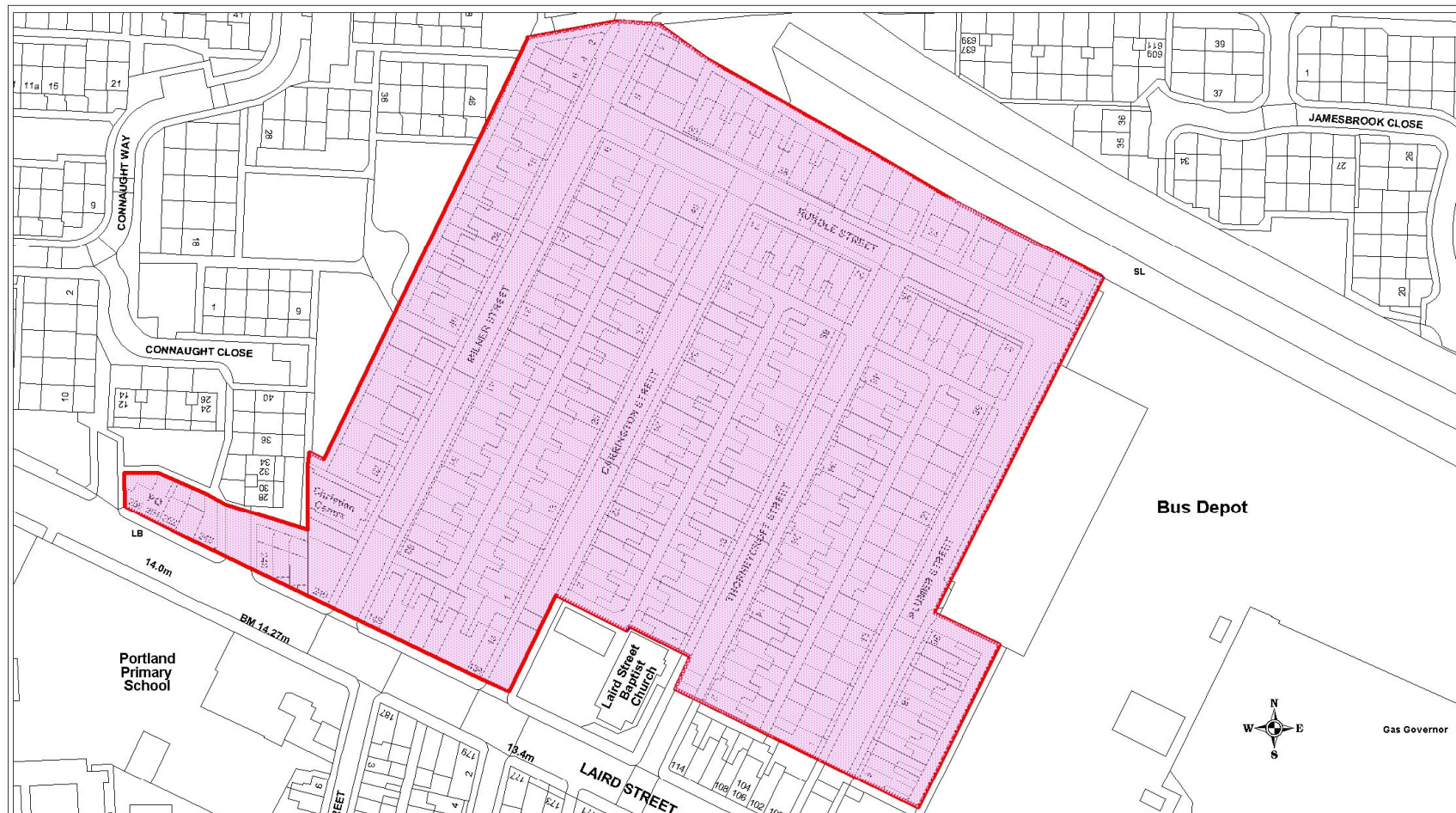
Appendix 3 – Exempt Information

Appendix 1- Map of the Neighbourhood Options Appraisal



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Proposed Compulsory Purchase Order Map – Land adjacent to Laird Street, Birkenhead



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100019803

Regeneration, Housing  
& Planning Dept  
Wallasey Town Hall  
Brighton Street  
Wallasey  
CH44 8ED

Tel: 0151 691 8108  
Fax: 0151 691 8257

Title

Wirral Borough Council  
Proposed Compulsory Purchase Map  
Land adjacent to Laird Street, Birkenhead

07/02/2013

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## **IMPROVEMENT BOARD – KEY MESSAGES** **WEDNESDAY, 23 JANUARY**

### Improvement Plan progress

Cllr. Ann McLachlan updated the Board on the progress made against the Improvement Plan, emphasising that the key target of ensuring future budget stability for the Council had been the priority since the last meeting. Work is underway regarding the review of the Council's Constitution and new models of working relating to Scrutiny and Neighbourhood Working are being developed. She made clear the importance of ensuring all Elected Members are engaged moving forward with particular reference to the Democracy Working Party.

Cllr. Tom Harney, Leader of the Liberal Democrat Group stressed the importance of ensuring future plans are based on an honest appraisal of the Council and where mistakes had been made before, particularly relating to the treatment of staff. Chief Executive, Graham Burgess reported that a full staff survey would be undertaken in the autumn to ensure that any ongoing issues are identified and addressed in the Organisational Development Plan that is currently being developed.

It was agreed that regular meetings of the Council's Leaders Board are crucial and that at their next meeting this matter would be discussed with a report brought back to a future meeting of the Improvement Board.

### Chief Executive Update

Graham Burgess presented his report stressing the support provided by Members that has facilitated good progress since the last meeting.

The Board were updated regarding the budget consultation process and other matters including negotiations towards a new severance scheme. Both reports will be shared with Improvement Board for their consideration. He also reported on the appointment of new Strategic Directors, Claire Fish and Joe Blott. The Board welcomed the appointments and the associated management restructure which will deliver savings and ensure more effective delivery of improvements.

### Council Budget position

The substantive item considered was a report regarding the Council's budget position.

Graham Burgess presented the report, which can be found on the Council website at @@@@. SIGOMA (Special Interest Group of Metropolitan Authorities outside London) have indicated that Wirral has received the largest cut in funding from Central Government, 2.62% - representing a reduction of £151 per resident.

The Chief Executive also outlined the Council's substantial in year budget issues including bad debt and under funded budgets. He outlined the steps currently being taken to address these which include ongoing discussions with the Department of Communities and Local

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

The Board made clear their view that Wirral Council faces budget pressures that are, in their view, unprecedented. Detailed debate took place and it was agreed a single item meeting take place to consider the budget issues further prior to the setting of the Council's budget on 5<sup>th</sup> March.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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