



Council

Budget Meeting

Town Hall
Wallasey
22 February 2013

Dear Councillor

You are hereby summoned to attend a meeting of the Council to be held at **6.15 pm on Tuesday, 5 March 2013** in the Council Chamber, within the Town Hall, Wallasey, to take into consideration and determine upon the following subjects : -

Contact Officer: Mark Delap
Tel: 0151 691 8500
e-mail: markdelap@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. DECLARATIONS OF INTEREST

Members of the Council are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest, in connection with any matter to be debated or determined at this meeting and, if so, to declare it and state the nature of such interest.

2. MAYOR'S COMMUNICATIONS

To receive the Mayor's announcements and any apologies for absence.

3. PETITIONS (Pages 1 - 4)

A. To receive petitions submitted in accordance with Standing Order 21.

B. The following petitions are referred to the Council for consideration in accordance with Standing Order 34 (1) –

(i). A petition of 1,631 signatures, submitted by New Ferry Residents Association opposing the closure of Bebington/New Ferry Youth Club as a result of proposed budget savings.

The front sheet of the petition is attached and, in accordance with the Petition Scheme, the petition organiser has been invited to address the Council for up to five minutes. The Council should debate the matter for a maximum of 15 minutes before deciding how to respond to the petition.

- (ii). A petition of 14,402 signatures, submitted by Wirral UNISON opposing the closure of Day Centres for People with Learning and/or Physical Disabilities, as part of budget savings proposals.

The front sheet of the petition is attached and, in accordance with the Petition Scheme, the petition organiser has been invited to address the Council for up to five minutes. The Council should debate the matter for a maximum of 15 minutes before deciding how to respond to the petition.

4. MINUTES (Pages 5 - 34)

To receive as a correct record the minutes of the meetings of the Council held on 11 February 2013.

5. LEADER'S ANNOUNCEMENTS

6. MATTERS REQUIRING APPROVAL BY THE COUNCIL

6 (a) Corporate Plan (Pages 35 – 58)

Cabinet – 18 February 2013

Minute 196 is attached, together with the report of the Chief Executive

6 (b) Council Budget 2013/2014 (Pages 59 – 286)

On a motion by the Leader of the Council, to approve recommendations from the Cabinet meeting held on 18 February 2013, subject to consideration of any amendments received in accordance with the approved Budget Council Procedure.

If the proposed budget is amended, wholly or partly, that will be regarded as an in-principle decision, which will automatically come into effect five working days from the date of that decision, unless the Leader of the Council informs the Acting Director of Law, HR and Asset Management in writing within that time that he objects to the decision becoming effective and provides reasons why.

In such circumstances, the Budget and Policy Framework provides for the Acting Director to call another meeting of the Council within a further five days. The Council will then be required to reconsider its decision, and the Leader's written submission, within a further five working days. The actual position is that a reserve date (Monday 11 March) has been set aside for considering any objection by the Leader. At that second meeting the Council can:

- (i) accept the Cabinet's recommendation, without amendment or objection; or
- (ii) approve a different decision which does not accord with the recommendation of the Cabinet, by a simple majority of votes cast at the meeting.

The minutes of the Cabinet (Budget Meeting) held on 18 February 2013 are attached (**Pages 59 – 92**), together with the following documents –

- (i). Level of General Fund Balances 2013/2014 (**Pages 93 – 98**)
[Cabinet Minute 201 refers]
- (ii). S.25 Statement (**Pages 99 – 110**)
– Robustness of the Estimates and the Adequacy of Proposed Reserves
[Cabinet Minute 203 refers]
- (iii). Medium Term Financial Strategy (**Pages 111 – 208**)
Updated Version attached
[Cabinet Minute 207 refers]
- (iv). Revenue Budget 2013/2016 (**Pages 209 – 234**)
[Cabinet Minute 202 refers]
- (v). Capital Programme & Financing 2013/2016 (**Pages 235 – 264**)
[Cabinet Minute 204 refers]
- (vi). Schools Budget 2013/2014 (**Pages 265 – 276**)
[Cabinet Minute 208 refers]
- (vii). Carbon Budget (**Pages 277 – 286**)
[Cabinet Minute 209 refers]

In accordance with the Budget Council procedure, any alternative Budget proposals/amendments are required to be submitted to the Acting Director of Law, HR and Asset Management by 12.00noon on Thursday 28 February 2013 and will be circulated with the Council Supplement. In accordance with Section 25 of the Local Government Act 2003, the Interim Director of Finance will submit a written report on each set of proposals, giving his view on their robustness.

1. Proposed Budget Amendment by the Conservative Group
2. Proposed Budget Amendment by the Liberal Democrat Group

6 (c) Council Tax 2013/2014 (Pages 287 – 296)

Report of the Interim Director of Finance

6 (d) Pay Policy Report (Pages 297 – 320)

Employment and Appointments Committee – 14 February 2013

Minute 66 is attached, together with the report of the Acting Director of Law, HR and Asset Management

6 (e) Devolution of Major Transport Schemes Funding and the Department for Transport Assurance Framework (Pages 321 – 354)

Cabinet – 18 February 2013

Minute 210 is attached, together with the report of the Interim Director of Technical Services

6 (f) Statutory Scrutiny Officer

The Council is requested to approve the appointment of the Director of Policy, Performance and Public Health as the Council's Scrutiny Officer, in place of the Democratic Services Manager.

7. BY-ELECTION RESULT - 28 FEBRUARY 2013

The Council will be requested to note the results of the by-election in Pensby and Thingwall to be held on 28 February 2013, which will be included within the Council Supplement.

8. ALLOCATION OF COMMITTEE PLACES AND VACANCIES

- A.** Following the result of the by-election to be held on 28 February 2013, the Council will be requested to give consideration to the allocation of Committee places for meetings to the end of the current municipal year.
- B.** To receive nominations, in accordance with Standing Order 25(6), in respect of any proposed changes in the membership of the Cabinet and committees, and to approve nominations for appointments to outside organisations.

The report of the Acting Director of Law, HR and Asset Management will be circulated with the Council supplement.

9. ANY OTHER BUSINESS

To consider any other items of business that the Mayor accepts as being urgent.



Acting Director of Law, HR and Asset Management

1631.

**PETITION AGAINST THE CLOSURE OF BEBINGTON/
NEW FERRY YOUTH CLUB**

We, the undersigned, want to keep Bebington/New Ferry Youth Club open and for it NOT to be closed as a result of budget cuts. (You can also download additional copies of this form or you can sign the online version on our website www.newferryonline.org.uk)

Signed	Print name	Address or email address
	<i>D. Grant</i>	8
	W. JOHNSON	11
	J. DAVERS	(
	P. TRAYNOR	
	214 BEBINGTON RD <i>Steve Peters</i>	
	R. RODEN	
	A. MORRILL	
	C. SOO	
	R. MCGUIRE	
	J. Edge	
	M. THOMAS	

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Save Our Day Centre's & Services

Wirral Council is proposing cuts of over £100million. This includes closing a number of Day Centre's for people with Learning &/or Physical Disabilities. They also propose to reduce the options for Council residential care (Sylvandale & Girtrell Court) for people with Learning Disabilities. All remaining Day Services face privatisation, via transfer to social enterprise. By reducing staff terms and conditions they undermine a skilled, stable and dedicated group of staff.

The Day Centre's under threat are Cambridge Road, Eastham, Heswall, Highcroft, Moreton, & Pensby Wood.

These offer a vital service and the changes will have a significant and detrimental impact upon people who use these services and their carer's.

We call upon the Council to:

- Keep all Day Centre's open
- For a fully resourced day service
- No reduction in residential services
- No Privatisation of Day Services
- No reduction in staff terms & conditions

Name	Signature	Address / Email address
Epis Jane		
Marilyn Jones		
J. Finch		
Paul Jones		
R. Kable		
PAUL DUFFY		
Patrick Watson		
Lia Stephenson		
G. WILLIAMS		
Geordie Pickton		
Billy Burnell		
Ann Watson		
K. POTTER		
D SPENCER		
P. Cuthbert		
Tracie Osborne		
J. Munn		
N. McInnes		
N. H.		

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Public Document Pack Agenda Item 4

COUNCIL

Monday, 11 February 2013

Present:

The Mayor (Councillor Gerry Ellis) in the Chair
Deputy Mayor (Councillor Dave Mitchell)

Councillors	C Blakeley	P Hayes	C Povall
	E Boulton	S Hodrien	D Realey
	A Brighthouse	A Hodson	L Rennie
	W Clements	K Hodson	D Roberts
	A Cox	M Hornby	L Rowlands
	J Crabtree	M Johnston	J Salter
	G Davies	AER Jones	H Smith
	P Davies	C Jones	T Smith
	WJ Davies	P Kearney	W Smith
	D Dodd	S Kelly	J Stapleton
	P Doughty	B Kenny	M Sullivan
	S Foulkes	A Leech	A Sykes
	L Fraser	I Lewis	J Walsh
	P Gilchrist	AR McLachlan	G Watt
	P Glasman	M McLaughlin	S Whittingham
	JE Green	C Meaden	J Williamson
	R Gregson	B Mooney	I Williams
	P Hackett	S Mountney	KJ Williams
	J Hale	C Muspratt	P Williams
	T Harney	T Norbury	S Williams

Apologies

Councillors	RL Abbey	S Niblock
	D Elderton	

101 **DECLARATIONS OF INTEREST**

The Members of the Council were invited to consider whether they had any disclosable pecuniary and/or any other relevant interest in connection with any matter to be determined at this meeting and, if so, to declare it and state the nature of such interest.

No such declarations were made.

102 **HONORARY ALDERMAN**

The Council considered the recommendation contained in minute 20 of the Licensing, Health and Safety and General Purposes Committee (7 November 2012) that the title of Honorary Alderman be conferred upon former Councillor Mrs Kate Wood, in recognition of her eminent service to the Council.

On a motion by Councillor Jeff Green, seconded by Councillor Phil Davies and supported by Councillor Tom Harney, it was –

Resolved (unanimously) – That, in pursuance of the provisions of Section 249(1) of the Local Government Act 1972, the title of Honorary Alderman be conferred upon former Councillor Mrs Kate Wood, in recognition of her eminent service to the Council.

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Monday, 11 February 2013

Present:

The Mayor (Councillor Gerry Ellis) in the Chair
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Councillors	C Blakeley	S Hodrien	D Realey
	E Boulton	A Hodson	L Rennie
	A Brighthouse	K Hodson	D Roberts
	W Clements	M Hornby	L Rowlands
	A Cox	M Johnston	J Salter
	J Crabtree	AER Jones	H Smith
	G Davies	C Jones	T Smith
	P Davies	P Kearney	W Smith
	WJ Davies	S Kelly	J Stapleton
	D Dodd	B Kenny	M Sullivan
	P Doughty	A Leech	A Sykes
	S Foulkes	I Lewis	J Walsh
	L Fraser	AR McLachlan	G Watt
	P Gilchrist	M McLaughlin	S Whittingham
	P Glasman	C Meaden	J Williamson
	JE Green	B Mooney	I Williams
	R Gregson	S Mountney	KJ Williams
	P Hackett	C Muspratt	P Williams
	J Hale	S Niblock	S Williams
	T Harney	T Norbury	
	P Hayes	C Povall	

Apologies

Councillors RL Abbey D Elderton

103 **DECLARATIONS OF INTEREST**

The Members of the Council were invited to consider whether they had any disclosable pecuniary and/or any other relevant interest in connection with any matters to be determined at this meeting and, if so, to declare it and state the nature of such interest.

Councillor Geoffrey Watt declared a disclosable pecuniary interest in relation to Motion 6 – 'Healthy Homes' and the Case for Selective Licensing of the Private Rented Sector (see minute 118 post) by virtue of him being a private landlord.

104 **MAYOR'S COMMUNICATIONS**

The Mayor's Chaplain, Revd Dr David Chester, led the Council in prayers.

Apologies for absence were received from Councillors Ron Abbey and David Elderton. The Mayor was pleased to inform the Council that Councillor Elderton continued to make good progress in hospital and the best wishes of the Council had been sent to him.

The Mayor also advised that, with the three party leaders, he had hosted a reception for the family of Corporal Albert Laver, one of the 'Cockleshell Heroes' recently honoured at a ceremony in Birkenhead to commemorate their courage during World War 2.

105 PETITIONS

In accordance with Standing Order 21, the Mayor received petitions submitted by –

- (i). Councillor Cherry Povall on behalf of 690 signatories, calling on Wirral Council to preserve the Heritage Transport Museum as a vital, irreplaceable part of Wirral's heritage.
- (ii). Councillor Harry Smith on behalf of 144 signatories expressing support for the St James' Centre, Birkenhead.
- (iii). Councillor Tony Smith on behalf of 27 signatories requesting the provision of alleygating to prevent unauthorised access to the rear of properties to the rear of Arrowe Park Road, Upton.
- (iv). Councillor Mark Johnston on behalf of 65 signatories objecting to the Licensing Application for Seven Acres Garage, Pensby to extend its alcohol sales conditions.
- (v). Councillor Mark Johnston on behalf of 117 signatories requesting the Council to restore security lighting at the car park on Fishers Lane, Pensby.
- (vi). Councillor Geoffrey Watt on behalf of 282 signatories calling on the Council to enforce the removal of the "Green Goddess" auxiliary fire service vehicles that are permanently parked outside a private house in Ennisdale Drive, West Kirby.
- (vii). Councillor Ian Lewis on behalf of 571 signatories who oppose plans to issue iPads to Members of the Council.
- (viii). Councillor Steve Niblock on behalf of 1631 signatures against the closure of Bebington/New Ferry Youth Club as a result of budget cuts.

The Council's Petition Scheme states that if a petition contains more than 1500 signatures, the petition organiser should be invited to present the petition to the Council for no longer than five minutes, prior to the matter being debated by the Council for a maximum of 15 minutes before deciding how to respond to the petition.

Resolved – That the petitions be noted and referred to the appropriate Chief Officers in accordance with Standing Order 34.

106 MINUTES

The minutes of the meetings of the Council held on 17 December 2012 and 28 January 2013 had been circulated to Members and, it was –

Resolved – That the minutes be approved and adopted as a correct record.

107 LEADER'S ANNOUNCEMENTS

The Leader of the Council, Councillor Phil Davies, addressed the Council on the following matters:

- **Mid-Staffordshire NHS Foundation Trust**

The Leader referred to the shocking report published last week by Mr Robert Francis QC, which found serious failings in the quality hospital care provided by Mid-Staffordshire NHS Foundation Trust. He expressed sorrow and concern for the families and friends of those affected and highlighted the importance of key partners in Wirral examining the report findings to determine whether any actions were required to ensure that no such failings happened in Wirral.

Although there was no suggestion of any issues concerning the quality of hospital care provided in Wirral, he proposed as a matter of urgency that, in order to uphold the highest possible standards of care, a proactive approach be taken to recognise and deal with service failures before things go badly wrong, as happened in Mid-Staffs –

- (i). As Chair of Wirral's Health and Well Being Board, he would be seeking an urgent meeting to discuss the key issues from the Francis Report and to ask the Clinical Commissioning Group to present a report on their governance and monitoring arrangements; to include input from Healthwatch, in relation to their new role and how it would act as an early warning system.
- (ii). He proposed also to write to the Chair of the Council's Health and Well Being O&S Committee to suggest that a similar discussion takes place and that the Committee consider the establishment of a 'Task and Finish' group to ascertain in detail the suitability of governance and monitoring arrangements.

- **New Affordable Homes**

He was pleased to announce that, under "Housing 21" proposals and following initial consultation with residents, new affordable homes were to be built in Seacombe Ward, on the site of the former Poulton House.

- **Allotments**

At a time of rapidly increasing food prices and high demand for allotments, he reported that the newly established "Leasowe Community Allotment Society" would take a 25 year 'peppercorn' lease from the Council for a parcel of land on the former site of Leasowe Primary School. The site would provide 29 individual full, half and quarter size allotment plots, a communal allotment area, picnic areas and a communal orchard. The Society's aim was to develop a thriving, attractive and multifunctional allotment site that benefited plot-holders, visitors, the local community and wildlife.

- **Rogue Trading**

Wirral Trading Standards had recently obtained its first Anti-Social Behaviour Order against a rogue trader at Wirral Magistrates' Court. The person in question had been found guilty of offences of fraud and aggressive trade practices and was made subject of the Order and was also sentenced to five months imprisonment, disqualified from driving for 18 months and was ordered to pay costs of £2,300 and £95 compensation for the re-bedding of roof tiles after the incident.

- **Prenton High School**

He was pleased to announce that the Headteacher of Prenton High School had received a letter from the Rt Hon David Laws MP, Minister of State for Schools, congratulating the school on its success for being in the top 100 secondary schools in England for educational excellence. He had expressed the thanks and congratulations of the Council to the Headteachers, Governors, staff and pupils of Prenton High School for their tremendous achievement.

- **New Housing Development**

A total of 155 new homes were to be built on the site of the former St Benedict's School at Woodchurch. The development was a partnership between social housing provider Wirral Partnership Homes and Mansell Construction. WPH would own 131 of the properties to be rented out, whilst the rest would be sold by Mansell. The first sod had been cut during a special ceremony attended by local Councillors Stuart Whittingham and Tony Smith. He indicated that the development was the biggest housing development in the North West and was excellent news for Wirral.

108 **MATTERS REQUIRING APPROVAL BY THE COUNCIL**

In accordance with Standing Order 7(1), a number of matters were submitted for approval by the Council.

One matter from the meeting of the Cabinet held on 24 January 2013 (minute 170 – Neighbourhood Working) was submitted for approval but was the subject of two objections (see minutes 120 and 121 post).

A further item from the meeting of the Cabinet held on 7 February 2013 (minute 186 – Nomination of Mayor and Deputy Mayor for Municipal Year 2013/2014) required approval by the Annual Meeting of the Council and, as such, was for noting.

On a motion by Councillor Phil Davies and seconded by Councillor Ann McLachlan, it was –

Resolved –

(1) That the following matters be approved:

- (i). Minute 156 (Cabinet – 20 December 2012)
Local Development Framework – Annual Monitoring Reports**
- (ii). Minute 171 (Cabinet – 24 January 2013)
Budget Council Procedure**
- (iii). Minute 172 (Cabinet – 24 January 2013)
Committee Calendar 2013/2014**

(2) That minute 186 (Cabinet – 7 February 2013) Nomination of Mayor and Deputy Mayor for Municipal Year 2013/2014, be noted.

109 **MATTERS FOR NOTING**

Resolved – That the following matters be noted –

- (i). **Minute 146 (Cabinet – 20 December 2012)**
Financial Monitoring – Revenue (Month 7)
- (ii). **Minute 147 (Cabinet – 20 December 2012)**
Financial Monitoring – Capital (Month 7)
- (iii). **Minute 163 (Cabinet – 24 January 2013)**
Financial Monitoring – Revenue (Month 8)
- (iv). **Minute 164 (Cabinet – 24 January 2013)**
Financial Monitoring – Capital (Month 8)
- (v). **Minute 178 (Cabinet – 24 January 2013)**
Response to Consultation on the National Alcohol Strategy
(Reason – Waiving of Call-In)

110 **QUESTIONS**

Councillor Stuart Kelly, having given the appropriate notice in accordance with Standing Order 11, submitted a question addressed to the Leader of the Council, in respect of the Council's support for the introduction of the Living Wage.

The Leader of the Council responded accordingly.

In accordance with Standing Order 11, Councillor Kelly asked a supplementary question. The Leader of the Council responded accordingly and agreed to provide Councillor Kelly with a detailed written response.

111 **PROCEDURE**

On a motion by Councillor W Davies and seconded by Councillor B Kenny, it was –

Resolved (Unanimously) – That Standing Order 7(8) be applied after the closure of the third debate.

112 **MATTERS FOR DEBATE**

The matters listed for debate in accordance with Standing Order 5(2) (n) were dealt with as indicated in minutes 113 to 126 below.

113 **MOTION: UNFAIR CUTS IN LOCAL GOVERNMENT FUNDING**

Proposed by Councillor Phil Davies
Seconded by Councillor Ann McLachlan

- (1) This Council believes that the Government's cuts to the funding of local Councils is proving to be profoundly unfair. Authorities with the highest levels of poverty and deprivation are facing the biggest cuts. At the same time, wealthy areas with the lowest levels of poverty pay less.
- (2) Wirral is losing £151 per head in cuts. Liverpool is losing £252, Manchester is losing £209, Newcastle is losing £162, Birmingham is losing £166, and Sheffield is losing £140 per head.
- (3) Milton Keynes is losing just £38 per head. Central Bedfordshire is losing £18 per head. And people in North Dorset are losing just £2 per head.

- (4) Council also notes that a recent report by SIGOMA (Special Interest Group of Metropolitan Authorities outside London) indicates that out of the 47 SIGOMA authorities Wirral has had the largest cut in its funding from central government (2.62% cut in revenue spending power 2013-14). This compares with the SIGOMA average of -1.78% and the average for Shire Districts of -1.37%.
- (5) Council supports the 'Come Together' Campaign launched by the Mayor of Liverpool on the 18th January when the Leaders of Core Cities, Merseyside Districts and Faith Leaders met to discuss the impact of the Government's austerity policy.
- (6) Council supports the on-line petition which has been launched at www.come-together.co.uk. This calls on the Government to urgently re-think its policy and to apply the cuts more fairly across the country, protecting those most in need, and making sure those in wealthy parts of the country pay their fair share. Council urges all residents to sign this petition.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Alan Brighthouse
 Seconded by Councillor Pat Williams

Delete all and insert:

- (1) Council notes that this Government, in the same way as the previous Government, distributes the Revenue Support Grant so as to take account of the high cost of providing services in areas of high deprivation, thus ensuring that Councils in areas of high deprivation receive significantly more funding than those in the more affluent parts of the country.
- (2) Council does, however, recognise Wirral's particular financial difficulties as it endeavours to overcome problems created over many years. Council requests the Leader of the Council to make representations to the Government so as to ensure the Government is aware of the specific circumstances facing the Borough.

Following a debate and Councillor Phil Davies having replied, the amendment proposed by Councillor Brighthouse was put and lost (27:35) (One abstention).

The motion was put and carried (35:27) (One abstention)

Resolved (35:27) (One abstention) –

- (1) This Council believes that the Government's cuts to the funding of local Councils is proving to be profoundly unfair. Authorities with the highest levels of poverty and deprivation are facing the biggest cuts. At the same time, wealthy areas with the lowest levels of poverty pay less.**
- (2) Wirral is losing £151 per head in cuts. Liverpool is losing £252, Manchester is losing £209, Newcastle is losing £162, Birmingham is losing £166, and Sheffield is losing £140 per head.**
- (3) Milton Keynes is losing just £38 per head. Central Bedfordshire is losing £18 per head. And people in North Dorset are losing just £2 per head.**
- (4) Council also notes that a recent report by SIGOMA (Special Interest Group of Metropolitan Authorities outside London) indicates that out of**

the 47 SIGOMA authorities Wirral has had the largest cut in its funding from central government (2.62% cut in revenue spending power 2013-14). This compares with the SIGOMA average of -1.78% and the average for Shire Districts of -1.37%.

- (5) Council supports the 'Come Together' Campaign launched by the Mayor of Liverpool on the 18th January when the Leaders of Core Cities, Merseyside Districts and Faith Leaders met to discuss the impact of the Government's austerity policy.
- (6) Council supports the on-line petition which has been launched at www.come-together.co.uk. This calls on the Government to urgently re-think its policy and to apply the cuts more fairly across the country, protecting those most in need, and making sure those in wealthy parts of the country pay their fare share. Council urges all residents to sign this petition.

114 MOTION: COUNCIL TAX REFERENDUM

Proposed by Councillor Jeff Green

Seconded by Councillor Lesley Rennie

- (1) Council notes the Government has provided a further £1,336,643 (on top of the £9,800,000 already received by the Council specifically for this purpose since 2011) each year for the next two years, to allow Wirral Council to freeze its Council Tax in March this year.
- (2) Council believes for the Labour administration to refuse this cash, and the increased bills it will bring, would be a slap in the face for Wirral tax payers and a further demonstration that this administration is only interested in its own internal issues and not the residents of Wirral.
- (3) Council believes that residents must have a say before the administration turns its back on the cash provided by the Government and instructs the administration to put any increase in Wirral's Council tax to our residents in a referendum.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Pat Hackett

Seconded by Councillor Jean Stapleton

Delete everything after paragraph (1) and insert the following:

- (2) Council notes that no decision has been made regarding the Council Tax freeze grant.
- (3) This matter will be dealt with at the proper time, i.e. when the Administration publishes its budget proposals.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Mark Johnston

Seconded by Councillor Phil Gilchrist

Delete paragraph (3) and insert:

- (3) Council notes the cost of holding a 'Council Tax Increase' referendum is estimated to be £200,000 and believes this money would be better used to support front line services currently under threat.

Councillor Hackett agreed to accept the amendment proposed by Councillor Johnston as an addition to his amendment.

Following a debate and Councillor Jeff Green having replied, the amendment proposed by Councillor Hackett, incorporating the amendment proposed by Councillor Johnston was put and carried (42:20) (One abstention).

The substantive motion was put and carried (42:20) (One abstention).

Resolved (42:20) (One abstention) –

- (1) Council notes the Government has provided a further £1,336,643 (on top of the £9,800,000 already received by the Council specifically for this purpose since 2011) each year for the next two years, to allow Wirral Council to freeze its Council Tax in March this year.**
- (2) Council notes that no decision has been made regarding the Council Tax freeze grant.**
- (3) This matter will be dealt with at the proper time, i.e. when the Administration publishes its budget proposals.**
- (4) Council notes the cost of holding a 'Council Tax Increase' referendum is estimated to be £200,000 and believes this money would be better used to support front line services currently under threat.**

115 **MOTION: COUNCIL FINANCES**

Proposed by Councillor Tom Harney
Seconded by Councillor Pat Williams

- (1) Council recognises that the economic problems of the country are resulting in grant reductions from the Government and that the underlying financial problems are the same for all parties, a fact tacitly accepted by senior figures in the Labour Party nationally who have said they will not reverse all cuts.
- (2) Council recognises that not all of Wirral's problems result from the present economic problems of the country and a significant percentage of our problems are made in Wirral.
- (3) A report from the Director of Finance to Cabinet in December highlighted the problems which have been built up over a number of years, including the recording of uncollected debts as assets being carried out over as much as 14 years which has contributed to an inaccurate picture of our financial position.
- (4) It notes that the projected budget gap for 2013/2014, according to a report by the Director of Finance, is £39m, of which £17m (43%) is caused by reduced grants and £22m (57%) as a result of local financial governance issues.
- (5) Council notes with concern that, in addition to the Labour Group misrepresenting the cause of the budget problems as solely the responsibility of the Government whilst ignoring their own contribution, the Council has, on

occasion, also not been completely factual as to the causes of the budget situation.

- (6) This Council resolves that it will ensure that comprehensive, complete and correct information is given by its officers to both the people of Wirral and used in negotiations with the Government.
- (7) Council resolves to continue to discuss our financial problems with the Government with the aim of finding a way through the impact of the problems this Council has inherited. It recognises that the failure over a number of years to deal with the real situation means that many difficult decisions will need to be made in a short period.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Phil Davies

Seconded by Councillor Ann McLachlan

Delete all and replace with the following:-

- (1) Council believes that it is unreasonable for the Liberal Democrats to try to avoid taking the blame for the draconian cuts in local government funding which they share responsibility for as a consequence of their coalition with the Tories nationally.
- (2) Council notes that most of the £39 million which the authority has to save in 2013/14 is due to direct cuts in government grants and the government's failure to fund increases in demographic demand, with particular reference to services for children and young people and adult social care.
- (3) Council notes that the authority's financial position has been made worse by a £17 million overspend left by the previous Tory-led administration and a sum of £4 million which the last administration wasted on a Council tax rebate which they put forward shortly before last May's local elections.
- (4) In addition to the above, Council notes that there is some £38.4 million of exceptional items in 2013/14 which will need to be funded through measures such as capitalisation and use of reserves.
- (5) Council resolves to continue being open and transparent in reporting the financial position of the authority. It agrees to continue lobbying the government for a fair deal for Wirral and recognises the progress that has been made in putting the Council's finances in order.

Following a debate and Councillor Tom Harney having replied, the amendment was put and carried (35:27) (One abstention).

The substantive motion was put and carried (35:27) (One abstention)

Resolved (35:27) (One abstention) –

- (1) Council believes that it is unreasonable for the Liberal Democrats to try to avoid taking the blame for the draconian cuts in local government funding which they share responsibility for as a consequence of their coalition with the Tories nationally.**

- (2) Council notes that most of the £39 million which the authority has to save in 2013/14 is due to direct cuts in government grants and the government's failure to fund increases in demographic demand, with particular reference to services for children and young people and adult social care.
- (3) Council notes that the authority's financial position has been made worse by a £17 million overspend left by the previous Tory-led administration and a sum of £4 million which the last administration wasted on a Council tax rebate which they put forward shortly before last May's local elections.
- (4) In addition to the above, Council notes that there is some £38.4 million of exceptional items in 2013/14 which will need to be funded through measures such as capitalisation and use of reserves.
- (5) Council resolves to continue being open and transparent in reporting the financial position of the authority. It agrees to continue lobbying the government for a fair deal for Wirral and recognises the progress that has been made in putting the Council's finances in order.

116 **MOTION: VASCULAR SERVICES REVIEW**

Proposed by Councillor Chris Jones

Seconded by Councillor Moira McLaughlin

- (1) This Council is profoundly disappointed with the decision of the Secretary of State for Health to confirm the proposal to base the centre for vascular services in the South Mersey region at the Countess of Chester hospital rather than Arrowe Park hospital.
- (2) It is regrettable that in spite of the views expressed previously by this Council, the Health and Well-being Overview and Scrutiny Committee and many Wirral residents, the Government has decided not to review these plans.
- (3) This Council remains firmly of the view that Arrowe Park hospital has excellent vascular services and that this decision is a retrograde step and will result in a diminution in health provision for Wirral residents.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Resolved (62:0) (One abstention) – That the Motion be approved.

117 **MOTION: ATTACK ON DEMOCRACY IN WIRRAL**

Proposed by Councillor Jeff Green

Seconded by Councillor Lesley Rennie

- (1) Council believes that annual local elections provide our residents with an essential opportunity to give a verdict on the work of individual Councillors in representing their views, working on their behalf to improve their community and assisting in solving problems they might have.
- (2) Council notes the Labour Administration's proposal to abolish local elections in Wirral will also remove the opportunity for the residents of Wirral, on an annual basis, to pass judgement on the policies pursued by those chosen to lead the

Council and their stewardship of the money taken from the public's pocket in local and national taxation.

- (3) Council therefore believes the Labour administration's proposal to abolish annual local elections to be fundamentally undemocratic and a return to its authoritarian ways.
- (4) Council expresses its opposition to this proposal and calls on the administration to stop wasting time and resident's money on taking it any further.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Tony Smith
Seconded by Councillor Stuart Whittingham

Delete everything and replace with the following:

- (1) Council does not agree that moving to all out elections every four years is an 'attack on democracy'. This model is used widely throughout England by Councils of all political persuasions.
- (2) Elections every four years have the potential to deliver more stable administrations and avoid frequent lurches in policies which is often the outcome of annual elections where rapid changes in political control take place.
- (3) Council notes that a move to all out elections every four years will result in a saving to the authority of £100,000.
- (4) Council further notes that this budget option was supported by almost 75% of respondents in the 'What Really Matters' consultation.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Phil Gilchrist
Seconded by Councillor Stuart Kelly

In paragraph (1), replace the words "annual local elections provide" with "an established pattern of elections provides".

In paragraph (2), replace the word "annual" with "regular".

Delete paragraphs (3) and (4) and insert:

- (3) Council believes that alternative options can be considered that maintain regular local elections, such as reducing the size of the Council to 60 members, comprising 30 two Member wards elected every two years, and asks LDWP to consider all available options and report their findings to Cabinet and subsequently to Council.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment proposed by Councillor Gilchrist was put and lost (7:55) (One abstention).

The amendment proposed by Councillor Tony Smith was put and carried (35:27) (One abstention).

The substantive motion was put and carried (35:27) (One abstention)

Resolved (35:27) (One abstention) –

- (1) Council does not agree that moving to all out elections every four years is an ‘attack on democracy’. This model is used widely throughout England by Councils of all political persuasions.**
- (2) Elections every four years have the potential to deliver more stable administrations and avoid frequent lurches in policies which is often the outcome of annual elections where rapid changes in political control take place.**
- (3) Council notes that a move to all out elections every four years will result in a saving to the authority of £100,000.**
- (4) Council further notes that this budget option was supported by almost 75% of respondents in the ‘What Really Matters’ consultation.**

118 **MOTION: ‘HEALTHY HOMES’ AND THE CASE FOR SELECTIVE LICENSING OF THE PRIVATE RENTED SECTOR**

Councillor Geoffrey Watt, having declared his disclosable pecuniary interest in this matter left the Chamber during its consideration.

Proposed by Councillor Stuart Kelly

Seconded by Councillor Alan Brighthouse

- (1) Council notes that The Wirral JSNA¹ estimates that ‘33.9% of private rented dwellings (5,929) have at least one category 1 hazard’ which include excess cold, tripping hazards, and electrical hazards (section 2.2 refers); that The Wirral Housing Strategy² highlights the sector as containing many vulnerable households where ‘housing conditions are around three times worse than owner occupied homes’ (page 13 refers); and that the last Private Sector Stock Condition Survey showed that 59.3% of properties in the private rented sector were non-decent. Council believes this has a negative effect on the health of those living in such circumstances.
- (2) Council notes and supports The Healthy Homes Scheme which began with a pilot project in the Victoria Parade Area in New Brighton and notes that 836 Healthy Homes assessments have been completed, resulting in 966 referrals to partner organisations. Council notes that most referrals to the scheme are from health & social care professionals and that the scheme is contributing to key Public Health priorities such as reducing health inequalities.
- (3) Council notes with concern that, despite the number of privately rented properties increasing by 80% between 2001 – 2011, only 16% (2,761) of private rented properties are included in Wirral’s own voluntary Accreditation Scheme and thanks the 28 landlords and agents who are members for their commitment to the aims of the Scheme on behalf of their tenants³.
- (4) Council notes the selective licensing powers available to local authorities and their use in tackling landlord failure in other parts of the country, notably Newcastle CC and Newham LBC, and that Liverpool CC has begun its own consultation on the issue⁴.

- (5) Council acknowledges the Housing Strategy's aspiration to 'see a healthy private rented sector with good quality properties and management standards' by 2026. (page 13 refers)
- (6) Council believes people looking to rent privately have no means of establishing whether their prospective landlord is good or bad and that if they are accredited they will have had to demonstrate that they have satisfactory management arrangements in place and their properties meet a defined standard.
- (7) Council believes that licensing offers the opportunity for prospective tenants to make informed choices and also protect communities who have suffered from neighbouring properties being bought by landlords and let indiscriminately to unsuitable tenants.
- (8) Council notes an increase in the use of statutory enforcement powers under Housing Act 2004 nationally and in Wirral and Council agrees to sign a statement of support for Shelter's national campaign by pledging to do everything within its power to stamp out rogue landlords⁵.
- (9) Council calls upon the cabinet members responsible for Housing/Community Safety and Public Health to work together to re-examine the case for using selective licensing as part of the tool kit available in tackling sub standard housing and poorly managed private rented accommodation and to use those powers as part of a roll out of the New Brighton Healthy Homes scheme to other areas of Wirral where LSOA information suggests public health problems are linked to the lack of decent homes.

Web Link References

1. Wirral Joint Strategic Needs Assessment –
http://info.wirral.nhs.uk/document_uploads/jsna/JSNA%20Housing%20Section%20Final%20Dec%202011_44746.pdf
2. Wirral Housing Strategy (2011-2026) –
<http://www.wirral.gov.uk/downloads/3857>
3. Property Accreditation Scheme – List of Accredited Landlords and Agents
<http://www.wirral.gov.uk/downloads/3336>
4. Liverpool City Council Cabinet Report 21/12/12 –
<http://councillors.liverpool.gov.uk/documents/s112943/H7%20-%20Introduction%20of%20Licensing%20for%20Private%20Rented%20Property.pdf>
5. Shelter Campaign Site – Evict Rogue Landlords
http://england.shelter.org.uk/campaigns/evict_rogue_landlords

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor George Davies
Seconded by Councillor Chris Jones

Add new paragraph (10)

- (10) Council calls upon the Cabinet members responsible for Housing/Community Safety and Public Health to work together to re-examine the case for using selective licensing in conjunction with other tools available such as landlord accreditation, statutory enforcement, Healthy Homes and Empty Property

Assistance in tackling poor quality private rented accommodation in some of our poorest neighbourhoods in the Borough.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Councillor Kelly agreed to accept the amendment proposed by Councillor Davies.

The Motion, as amended, was put and carried (61:0) (One abstention)

Resolved (61:0) (One Abstention) –

- (1) Council notes that The Wirral JSNA¹ estimates that ‘33.9% of private rented dwellings (5,929) have at least one category 1 hazard’ which include excess cold, tripping hazards, and electrical hazards (section 2.2 refers); that The Wirral Housing Strategy² highlights the sector as containing many vulnerable households where ‘housing conditions are around three times worse than owner occupied homes’ (page 13 refers); and that the last Private Sector Stock Condition Survey showed that 59.3% of properties in the private rented sector were non-decent. Council believes this has a negative effect on the health of those living in such circumstances.**
- (2) Council notes and supports The Healthy Homes Scheme which began with a pilot project in the Victoria Parade Area in New Brighton and notes that 836 Healthy Homes assessments have been completed, resulting in 966 referrals to partner organisations. Council notes that most referrals to the scheme are from health & social care professionals and that the scheme is contributing to key Public Health priorities such as reducing health inequalities.**
- (3) Council notes with concern that, despite the number of privately rented properties increasing by 80% between 2001 – 2011, only 16% (2,761) of private rented properties are included in Wirral’s own voluntary Accreditation Scheme and thanks the 28 landlords and agents who are members for their commitment to the aims of the Scheme on behalf of their tenants³.**
- (4) Council notes the selective licensing powers available to local authorities and their use in tackling landlord failure in other parts of the country, notably Newcastle CC and Newham LBC, and that Liverpool CC has begun its own consultation on the issue⁴.**
- (5) Council acknowledges the Housing Strategy’s aspiration to ‘see a healthy private rented sector with good quality properties and management standards’ by 2026. (page 13 refers)**
- (6) Council believes people looking to rent privately have no means of establishing whether their prospective landlord is good or bad and that if they are accredited they will have had to demonstrate that they have satisfactory management arrangements in place and their properties meet a defined standard.**
- (7) Council believes that licensing offers the opportunity for prospective tenants to make informed choices and also protect communities who have suffered from neighbouring properties being bought by landlords and let indiscriminately to unsuitable tenants.**

- (8) Council notes an increase in the use of statutory enforcement powers under Housing Act 2004 nationally and in Wirral and Council agrees to sign a statement of support for Shelter's national campaign by pledging to do everything within its power to stamp out rogue landlords⁵.
- (9) Council calls upon the cabinet members responsible for Housing/Community Safety and Public Health to work together to re-examine the case for using selective licensing as part of the tool kit available in tackling sub standard housing and poorly managed private rented accommodation and to use those powers as part of a roll out of the New Brighton Healthy Homes scheme to other areas of Wirral where LSOA information suggests public health problems are linked to the lack of decent homes.
- (10) Council calls upon the Cabinet members responsible for Housing/Community Safety and Public Health to work together to re-examine the case for using selective licensing in conjunction with other tools available such as landlord accreditation, statutory enforcement, Healthy Homes and Empty Property Assistance in tackling poor quality private rented accommodation in some of our poorest neighbourhoods in the Borough.

Web Link References

1. Wirral Joint Strategic Needs Assessment –
http://info.wirral.nhs.uk/document_uploads/jsna/JSNA%20Housing%20Section%20Final%20Dec%202011_44746.pdf
2. Wirral Housing Strategy (2011-2026) –
<http://www.wirral.gov.uk/downloads/3857>
3. Property Accreditation Scheme – List of Accredited Landlords and Agents
<http://www.wirral.gov.uk/downloads/3336>
4. Liverpool City Council Cabinet Report 21/12/12 –
<http://councillors.liverpool.gov.uk/documents/s112943/H7%20-%20Introduction%20of%20Licensing%20for%20Private%20Rented%20Property.pdf>
5. Shelter Campaign Site – Evict Rogue Landlords
http://england.shelter.org.uk/campaigns/evict_rogue_landlords

119 MOTION: THE EMPTY RHETORIC OF LOCALISM

Proposed by Councillor Adrian Jones
Seconded by Councillor Brian Kenny

- (1) This Council is profoundly disappointed that the Government's support for 'localism' is proving to be merely empty rhetoric on two key issues where new duties have been given to the Council but funding has been cut.
- (2) In the Spending Review 2010 the Government announced that Council Tax Benefit would be abolished and replaced with localised support schemes for Council Tax administered by local authorities. At the same time, it was announced that Government support would be reduced by 10% of current year spend. For Wirral this amounts to a shortfall of £3.2 million.

- (3) The Government has also transferred responsibility for administering Crisis Loans for Living Expenses and Community Care Grants from the Department of Works and Pensions to local authorities via a local scheme and, in the case of Wirral, the funding for these schemes has been cut by £229,575. At a time when a range of benefits are being cut by the Government, to reduce the amount of money to help people in crisis and to ask Councils to administer it demonstrates a clear need for this decision to be reviewed.
- (4) It is difficult to see how such decisions by Government are consistent with localism particularly where adequate resources are not devolved to local Councils to enable them to deliver effective services to local residents.
- (5) Council calls on the Government to undertake an urgent review of its policies on localism with a view to ensuring that transfers of duties and responsibilities from central to local government are accompanied by adequate resources.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Resolved (35:27) (One Abstention) – That the Motion be approved.

120 **OBJECTION: MINUTE 170 (CABINET - 24 JANUARY 2013)
NEIGHBOURHOOD WORKING**

Proposed by Councillor John Hale
Seconded by Councillor Simon Mountney

- (1) Council believes a Constituency is not a Neighbourhood but a collection of Neighbourhoods.
- (2) The proposal to abolish Neighbourhood Forums will seriously damage the relationship of local residents with the Council, as they will be unable to highlight problems or concerns attached to their particular neighbourhood as they can do at present at regular meetings, at convenient locations with Councillors, Council Officers and representatives of other public services.
- (3) Residents will lose the relatively modest funds allocated to the Neighbourhood Forums and at present used to support local projects and initiatives put forward by a variety of local voluntary groups for the benefit of the local community.
- (4) It is not just neighbourhoods in areas of West Wirral such as Pensby, Barnston and Thingwall who will lose out, but every neighbourhood in Birkenhead, Wallasey and South Wirral.
- (5) We do not believe that there was as claimed, strong support for this new model when a majority expressed the greatest reluctance or disagreed completely.
- (6) It is almost certain that the new scheme would be more costly to run than the present scheme even allowing for the abolition of grants and financial support for the local Neighbourhood Forums.
- (7) Council therefore recommends no action be taken on this proposal until proper and full consultation has taken place between the Party Leaders and, through them, all elected Members as the Deputy Leader of the Council promised the Improvement Board on the 23 January 2013.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The objection was put and lost (27:35)

121 **OBJECTION: MINUTE 170 (CABINET - 24 JANUARY 2013)
NEIGHBOURHOOD WORKING**

Proposed by Councillor Mark Johnston
Seconded by Councillor Stuart Kelly

Delete recommendation and insert:

Council notes the proposal to establish a new neighbourhood working approach in Wirral and refers the report for further discussion to a Members' Working Group and that the Working Group be asked to consider and report back on:

- The appropriateness of transient constituency boundaries being used to define the proposed committees as opposed to natural community ties.
- How effective localised engagement at ward level can be maintained with representatives of the local community.
- How resources will be properly and fairly devolved to support delivery of the local plans.
- The overall financial and democratic implications arising from the proposals.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The objection was put and lost (27:35)

Resolved – That Cabinet minute 170 (24 January 2013) – Neighbourhood Working, be thus approved.

122 **MOTION: CUTS TO TAX CREDITS**

Proposed by Councillor Mike Sullivan
Seconded by Councillor Bernie Mooney

- (1) This Council condemns the Government's decision to cut Working Tax Credits. In Wirral, 23,300 hard-working people will be hit by this cut.
- (2) Council also notes with extreme concern that at the same time as the Government is giving the richest 2 percent of earners a £3 billion tax cut, Tory MP for Wirral West, Esther McVey, has admitted that her Government has plunged 200,000 children into poverty with the cut to Tax Credits.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Wendy Clements
Seconded by Councillor Simon Mountney

Delete all and replace with:

- (1) This Council notes the largest ever increase in personal tax allowance from April 2013 which will lift more than 2 million people out of paying tax altogether.
- (2) Council further notes that under Labour the target to halve child poverty by 2010 was missed by 600,000 children.

- (3) Council further notes that it is misleading to look at the impacts of uprating (eg Working Tax Credits) in isolation, and the Government is investing in tackling the root causes of child poverty through making work pay. Council recognises that work is the best route out of poverty. Universal credit will reduce poverty by making work pay and providing an effective route out of poverty for up to 250,000 children. 75% of the gainers from Universal Credit are in the bottom 40% of the income distribution.
- (4) Council welcomes the Government's consultation on better measures for Child Poverty to better reflect the reality of Child Poverty in the UK today.
- (5) Council notes that the Government is committed to tackling child poverty and to eradicate the causes including worklessness, educational failure and family breakdown, rather than simply treating the consequences of the problem.
- (6) Council notes that income will remain a key indicator in defining what it means to be in poverty, but income is not all that matters. It is now widely understood that the current relative income measure by itself is not an accurate picture of child poverty. There need to be better measures that capture the reality of children's experience of poverty. That is why the Government is consulting on what those measures should be.
- (7) Council notes that the Government is taking action to tackle child poverty including introducing universal credit, which will simplify the benefit system and ensure that work is always the best option; investing more in nursery and pre-school provision, including providing 260,000 disadvantaged two-year-olds with 15 hours a week free child care; investing in education, including £2.5 billion for the pupil premium for disadvantaged pupils and £1.2 billion for capital investment in schools; and raising the tax threshold which will lift more than 2 million people out of paying tax altogether.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Alan Brighthouse

Seconded by Councillor Tom Harney

Delete all and insert:

- (1) Council notes that Working Tax Credits are expensive to administer, prone to error and discourage an individual from increasing their earnings.
- (2) Council recognises that a far more efficient way to increase household income of low and middle income families is to increase the level at which tax becomes payable and to encourage the adoption of a living wage.
- (3) Council also notes the measures taken by the Coalition Government to create a fairer tax system. Apart from one month of the last Labour Government, the rate of tax paid by the highest earners was less than at any time under the present Government. In addition, increases to Capital Gains Tax, Stamp Duty and the removal of Child Benefit from high rate tax payers, together with a significant reduction in the income tax paid by low and middle income families, has brought a greater degree of fairness to personal taxation.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment proposed by Councillor Wendy Clements was put and lost (27:35)
(One abstention)

The amendment proposed by Councillor Alan Brighthouse was put and lost (27:35)
(One abstention)

The Motion was put and carried (35:27) (One abstention)

Resolved (35:27) (One abstention) –

- (1) This Council condemns the Government’s decision to cut Working Tax Credits. In Wirral, 23,300 hard-working people will be hit by this cut.**
- (2) Council also notes with extreme concern that at the same time as the Government is giving the richest 2 percent of earners a £3 billion tax cut, Tory MP for Wirral West, Esther McVey, has admitted that her Government has plunged 200,000 children into poverty with the cut to Tax Credits.**

123 **MOTION: CONSTRUCTION INDUSTRY BLACKLISTS**

Proposed by Councillor Dave Mitchell
Seconded by Councillor Stuart Kelly

- (1) Council notes that there are some construction companies who have been supporting and subscribing to industry ‘blacklists’ collated by the Consulting Association (a private consultancy) and that the Information Commissioner has investigated and taken legal action against both the Consulting Association and a number of construction companies for this practice.
- (2) Council believes ‘Blacklisting’ is an unacceptable practice that cannot be condoned and therefore resolves not to include companies who continue using this information on the approved list for future construction work procured by the Council.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Joe Walsh
Seconded by Councillor Brian Kenny

Add the following:

- (3) Council supports the national campaign, led by the GMB union, aimed at forcing those who have been involved in blacklisting to apologise to those who have been affected by it.
- (4) Council further notes that as a result of the concentration of construction activity in and around large cities, many of those alleged to have been discriminated against live in large urban areas. This may well include residents of Wirral.
- (5) Council instructs officers to write to the Information Commissioner to release the names and addresses of residents of Wirral who are affected by any blacklist.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Councillor Mitchell agreed to accept the amendment proposed by Councillor Walsh.

The Motion, as amended, was put and carried (62:0) (One abstention)

Resolved (62:0 (One abstention) –

- (1) Council notes that there are some construction companies who have been supporting and subscribing to industry ‘blacklists’ collated by the Consulting Association (a private consultancy) and that the Information Commissioner has investigated and taken legal action against both the Consulting Association and a number of construction companies for this practice.**
- (2) Council believes ‘Blacklisting’ is an unacceptable practice that cannot be condoned and therefore resolves not to include companies who continue using this information on the approved list for future construction work procured by the Council.**
- (3) Council supports the national campaign, led by the GMB union, aimed at forcing those who have been involved in blacklisting to apologise to those who have been affected by it.**
- (4) Council further notes that as a result of the concentration of construction activity in and around large cities, many of those alleged to have been discriminated against live in large urban areas. This may well include residents of Wirral.**
- (5) Council instructs officers to write to the Information Commissioner to release the names and addresses of residents of Wirral who are affected by any blacklist.**

124 **MOTION: PAYDAY LOANS**

Proposed by Councillor Adrian Jones

Seconded by Councillor Joe Walsh

- (1) Council notes that the Conservative Party is heavily funded by City of London finance businesses.
- (2) Council further notes that since the world-wide bank and hedge-fund crash of 2008 just 1000 of the richest UK residents own wealth that has increased by £155billion. Simultaneously, councils, the NHS, low-wage families, and pensioners, are hit by the Government’s cuts whilst the Tories’ super-rich funders are granted breathtaking tax reductions.
- (3) In hideous contrast, as many as a million UK residents have now been victims of “Payday loans” whilst 7.8 million are struggling to keep a roof over their families’ heads. As many as 2.8 million householders have overdrawn in their banks to meet their mortgage or rent bills. Some of the most desperate victims of Government “austerity” policies, designed to pay off the bankers’ gambling losses, quickly become sucked into never-ending debt through “Payday loans” as lenders are allowed to charge as much as 4,000% in annual interest rates. Council calls on this government to legislate urgently to end this immoral exploitation of its most vulnerable victims.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Christopher Blakeley
Seconded by Councillor Jeff Green

Delete all and replace with:

- (1) Council notes that the Government is taking steps to tackle the problems associated with high cost credit.
- (2) Council further notes the Government is giving financial regulators the powers to impose restrictions on the total cost of credit. Additionally, the Government is also giving the Office of Fair Trading (OFT) a new power to suspend consumer credit licences immediately where there is an urgent need to protect consumers.
- (3) Alongside its publication of a progress report in November 2012, the OFT announced it has opened formal investigations into several payday lenders. These investigations are targeting aggressive debt collection practices and the OFT has written to all 240 payday lenders about poor practices in the sector. The OFT has also published revised Debt Collection Guidance. This guidance focuses on a specific repayment mechanism to ensure that traders with a consumer credit licence do not misuse it.
- (4) Beyond this, the Government has taken action to make sure consumers are better protected. Following discussions with the Government, 90 per cent of the payday and short-term loan industry agreed to improve their codes of practice to increase transparency and provide better protection for consumers. Commitments include: a good practice customer charter, more help for those in financial difficulty and effective monitoring by the Trade Association to root out poor practices.
- (5) The Government has also provided a £27 million grant to provide face-to-face debt advice and the funding contribution of £1 million to the National Debtline to support telephone debt advice has been maintained for 2012/13. This is in addition to the Money Advice Service which offers free national financial advice, helping to increase levels of financial literacy and empowering consumers to take charge of their finances.
- (6) Council puts on record its thanks to the Government for the action it has taken and continues to take to deal with this problem and urges it to continue to work with the OFT to bring about continuing improvements.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Pat Williams
Seconded by Councillor Stuart Kelly

Delete paragraphs (1) and (2).

Renumber paragraph (3) as paragraph (1) and delete "In hideous contrast," and replace with "Council is concerned that".

Insert:

- (2) Council welcomes the fact that the Financial Services Act 2012 gives the new Financial Conduct Authority powers to cap the total amount charged by the

high-cost credit industry and acknowledges the contribution made in achieving this by Stella Creasy MP and The Most Reverend Justin Welby and calls on MPs to monitor the work of the FCA to ensure that credit customers are properly protected against extortion.

- (3) Council further agrees to write to Wirral Members of Parliament, raising its concerns that high cost credit companies should also be controlled under the Ofcom Broadcasting Code and only be allowed to advertise after the 2100hrs 'watershed'; Council considers high credit commercials are wholly inappropriate during children's programmes.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

The amendment proposed by Councillor Blakeley was put and lost (27:35) (One abstention)

The amendment proposed by Councillor Williams was put and lost (27:35) (One abstention)

The Motion was put and carried (35:27) (One abstention)

Resolved (35:27) (One abstention) –

- (1) Council notes that the Conservative Party is heavily funded by City of London finance businesses.**
- (2) Council further notes that since the world-wide bank and hedge-fund crash of 2008 just 1000 of the richest UK residents own wealth that has increased by £155billion. Simultaneously, councils, the NHS, low-wage families, and pensioners, are hit by the Government's cuts whilst the Tories' super-rich funders are granted breathtaking tax reductions.**
- (3) In hideous contrast, as many as a million UK residents have now been victims of "Payday loans" whilst 7.8 million are struggling to keep a roof over their families' heads. As many as 2.8 million householders have overdrawn in their banks to meet their mortgage or rent bills. Some of the most desperate victims of Government "austerity" policies, designed to pay off the bankers' gambling losses, quickly become sucked into never-ending debt through "Payday loans" as lenders are allowed to charge as much as 4,000% in annual interest rates. Council calls on this government to legislate urgently to end this immoral exploitation of its most vulnerable victims.**

125 **MOTION: TAX AVOIDANCE AND PUBLIC SECTOR CONTRACTS**

Proposed by Councillor Tom Harney
Seconded by Councillor Stuart Kelly

- (1) Council notes the widespread practice of some multinational companies to minimise their exposure to UK taxation by manipulating their payments to subsidiaries located in tax havens.
- (2) Council expresses support for the many local businesses which make full and fair tax payments every year.

- (3) Council urges the Government to continue to extend its programme of measures designed to make all companies pay fair taxation based upon genuine profit levels.
- (4) Council notes the campaign of the consumer organisation, Ethical Consumer, to allow local councils and other public procurement bodies to take into account corporate tax strategies when they award public contracts and supports this aim.
- (5) Council notes that whilst procurement policy has some guidance regarding ethical procurement, this policy could be significantly strengthened; and calls on Cabinet to work with the Local Government Association to bring forward a set of legally binding procurement rules that require companies delivering and bidding for the delivery of public service contracts to demonstrate high ethical, environmental and anti-tax avoidance standards.

Amendment proposed in accordance with Standing Order 7(2)

Proposed by Councillor Brian Kenny
Seconded by Councillor Janette Williamson

Add the following:

- (6) Council supports fair taxation for companies, but this should also apply to citizens. Accordingly, Council condemns the huge tax cut for millionaires announced by George Osborne in last year's budget.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Councillor Harney agreed to accept the amendment proposed by Councillor Kenny.

The Motion, as amended, was put and carried (42:20) (One abstention)

Resolved (42:20) (One abstention) –

- (1) Council notes the widespread practice of some multinational companies to minimise their exposure to UK taxation by manipulating their payments to subsidiaries located in tax havens.**
- (2) Council expresses support for the many local businesses which make full and fair tax payments every year.**
- (3) Council urges the Government to continue to extend its programme of measures designed to make all companies pay fair taxation based upon genuine profit levels.**
- (4) Council notes the campaign of the consumer organisation, Ethical Consumer, to allow local councils and other public procurement bodies to take into account corporate tax strategies when they award public contracts and supports this aim.**
- (5) Council notes that whilst procurement policy has some guidance regarding ethical procurement, this policy could be significantly strengthened; and calls on Cabinet to work with the Local Government Association to bring forward a set of legally binding procurement rules that require companies delivering and bidding for the delivery of public**

service contracts to demonstrate high ethical, environmental and anti-tax avoidance standards.

- (6) Council supports fair taxation for companies, but this should also apply to citizens. Accordingly, Council condemns the huge tax cut for millionaires announced by George Osborne in last year's budget.**

126 **MOTION: UNIVERSAL CREDIT**

Proposed by Councillor Phil Gilchrist
Seconded by Councillor Pat Williams

- (1) This Council notes that Universal Credit:
- is being developed with a Pathfinder Service in the Greater Manchester area from April 2013
 - is being extended to people who need that help and support with the aim of completing the new service by the end of 2017
 - has been the subject of a House of Commons Select Committee Report and regular feature of 'Parliamentary Questions' on its impact and progress.
- (2) Council notes that on 10 December 2012, Mr Clive Betts MP questioned the Secretary of State for Work and Pensions as follows....
- 'What progress is the Department making in discussing with councils about the need to provide a joined-up service so that, in future, people will need make only one contact when their incomes change?'*
- and that the Secretary of State for Work and Pensions (Mr Iain Duncan Smith) stated...
- 'We are currently engaging in discussions with local authorities with the aim of ensuring that people receive a proper and comprehensive service.'*
- (3) This Council is anxious that Wirral's citizens involved in these changes should receive the 'proper and comprehensive service' being promised and believes that the Council's One Stop Shops and libraries are well placed to assist local people.
- (4) Council, therefore, requests that officers continue to engage with other authorities and the Local Government Association with a view to ensuring that an effective and accessible service emerges from that process.
- (5) Council, therefore, requests that Officers be asked to report on the shape of the emerging service to Cabinet and the appropriate Overview and Scrutiny Committee so that Wirral can provide the 'proper and comprehensive service' envisaged for Wirral's citizens.

Amendment submitted in accordance with Standing Order 7(2)

Proposed by Councillor Bernie Mooney
Seconded by Councillor Tony Norbury

Add the following:

- (6) Council is concerned about a number of issues relating to universal credit. These include:
- Digital exclusion, as claimants will have to complete a universal credit claim on line.
 - The danger that claimants will be unable to budget effectively when their benefits are paid at monthly rather than fortnightly intervals as at present.
 - Doubts about whether the new system will provide genuine incentives to work longer or train for a more highly paid job.
 - Doubts about the quality of the new IT infrastructure which is being designed to deliver universal credit.
 - Lack of openness on the outcome of the universal credit pilot schemes.
- (7) Council supports Frank Field's call for the National Audit Office to carry out a special enquiry to examine the risks associated with universal credit.

Having applied the guillotine in accordance with Standing Order 7(8) the Council did not debate this matter.

Councillor Gilchrist agreed to accept the amendment proposed by Councillor Mooney.

The Motion, as amended, was put and carried (42:20) (One abstention)

Resolved (42:20) (One abstention) –

(1) This Council notes that Universal Credit:

- **is being developed with a Pathfinder Service in the Greater Manchester area from April 2013**
- **is being extended to people who need that help and support with the aim of completing the new service by the end of 2017**
- **has been the subject of a House of Commons Select Committee Report and regular feature of 'Parliamentary Questions' on its impact and progress.**

(2) Council notes that on 10 December 2012, Mr Clive Betts MP questioned the Secretary of State for Work and Pensions as follows....

'What progress is the Department making in discussing with councils about the need to provide a joined-up service so that, in future, people will need make only one contact when their incomes change?'

and that the Secretary of State for Work and Pensions (Mr Iain Duncan Smith) stated...

'We are currently engaging in discussions with local authorities with the aim of ensuring that people receive a proper and comprehensive service.'

(3) This Council is anxious that Wirral's citizens involved in these changes should receive the 'proper and comprehensive service' being promised and believes that the Council's One Stop Shops and libraries are well placed to assist local people.

(4) Council, therefore, requests that officers continue to engage with other authorities and the Local Government Association with a view to

ensuring that an effective and accessible service emerges from that process.

- (5) Council, therefore, requests that Officers be asked to report on the shape of the emerging service to Cabinet and the appropriate Overview and Scrutiny Committee so that Wirral can provide the 'proper and comprehensive service' envisaged for Wirral's citizens.
- (6) Council is concerned about a number of issues relating to universal credit. These include:
- Digital exclusion, as claimants will have to complete a universal credit claim on line.
 - The danger that claimants will be unable to budget effectively when their benefits are paid at monthly rather than fortnightly intervals as at present.
 - Doubts about whether the new system will provide genuine incentives to work longer or train for a more highly paid job.
 - Doubts about the quality of the new IT infrastructure which is being designed to deliver universal credit.
 - Lack of openness on the outcome of the universal credit pilot schemes.
- (7) Council supports Frank Field's call for the National Audit Office to carry out a special enquiry to examine the risks associated with universal credit.

127 VACANCIES

The Council was requested to deal with the following vacancies

Committees

SCRUTINY PROGRAMME BOARD

Conservative deputy

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Conservative deputy

HEALTH AND WELL BEING OVERVIEW AND SCRUTINY COMMITTEE

Conservative deputy

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

Conservative deputy

Outside Bodies

COMMUNITY AND CUSTOMER ENGAGEMENT

- (i). **Kylemore Community Centre Joint Management Committee**
(Pensby and Thingwall Ward Councillors)

to replace former Councillor Don McCubbin

(ii). Leasowe Play, Youth & Community Association Management Committee

to replace former Councillor Anne McArdle

HOUSING AND COMMUNITY SAFETY

(iii). Leasowe Community Homes Management Board

to replace former Councillor Anne McArdle

REGENERATION AND PLANNING STRATEGY

(iv). Conservation Area Advisory Committees

Conservation Area

Barnston to replace former Councillor Don McCubbin

Gayton and Heswall to replace former Councillor Peter Johnson

ADULT SOCIAL CARE AND PUBLIC HEALTH

(v). Heswall Advisory Body (Heswall ATC) (1:1:1)

to replace former Councillor Peter Johnson

STREETSCENE AND TRANSPORT SERVICES

(vi). Wirral Pedestrian Forum (1:1:1)

to replace former Councillor Don McCubbin

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Cabinet

18 February 2013

196 CORPORATE PLAN

A report by the Chief Executive set out a three year Corporate Plan for the Cabinet's consideration. The proposed priorities detailed in this Plan had been based on the "What Really Matters" consultation programme and provided a framework for delivering savings during 2013/2014.

RESOLVED:

That the Corporate Plan be approved and referred to the Council meeting scheduled for 5 March 2013 for adoption.

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WIRRAL COUNCIL

CABINET

18th February 2013

SUBJECT:	2013-2016 CORPORATE PLAN
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR PHIL DAVIES
KEY DECISION?	YES

1.0 BACKGROUND AND KEY ISSUES

- 1.1 This report presents Cabinet with a 3 year Corporate Plan (2013-2016) for consideration.
- 1.2 The proposed priorities set out in the Corporate Plan have been based on the “What Really Matters” consultation programme and provide a framework for delivering savings during 2013-2014.
- 1.3 Cabinet are requested to approve the new Corporate Plan and its referral to Council for approval at its meeting on the 5th March 2013.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 On the 5th March 2013, Council will be requested to approve a year three Corporate Plan which sets out the vision and priorities for the Council, and at the same meeting approve a medium term financial strategy and budget for 2013/14.
- 2.2 The Corporate Plan will be produced in two parts. Part one (appendix 1 of this report) provides the vision and priorities for the Council which will provide the strategic framework and principles for budget savings to be delivered during the 2013/14 financial year.
- 2.3 Part two of the Corporate Plan will outline the key deliverables and measures of success to ensure we are delivering against the vision and priorities as set out in part one.
- 2.4 Strategic directorates will also develop plans to ensure successful delivery of the Corporate Plan vision and priorities.
- 2.5 The Council has been working in close partnership with the Local Government Association through Wirral’s Improvement Board to oversee the delivery of the Council’s Improvement Plan. The Corporate Plan will be central to the Council’s overall delivery framework for 2013-2016, and therefore Wirral’s Improvement Board

will consider a draft of the 2013-16 Corporate Plan at its meeting on the 1st March 2013 in order ensure its alignment to the improvement plan.

3.0 RELEVANT RISKS

3.1 The Corporate Risk Register will be updated in line with the new Corporate Plan to ensure that any risks to delivering the Council's goals are understood and mitigating actions are put in place as appropriate.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not applicable.

5.0 CONSULTATION

5.1 The priorities within the Corporate Plan will be embedded through continuous and extensive engagement with Council staff, our partners and Wirral residents. The Council's recent "What Really Matters" exercise has informed the Corporate Plan priorities to reflect the consultation that has taken place with local residents and stakeholders.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 The Corporate Plan for 2013-2016 sets a commitment in relation to working with voluntary, community and faith sector organisations to improve outcomes for local people.

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

7.1 The Corporate Plan informs the Medium Term Financial Strategy and the Annual Budget which seek to allocate available resources to deliver the priorities as set out in the Corporate Plan.

8.0 LEGAL IMPLICATIONS

8.1 Legal implications relating to the actions relating to priorities identified with the Corporate Plan will be addressed by strategic directorates as appropriate.

9.0 EQUALITIES IMPLICATIONS

9.1 An equality impact assessment is attached to this report.

9.2 In developing individual strategic directorate plans, strategic directorates will also be expected to address equalities implications as appropriate, including undertaking Equality Impact Assessments in line with corporate requirements.

10.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

10.1 Any carbon reduction implications relating to priorities identified with the Corporate Plan will be addressed by strategic directorates as appropriate.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 Any planning and community safety implications relating to priorities identified with the Corporate Plan will be addressed by strategic directorates as appropriate.

12.0 RECOMMENDATIONS

12.1 It is recommended that Cabinet approves the Corporate Plan to be referred for adoption by full Council on the 5th March 2013.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 This report presents Cabinet with a new 2013-2016 Corporate Plan for consideration and referral to Council on the 5th March. The Corporate Plan provides a vision for the Council and also ensures that the Council's priorities for the next financial year are underpinned by a strategic framework and principles for budget savings.

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APPENDICES

Appendix 1: Corporate Plan 2013 - 2016

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Corporate Plan: **2013-2016**

"Wirral should be a place where the vulnerable are safe and protected, where employers want to invest and local businesses thrive, and where good health and an excellent quality of life is within the reach of everyone who lives here."

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2. Introduction
3. Ambition and vision
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 - Wirral - the place
 - Wirral's Economy
 - Wirral – the Council
 - Improving Corporate Governance
 - Financial context
 - Working in partnership
 - Neighbourhood Working
5. What we will deliver over the next three years
 - Families and Wellbeing
 - Regeneration and Environment
 - Transformation and Resources

Foreword

Wirral Council is facing unprecedented challenges. Our budget is reducing, while at the same time demand for our services is rising, as are residents' expectations. Equally, it is difficult to remember a time when the opportunities for our Council, our borough and our residents were greater. We are at the national forefront of sector led improvement, we are delivering many consistently excellent services, and we are at the heart of regeneration projects of global significance.

We should be proud of our achievements, unequivocal in our determination to improve and excited about the future. This Corporate Plan provides the platform for how we will do it.

Our priorities for the next three years are clear; you will see that continuous, genuine and comprehensive consultation is at the core of this Corporate Plan – our residents have told us what they expect of us, this plan is designed to make sure we deliver just that.

We will make sure that our first priority is to safeguard and protect as far as possible the most vulnerable among us. We will tackle the unacceptable health inequalities which exist in our borough, and use our new leadership on the public health agenda to drive this work. We will capitalise on the regeneration opportunities before us, opportunities which are the envy of the entire country, and we will make sure they build real, lasting growth in our economy, creating jobs for generations to come.

We are one of the largest Councils in the UK; we are bigger than cities such as Newcastle, Derby and Leicester, and it is time we started to act like it. For too long we have failed to punch our weight and exert our influence at the regional and national level. This must and will be changed in the coming months and years; so we deliver on our duty to get the very best deal possible for Wirral.

Our financial situation is exceptionally difficult, but it is also forcing us to modernise, and to look at everything we do in a new light, become more innovative and totally transform the way we deliver and provide services. Making sure we continue to improve, both our services and the quality of life for our residents, is the key challenge for all public servants. We will take pride in striving to achieve this for our residents.

This is the start of a new journey, towards a high performing Council serving its residents with openness, honesty and pride. We pledge that:

“We will ensure this Council is in the future focussed upon serving and protecting local people and in particular those who are most vulnerable and in need. We will do this through the engagement and empowerment of individuals and communities in both the design and delivery of local services, and by working together with partners in the public, private and the community, voluntary and faith and independent sectors.”

Cllr Phil Davies
Leader of Wirral Council

Graham Burgess
Chief Executive

1. Introduction

This three year Corporate Plan will deliver a new robust approach to the Council's business planning; ensuring that our vision, priorities and resource allocation are based on sound evidence and analysis of community needs. Crucially, it will ensure that the priorities identified in the Corporate Plan will be underpinned by a sustainable budget over the next three years and can be delivered from within available resources.

2. Our Vision for Wirral

Wirral should be a place where the vulnerable are safe and protected, where employers want to invest and local businesses thrive, and where good health and an excellent quality of life is within the reach of everyone who lives here.

We promise to support this vision, and serve our residents, improving our organisation through working in partnership, and becoming the excellent Council that our residents deserve.

3. Our Principles for the future design of services

Genuine, continuous and comprehensive consultation is at the core of this Corporate Plan. Throughout 2012/13, we listened to everyone who relies on our organisation when they told us where our focus and our limited resources should lie.

We Will:

Protect the vulnerable in our borough

by making sure that our systems and procedures help us to always identify and mitigate problems before they develop, safeguard the vulnerable effectively, working together across Council and agency boundaries and delivering our services with empathy at all times.

Tackle health inequalities

by embracing the Council's new leadership role in public health and using the opportunities this brings to focus on improving our residents' health and wellbeing, and reducing the levels of child poverty and the health inequalities that exist in our communities.

Drive growth in our economy

by capitalising on the unprecedented opportunities which are within our grasp; such as Wirral Waters, the International Trade Centre, International Golf Resort and our award-winning Investment Strategy.

3. Context

Wirral – The Place

Wirral is a unique place, home to a growing population of 319,800 people, including 190,000 people of working age and over 8,000 businesses providing employment for 105,800 people.

The Wirral peninsula extends to 60 square miles, with 25 miles of coastline. It is an area of outstanding natural beauty, packed full of spectacular scenery, with a rich mixture of culture and heritage. Strategically located between the economic centres of Liverpool and Chester, Wirral benefits from an infrastructure that presents significant opportunities for development.

Most people who live in Wirral enjoy an outstanding quality of life, with excellent housing, schools and a high quality environment. However, there is a strong contrast between the older, highly urbanised areas of Birkenhead and Wallasey, which contain some of the poorest communities in England and the wealthier commuter settlements in the west of Wirral. Wirral's neighbourhoods range from some of the most deprived in the country (around St James Church in Bidston) to one of the most affluent, or least deprived, in South West Heswall less than six miles away. 21 areas in Wirral fall into the highest 3% in England in terms of levels of child poverty, with a total of 58 areas in the highest 20%. This results in serious quality of life issues and health inequalities, including a completely unacceptable difference in life expectancy of 9.7 years for females and 14.6 years for males depending on where a person lives in Wirral.

Wirral's economy

The global economic downturn presents challenges for all economies. Wirral is no different, but at the same time is at the heart of ambitious regeneration opportunities of global significance.

Wirral Waters is a £5 billion, jobs driven investment proposal for Birkenhead Docks. It is the largest regeneration scheme to have received planning permission in the UK, and the entire area is now designated as an Enterprise Zone, which brings the benefit of Business Rates Relief and Enhanced Capital allowances on part of the site. There are several strategic proposals developing at pace such as the Advanced Manufacturing Supplier Park and International Trade Centre (ITC).

Work is now underway on the International Trade Centre, which is one of the most exciting developments in the Wirral economy for many years. Working alongside our Private Sector partners, Peel Holdings, the project has secured major investment from China and is continually accessing new international markets.

These opportunities will be harnessed to ensure we are in a position to overcome the economic challenges we face. Wirral has the lowest job density ratio in the Liverpool City Region, with 57 jobs per 100 residents, as well as the lowest GVA per resident in England and Wales. 39% of all jobs in the borough also come from the public sector, which is much higher than the national average. Although performing well against the Liverpool City Region

authorities, Wirral continues to have a higher percentage of people claiming out-of-work benefits than the regional and national averages.

Our Investment Strategy, winner of the Local Government Chronicle Economic Development Award in 2012, will help to drive and embed developments to ensure these challenges are overcome. The strategy will position Wirral as a leading vibrant global location for businesses and visitors, improve access to employment and skills, and tackle barriers to work. Driven by the need to reduce and eliminate poverty and inequality in Wirral by providing accessible employment opportunities for local people; the strategy is geared towards achieving major investments in strategic sites such as Birkenhead Docklands and Wirral Waters Enterprise Zone.

Ensuring that local housing meets the needs of the current and future workforce is also vital if the Investment Strategy is to be achieved. Increasing Wirral's housing supply and making best use of existing housing stock is fundamental to attracting new economic growth and supporting existing businesses to develop. In its plans for housing and land development, the Council will also take into account issues such as the protection of Wirral's Green Belt and improving the quality of the environment.

Our Investment Strategy is in fact already showing results.

- In contrast to 2009, when Wirral was highlighted as one of the areas most likely to be hit by recession, research by NESTA (National Endowment for Science, Technology and Arts) in 2011 identified Wirral as an area of great growth potential. Birkenhead was found to have a higher concentration of fast growing companies than cities including London, Cardiff and Edinburgh.
- The visitor economy in Wirral is strong; and was estimated to be worth £289 million in 2011, up by 3% since 2010. The total number of visits to Wirral rose by 4% to 6.8 million during 2011, of which 753,000 were staying visits – the highest out of any other Merseyside district outside Liverpool.
- Wirral currently has the lowest rate of Jobseekers Allowance (JSA) claimants in the Liverpool City Region at 3.9%, and is the only local authority in the LCR to be performing better than the regional average of 4.2%. The number of young people claiming JSA is also reducing in Wirral with a 12% reduction since December 2011, there are now 2,445 young people claiming the benefit in the borough, a rate of 9.4%.
- Between 2011 and 2012 Wirral has seen an increase in its business base of 3.8%, which is higher than Liverpool City Region (2.7%), the North West (2.3%) and UK averages (3.4%).
- Latest full year provisional data shows that Wirral increased its overall numbers of Apprentice starts by 13% from 2010/11 to 2011/12; this is the second highest in the Liverpool City Region and outperforms the regional average of 7.6%.

We are also ensuring that local businesses capitalise on opportunities which will be created by the return of the Open Golf Championship in 2014 and a focus is being given to supporting our town and district retail centres which

face major challenges. Our opportunities for growth and development far outweigh our challenges, and if harnessed and driven in the right way will deliver long lasting economic growth for generations to come.

Wirral – The Council

Improving Corporate Governance

Wirral Council is at the forefront of developing a new approach to sector led improvement. In partnership with the Local Government Association we are driving forward the much needed step change in the Council's performance and corporate governance following the significant failures of the past. We have the potential to be the future model for peer improvement, achieving changes that could not have been delivered via the old model of intervention.

The Council's Improvement Board, an innovative partnership with the Local Government Association, ensures that appropriate challenge and expertise is in place to ensure lasting improvements are made. The core purpose of the Board is to assure our Improvement plans, particularly where they relate to issues of corporate governance and leadership.

The Improvement Board has worked in partnership with the Council to develop an Improvement Plan, which highlights specific areas of focus for the Council in the light of a series of critical external reports. Those areas include:

- Leadership: political and managerial
- Corporate governance and decision-making
- A Corporate Plan with priorities that reflect customers' views
- A budget that delivers financial stability

Improvements to governance and transparency are becoming apparent. Our recent LGA Peer Review provided an independent assessment of the Council's strategic approach to improvement. The review team gave a very positive feedback report which, whilst confirming the scale of problems faced by the Council, strongly concluded the Council's strategic approach was correct and that there were no alternatives. Continued focus on the Improvement Plan is essential if the Council is to deliver tangible improvements over the coming three years, delivery of which will be embedded in the implementation of this Corporate Plan.

To help to ensure this focus is maintained the LGA Peer Review team have been invited back later in the year to further assess progress.

Achieving financial stability

The implementation of the necessary improvements to Corporate Governance is made more challenging due to the Council's significant budget deficit – this will result in our net budget reducing by a third - £109 million over the next three years. The Corporate Governance failings of the past have contributed to this resulting in a further challenge from previous failure to collect debt and a considerable number of 'bad budgets' that, in the past, were funded from one-off resources that are no longer available.

Rapid increases in demand due to changing demographics in our borough, usually funded through government grant, is also adding pressure to our

financial situation. This challenge will remain a priority for a number of years, and will be particularly acute over the three year time period of this Corporate Plan.

A clear vision and approach, strong leadership, effective and efficient use of resources and innovative ways of working are essential and will be in place to ensure we overcome the challenges we face.

The Council has made rapid progress in strengthening the Council's corporate leadership structure through the permanent appointment of a Chief Executive and three Strategic Directors. The formation of these cross-cutting Directorates will enable the Council to modernise services through a programme of transformation and improvement, ensuring that they are delivering the best possible outcomes for our residents.

Significant savings in buildings, senior management, IT, procurement and terms and conditions are planned, and the Council is quickly moving towards a model of shared back office services with neighbouring Authorities, with Internal Audit, procurement and information technology services likely to be the first to realise savings.

Ensuring financial stability will remain a key priority and we will deal with these challenges head on, through making tough decisions while getting our own house in order, and making sure that Wirral residents get the very best value for every penny we spend. Services will be reviewed ensuring that the following principles are adhered to:

- Spend less on ourselves: Savings should primarily be taken from the back office administration of the Council while trying to mitigate the impact on the front line.
- Protect the vulnerable: Where savings do impact on the front line, either through introducing or raising charges, or reducing service standards, then every step should be taken to mitigate the impact of this on the poorest and most vulnerable of our residents.

Working in partnership

Never before has partnership working in Wirral been more important to the delivery of tangible outcomes for residents and businesses. The public sector can no longer afford to work in isolation, and we will utilise every opportunity to save time and resources, and to improve services for our residents, by removing duplication across agencies wherever it exists, joining up front line delivery and developing a shared understanding of the needs of local people. The Council will lead by example, bringing together all those with a stake in the future of Wirral to deliver better and more joined up services to our residents.

A Wirral Public Service Board has recently been established to drive this work forward. The Board brings together senior representatives from the health sector, as well as Merseyside Police, Merseyside Fire and Rescue, Wirral Metropolitan College, Job Centre Plus, Health organisations and Wirral Partnership Homes etc. The Board will focus on bring the public sector together to realise efficiencies and integrate services in order that all can better focus on outcomes. This important work will help to mitigate, where

possible, the impact of public sector funding cuts whilst maintaining the best services possible for local people.

We will refresh Wirral's Local Strategic Partnership, ensuring that we work closely with partners across all sectors to develop a longer term vision for Wirral, and to consider future opportunities for working together.

We will embrace our new public health responsibilities to ensure that we are doing all that we can to improve the health of our residents. The Council will play a key leadership role through the Health and Wellbeing Board by developing and delivering a health and wellbeing strategy for Wirral which builds on a shared understanding of local needs. We will strengthen the role of our communities in health protection, and continue to work closely with our partner organisations to reduce the stark health inequalities that exist within Wirral.

Wirral will play an active part in the wider Liverpool City Region, ensuring that the benefits of our proximity to the increasingly vibrant City Centre are realised and that the future plans of the Liverpool Local Enterprise Partnership reflect both the needs of Wirral businesses and the massive economic opportunities presented by our Investment Strategy.

We will actively seek partnerships with other Local Authorities, including across Cheshire, the Northwest, North Wales, nationally and internationally with organisations that have the potential to deliver improved and more efficient shared services for our residents.

Neighbourhood working

The nature of local government is changing at almost unprecedented pace; financial challenges, increased demand and increased expectations from our residents mean that we must always look to new and more innovative methods of providing the services people rely on.

Nevertheless, our residents expect, and deserve, their Council to conduct its business in a fashion that ensures they get the very best level of service possible. To ensure this, Wirral Council will guarantee that all Council services, business and future plans will have the following principles embedded within them:

- **Focus on Residents.** Wirral Council will never invest resources into any project without clear evidence that the outcome will be what our residents want and need.
- **Be open and transparent:** Governance, decision making and the operation of Wirral Council will be open to, and welcome, scrutiny from all stakeholders.
- **Be accountable:** We will welcome scrutiny into all aspects of Council business, particularly performance. We will report on progress towards our vision, and we will ensure that Council Officers and Members alike are accountable for our successes and failures.

The localism agenda means local government has a unique role to co-ordinate and support local communities to deliver the services they need, and

to achieve the outcomes they want. In Wirral, that means an innovative plan to create new models of neighbourhood engagement based within the borough's four Parliamentary constituencies.

Alongside these, we will see the establishment of local public service boards – whose membership, aside from Health, will include representatives from the Council, Police and education.

By decentralising power from Whitehall and our own Town Hall, and placing it in the hands of local people with local knowledge and understanding, communities will be strengthened by the power to develop bespoke local solutions to local problems.

Local neighbourhoods, given their own budget to spend, utilising skills, knowledge and experience of people on the ground, will make better use of their resources because they can redesign them to fit local problems. It is clearer than ever that when it comes to public services, one size does not fit all.

4. What we will deliver over the next three years:

A coherent set of performance measures and targets are being developed to ensure priorities are achieved over the three year period. A delivery plan will be in place that will include measures and targets subject to regular and rigorous review. This will form the basis of robust performance management and monitoring arrangements for the three year period.

The delivery of the Corporate Plan will be supported by key strategic documents including the Wirral Investment Strategy, Children and Young People's Plan and Child Poverty Strategy. The Council's three Strategic Directors will develop three year plans that underpin the Corporate Plan and set out in more detail how the activities identified within the plan will be delivered together with the agreed resources required.

This Corporate Plan will continuously be reviewed and refreshed throughout the three years based upon research, policy, economic development and the feedback and engagement of our communities.

Families and Wellbeing

The Council's role as a champion and protector for children, families and vulnerable people is changing significantly. The current economic climate, combined with rapidly changing demographic patterns, aspirations and expectations is driving the Council to rethink our services entirely; what should be delivered, how should they be delivered and who should deliver them and how they can mitigate the effect of the economic climate.

We have much to be proud of, and reports from Ofsted and other bodies regularly rate our children's services as excellent and outstanding following inspections, something which again occurred in 2012. Comparison with similar Council's however, highlights that certain services for young people in Wirral are expensive.

The creation of the strategic directorate area for Families and Wellbeing provides new opportunities to truly design services with the family at the centre. Ensuring that every possible opportunity for shared working is maximised, both across the Council, the wider public sector and our partners in the private, voluntary, community and faith sectors. Duplication will be removed wherever it exists, with a focus on improving and streamlining residents' experiences of the services we provide and deliver.

At all times we will maintain a focus on safeguarding children and vulnerable people.

We will focus on developing coherent preventative services with partner agencies, which build on universal provision, so that we target interventions with children and families in order to improve outcomes and reduce the number of children requiring expensive and frequently reactive specialist services. Our role in the direct provision of universal services for children should be significantly diminished, or provided on a full cost recovery basis, since other agencies and communities may be better placed to provide these services. This will enable the Council to target our resources working with more vulnerable children and families who need our support the most.

Our social care services for adults are improving. These improvements have been made within a challenging environment of increasing demand from a growing older population and reducing Council resources. In 2010, the Care Quality Commission rated Wirral 'poor' in terms of both safeguarding and learning disability services, which led to the development and implementation of a major improvement programme for 2010-2013.

During 2012, a Peer Challenge focussed on Safeguarding as well as a Peer Review of all social care services for adults was completed – and showed real progress, improvement and key achievements across the service. The outcomes were more recently endorsed by a national board (Towards Excellence in Adult Social Care) in February 2013.

Personalised services continue to be strengthened; personal budgets and self directed assessments were rolled out for the benefit of all people using services; as well as an increased focus on improving the choice of accommodation available; including supported living and extra care housing. We will work to further develop the capacity of the market to ensure that the quality of services are maintained.

Moving forward our focus will be shifted away from crisis management towards tackling problems early, through a prevention and early intervention – promoting health and wellbeing and quality of life.

The services available to people will be completely transformed; we will commission services based on sound evidence, so that we know we are providing the best and most appropriate levels of care and support that is possible. This will help to deliver more personalised services, and make sure that people can control their own circumstances, meet their own needs and stay independent for as long as they can.

Sport and leisure facilities, and the programmes of activity that use them, play a significant part in the health of the community and in increasing the self-confidence of people. We will work towards adopting a more integrated

approach to wellbeing in the future which will enable the role of sport and leisure to be reviewed and perhaps redefined.

We have clear priorities for the coming year; underpinned by consultation and engagement with our residents, partners and staff. This year, we will:

- Redesign our preventative and early intervention services to ensure that they are targeted at those most in need and to safely reduce the numbers of children in our care
- Work with schools to ensure resources are used and shared effectively
- Focus on improving how we commission services, particularly by working with partners in the NHS
- Focus on commissioning for improved quality outcomes across the domiciliary, residential and nursing home sector
- Make sure our transport policies are fair, accessible and provide value for money for all residents
- Transform our day, residential and respite services to ensure they are fit for purpose, modern, and attractive to the people who rely on them
- Review the support we provide to carers, to ensure that the vital contribution they make is accurately and adequately resourced
- Transform our universal youth services; consolidating services from our key sites and investing in a state of the art youth zone
- Make sure our leisure offer is fit for purpose, and delivering the best value for money possible as we seek to improve the health and wellbeing of our borough

Despite the demographic and financial challenges we face, our duty to champion the needs of children, families and vulnerable people to make sure that people are protected, and ensure that services are in place to improve, protect and inspire all Wirral people remains as important as ever.

Regeneration and Environment

The quality of Wirral's local environment and health of our economy are significant factors affecting the quality of life of our residents. This is confirmed through many public consultations which have been completed during the past few years; residents are clear that we should focus on services which ensure that Wirral is a place where businesses flourish and people have access to jobs and quality, affordable, homes.

In order to achieve this, it is vital that the Council continues to support a thriving local economy which provides the bedrock for social, economic and environmental well being amongst all of our Communities. We want to continue to support business growth, but to do so in a more focused manner that works with and utilises the experience and resources of other key stakeholders. We will support the creation of jobs by the private sector through providing a supportive and enabling environment, not only through the day to day support provided by the Council, but also through speedy and appropriate use of the Council's planning powers.

Having a quality and affordable place to live is important to ensure that all our residents live in a safe and appropriate home that allows them to gain

maximum benefit for access to jobs, leisure, amenities, education and to gain associated social and economic benefits that they both desire and deserve. We will continue to work with landlords in the social and private sector to maximise the number and range of quality homes for rent. We will continue our programmes to restructure the housing market and work with house builders to increase the number of new homes built in Wirral.

We will support local people to 'place shape' their communities through the implementation of new ways of engaging and working with Neighbourhoods. This will include support for the four neighbourhood planning vanguards and support for local groups who wish to become involved in the planning of their local services.

The importance of Birkenhead as Wirral's key economic centre will be recognised with refreshed town centre plans and a focus on integrating the Wirral Waters Enterprise Zone into the wider town.

In what are tough economic times for both the Council and the nation as a whole, we must ensure that the limited resources we have are targeted solely at opportunities to achieve our vision for Wirral. We have to make some difficult decisions as we simply do not have the resources to continue spending the same amounts to achieve these goals. However, the Council will continue to allocate its resources into activities that will help support business, create jobs, allow access to those jobs for Wirral residents and encourage people to live in safe, affordable and relevant housing.

Wirral Council has a responsibility for commissioning or delivering a range of near-universal services to all households and neighbourhoods in their area. These include, amongst others, waste and recycling, street cleansing, highway maintenance and traffic management, road safety, leisure services, parks and open spaces.

Increasingly, these functions have been carried out in various partnership or collaborative arrangements with other public agencies (e.g. police and fire service) or, where appropriate, with volunteer or other community groups.

It is recognised that there is projected to be a steady decline over the foreseeable future in national resources to support these types of services.

Increasingly, there will be a clear need to manage demand and, more generally, to manage public expectations of what the Council can and cannot do. The role of community and other groups will increase in significance as the Council itself diminishes its activities in the more discretionary areas where it is not required by statute to provide services or functions.

Many of what are now universal services are provided as a result of statutory requirements but where the actual level or quality of service is not closely defined. Other services which people are used to seeing as universal have a greater or lesser degree of discretion as to whether they are provided at all and to what level of provision.

It will be necessary to identify service areas that are not, as such, universal across the community but meet particular needs. These more targeted service areas are often those where council provision sits alongside or competes with other providers.

We have clear priorities for the coming year; underpinned by consultation and engagement with our residents, partners and staff. This year, we will:

- Ensure that the distribution of Regional Growth Fund resources are of maximum benefit to Wirral's economy.
- Actively support the development of the International Trade Centre and the Wirral Waters Enterprise Zone.
- Support the development of the growth of the offshore wind supply chain.
- Ensure that Wirral's profile continues to be raised with Government and other Agencies to secure support for our Investment priorities including the City deal.
- Progress targeted inward investment activities to support the growth of Wirral's economy.
- Develop a workforce for the future through designing an apprenticeship scheme with our partners in the Liverpool City Region
- Develop a clear master plan for Birkenhead Town Centre
- Establish alternative delivery arrangements for a range of universal functions; ensuring that Wirral residents see their services maintained or improved while achieving better value for money

We will face our challenges head on, and ensure that we use the opportunities before us to build lasting growth in our economy and to improve the quality of life enjoyed by our residents.

Transformation and Resources

The new Strategic Directorate has a crucial role in ensuring the Council's corporate centre both supports and drives transformational change across the organisation.

Good governance, transparency and accountability are essential for the Council and a cornerstone for improving public services. The Council is accountable for ensuring that its business is conducted in accordance with the law and proper standards. We must also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

Transforming services

We will only deliver our vision through a programme of radical and sustained change. We will review all of our services over the course of this three year plan to ensure that we have explored the most appropriate method of delivery, and to ensure that we are meeting the needs of our residents.

We will determine and be clear about which services and facilities should be delivered by third parties, making sure that the Council only delivers directly where we can be certain that it is providing the best value for money for our residents.

We are currently investigating alternative delivery arrangements for services, including exploring a range of different options. We will ensure that any decision

the Council takes to transform services and deliver them through alternative ways is based on solid evidence, and subject to robust monitoring, contract management and evaluation.

Leadership and culture change

Essential to the implementation of the Corporate Plan is the need to ensure that the Council has the leadership and managerial capacity in place to deliver. A key priority is the strengthening of the Council's governance arrangements, ensuring that a clear scheme of delegation is in place to enable effective decision making. A Leaders' Board has been established to enable all political group leaders to meet regularly with the Chief Executive to debate and discuss key corporate issues. Elected Members from all political groups are represented on the Council's Working Democracy Party which is currently developing a view on a new approach to Scrutiny, in order that this can shape and influence Council decisions.

A series of visioning events have been held with Elected Members, senior officers and partner organisations and will continue. These events have provided the opportunity to hear from external speakers and to facilitate discussions on the future shape of the Council. We are visiting other local authorities to look at best practice as part of our commitment to learn from others that have made progress in areas which we are seeking to make changes.

Support for Members

We are working towards strengthening the support that our Elected Members receive. We have established a dedicated independent Policy Unit to more effectively co-ordinate policy support.

Our Elected Members are central to developing a vision which reflects the best interests of Wirral residents and ensuring that the Council delivers this. As the Council changes from directly providing services to commissioning services for other parties to provide on our behalf, the role of local Councillors will become more important than ever. We will ensure that we support our local Councillors in this vital role and equip them with the necessary skills and training.

We are enhancing our IT systems to provide Elected Members with better accessibility and more flexible equipment. We are also introducing a casework management system to enable Members to manage contacts from residents more efficiently and track progress on issues.

The new approach to neighbourhood working will also present greater opportunities for our Councillors to play an important leadership role, and to influence local services by ensuring that they are responsive to local needs.

All three political parties are committed to working towards the Elected Member Development Charter. This year work a Strategy and Action Plan will be developed with the objective of the Council receiving the Charter in 2014.

The Wirral Elected Member Development Programme enables Officers and Members to work together, with external expertise and support when required, to develop both policy and organisational capacity. In addition a Leadership Programme for Elected Members will be in place later in the year.

Focussing on performance

A new Performance Appraisal & Development programme has commenced which starts with the Chief Executive, Strategic Directors, Directors and Heads of Service that will be rolled out to Senior Managers across the Council in the coming year.

New leadership behaviours and expectations have been developed that underpin this programme. They are -:

- 1) Personal Performance
- 2) Creating "Followship" and Leading Others
- 3) Maximising People Potential
- 4) Building Robust Relationships
- 5) Leading Organisational Excellence

A practical training programme is now in place that will ensure improvements are made across these key areas. Linked to the Improvement Plan we can now ensure that learning is targeted and meeting organisational needs.

The new Council structure clarifies management levels and responsibilities across the organisation. Managers have clear accountabilities and will receive appropriate training targeted on ensuring expectations relating to good workforce management, governance and sound financial management are met and subject to performance appraisal.

The Employee Engagement Survey completed in May 2012 has resulted in an Action Plan detailing suggested activity across the whole organisation as well as within specific Departments. This survey will be repeated in the autumn of 2013 to ensure that progress can be monitored and any ongoing issues speedily addressed.

A centralised approach to performance management will also ensure that we deliver what we say we will and continuously look at ways in which we can improve the services that the Council provides.

Organisational values

Data gathered from across the organisation including; the Corporate Governance Survey and the full Employee Engagement Survey, will be used to develop clear and concise organisational values which will reflect current good practice and provide Wirral with a contemporary framework within which to take the Improvement Plan forward. The values will underpin all future training and development across the organisation and will be vital in the roll out of Performance Appraisal and Development.

Culture Development Programme

A programme to roll out the new Organisational Core Values will commence this year. Workshops will be underpinned by an e-learning module and supporting communications and promotional features that demonstrate how

current employees are already delivering the values of the organisation, in their everyday work. In addition the values will be underpinned by a set of Employee and Managers Expectations that outline what is expected in terms of activity and behaviours at all levels across the organisation.

Managing our finances

We have taken significant steps to improve the way we manage our budget. A Budget Steering Group has been established with representatives from all Council departments to undertake a review of base budgets and to prepare regular financial monitoring information.

Monthly monitoring has also been introduced to ensure that our Members are kept fully informed of the Council's financial position and to enable effective decisions to be taken.

In relation to the 2013/15 budget, the approach has been developed which fully engages with Elected Members at both Executive and Scrutiny level. The Council's Medium Term Financial Strategy will provide a solid foundation for determining how the Council spends its money over the course of this Corporate Plan, ensuring that resources are fully aligned to the Council's priorities.

We will significantly strengthen our approach to commissioning through the establishment of a combined intelligence, performance management and commissioning based in the corporate centre of the organisation. This will ensure that the services the Council spends money on are based on robust evidence of community needs and subject to regular evaluation.

Addressing the challenge of welfare reform

The Welfare Reform Act represents the biggest change to the benefits system for over 60 years. These changes, including the introduction of universal credit and changes to council tax and housing benefit, will be challenging for many our residents and we are committed to supporting them through these changes by providing appropriate advice and guidance.

We are working with partners to ensure that we are playing a key leadership role to ensure that Wirral is fully prepared for the changes, and to plan what advice and support is needed for local residents. Additionally, we are hosting a welfare reform event on behalf of the Liverpool City Region to ensure that we are working closely with other Merseyside Authorities to understand the impact of the changes.

Access to online services will be crucial for our local residents ahead of the changes to the benefits system. We are therefore also taking steps to increase internet access across Wirral through the launch of 'Go ON Wirral' and other initiatives to support digital inclusion.

There are clear priorities in place for the coming year; underpinned by consultation and engagement with our residents, partners and staff. This year, we will:

- Deliver 2013/14 savings through a clearly defined programme management approach
- Develop a robust process for dealing with our financial challenges in 2014-16, ensuring service transformation and innovative delivery is at the heart
- Develop a corporate approach for commissioning services
- Improve governance and decision making through adopting a revised constitution and scheme of delegation
- Establish new arrangements for neighbourhood working
- Review the Council's assets maximising both efficiency and savings
- Establish business unit functions to support strategic directorates and transform business support
- Put in place a robust system to make sure that where we charge for services, those charges are assessed fairly and equitably, ensuring people are able to pay and we are able to collect

Through clear direction, innovation, learning, scrutiny and challenge, a culture of high performance, accountability and continuous improvement will be embedded across the organisation.

CABINET

Monday, 18 February 2013

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

194 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

All Cabinet Members who were also School Governors declared non-pecuniary interests in Item No. 12 – Schools Budget 2013/14.

Councillor P Hackett declared a non-pecuniary interest in Item 4(c) – Families and Wellbeing (Budget Options Report) as a member of his family was in a residential home.

195 MINUTES

RESOLVED:

That the Minutes of the meeting of the Cabinet held on 7 February 2013 be confirmed as a correct record.

196 CORPORATE PLAN

A report by the Chief Executive set out a three year Corporate Plan for the Cabinet's consideration. The proposed priorities detailed in this Plan had been based on the "What Really Matters" consultation programme and provided a framework for delivering savings during 2013/2014.

RESOLVED:

That the Corporate Plan be approved and referred to the Council meeting scheduled for 5 March 2013 for adoption.

197 **BUDGET OPTIONS 2013/16**

The Cabinet received copies of the Minutes of meetings of the five themed Overview and Scrutiny Committee meetings which had considered the results of the budget consultation as follows and noted their contents:

- Children and Young People – held on 12 February 2013 (Minute No. 64 refers);
- Council Excellence – held on 14 February 2013 (Minute No. 70 refers);
- Economy and Regeneration – held on 12 February 2013 (Minute No. 52 refers);
- Health and Well Being – held on 12 February 2013; and
- Sustainable Communities – held on 14 February 2013.

RESOLVED: That

- (1) Overview and Scrutiny Committee be thanked for their comments; and**
- (2) all members of the public who took part in the consultation exercise be thanked for their contributions.**

198 **BUDGET OPTIONS: TRANSFORMATION AND RESOURCES**

A report by the Chief Executive documented progress made in relation to the implementation of the Council's consultation programme "What Really Matters" which it had initiated at its meeting in June 2012.

The report presented budget options for the Cabinet's recommendation to the Council. These options formed part of the strategic directorate of Transformation and Resources and as such fell under the management of the Finance Department, Department of Law, HR and Asset Management, and Chief Executive's Department.

These options had been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which had been reported to the Cabinet at its meeting on 7 February 2013 (Minute No. 184 refers). The Cabinet was also referred to all reports and minutes relating to these budget options as referred to in Subject History.

RESOLVED: That

- (1) the principles upon which the budget options have been developed be noted;**
- (2) recommendations on which budget options should be accepted as savings be made to the Council, in the context of the Council**

being required to find savings of £109 million over the next three years.

199 **BUDGET OPTIONS: REGENERATION AND ENVIRONMENT**

A report by the Chief Executive documented progress made in relation to the implementation of the Council's consultation programme "What Really Matters" which it had initiated at its meeting in June 2012.

The report presented budget options for the Cabinet's recommendation to the Council. These options formed part of the strategic directorate of Regeneration and Environment, and as such fell under the management of the Department of Regeneration, Housing and Planning and the Technical Services Department.

These options had been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which had been reported to the Cabinet at its meeting on 7 February 2013 (Minute No. 184 refers). The Cabinet was also referred to all reports and minutes relating to these budget options as referred to in Subject History.

RESOLVED: That

- (1) the principles upon which the budget options have been developed be noted;**
- (2) recommendations on which budget options should be accepted as savings be made to the Council, in the context of the Council being required to find savings of £109 million over the next three years.**

200 **BUDGET OPTIONS: FAMILIES AND WELLBEING**

A report by the Chief Executive documented progress made in relation to the implementation of the Council's consultation programme "What Really Matters" which it had initiated at its meeting in June 2012.

The report presented budget options for the Cabinet's recommendation to the Council. These options formed part of the strategic directorate of Families and Wellbeing, and as such fell under the management of the Department of Adult Social Services and the Children and Young People's Department.

These options had been subject to comprehensive and robust public, staff, service user and partner consultation, the results of which had been reported to the Cabinet at its meeting on 7 February 2013 (Minute No. 184 refers). The Cabinet was also referred to all reports and minutes relating to these budget options as referred to in Subject History.

RESOLVED: That

- (1) the principles upon which the budget options have been developed be noted;**
- (2) recommendations on which budget options should be accepted as savings be made to the Council, in the context of the Council being required to find savings of £109 million over the next three years.**

201 LEVEL OF GENERAL FUND BALANCES FOR 2013-14

A report by the Interim Director of Finance reviewed the recommended level of general fund balances for 2013/14 that had been agreed by the Cabinet at its meeting on 29 November 2012 on a risk basis, in the light of budgetary developments since then (Minute No. 135 refers).

RESOLVED: That

- (1) it be agreed that the level of general fund balances recommended be based on a locally determined approach to the assessment of the financial risks that the Council may face in the future; and**
- (2) it be agreed that the Council maintains its level of balances at or above the locally determined level of general fund balances.**

202 REVENUE BUDGET 2013 - 2016

A report by the Interim Director of Finance provided the proposed Budget for 2013/14 and the projections for 2014/15 and 2015/16. The Council had agreed the Council Tax Base for 2013/14 at its meeting on 28 January 2013 (Minute No. 98 refers).

The Budget Council meeting was scheduled for 5 March 2013. The Cabinet noted that the Council had to agree a Budget and set the level of Council Tax for 2013/14 by 10 March 2013.

Appended to the Interim Director's report were four Appendices as follows:

- Appendix 1 – The Council's Budget Projections for 2013/16
- Appendix 2 – An Under Budgeting Report
- Appendix 3 – Growth Submissions 2013/15
- Appendix 4 – Savings Proposed by the Chief Executive still to be Approved by the Cabinet/Council

Councillor P Davies introduced the Interim Director's report and moved the Cabinet's Budget proposals informing that the Cabinet's Budget

recommendations were the most challenging ever for the Authority. It was being set against a background of unprecedented cuts in funding from the coalition Government, and required the Council to find savings of £109 million by 2016. This amounted to one-third of the Council's total net budget. The savings recommended total was around £42 million for the next year (2013/14).

Councillor P Davies reported as follows:

“While a small proportion of the budget challenge we face has been caused by financial mismanagement of the past, it is the disgraceful settlement Wirral has received from the coalition Government that has made cuts to services unavoidable. I did not come into politics to make cuts to vital local services, however, I have a duty as Council Leader to both set a legal budget and to protect, as far as possible, those who I was elected to serve.

I have been very clear that those with the broadest shoulders must bear the greatest burden which is why this budget begins with reducing the costs of running the Council. We have cut senior management, procurement, marketing, IT and the costs of our buildings. We have also worked closely with the Trade Unions to reduce the cost of some of our Terms and Conditions while remaining a Living Wage employer. Councillors must also make difficult choices and I firmly believe that it is right to save £275,000 by holding elections once every four years and reviewing the number of meetings and committees held.

My key priority for this budget for 2013/14 has been to protect front-line services and the most vulnerable members of society in Wirral as far as we are able. I have today announced that:-

No Children's Centre, Library or One Stop Shop will close

Pensioners will continue to receive a discount on their Council Tax bills and £100,000 will be invested in enhanced advice services to mitigate the impact of benefit cuts

Additional funding of £5m will be invested in vulnerable families and we will ensure support for victims of domestic violence continues

£1m of capital funding will be invested in a new state-of-the art Youth Zone and £300,000 will be invested in an innovative project to tackle poverty led by Frank Field MP

We have also put a modest sum in the budget - £50,000 – to enhance road safety around schools.

We have used the 'What Really Matters' consultation to inform our decisions. We have listened to what people said and we will not be stopping the 'POPIN' advice service for older people and we will also delay the saving from the closure of Birkenhead dog kennels to allow the Friends of Birkenhead Kennels to submit an alternative proposal for consideration.

We have rejected the budget option which would have removed the maintenance of some parks and bowling greens. Feedback from parks groups, bowling teams and residents have made it clear that while they would accept a reduction in maintenance frequencies, the removal of maintenance across many of our parks and open spaces would bring too great an impact.

We have had to make some difficult decisions, notably reducing costs by targeting resources more effectively, rationalising provision for people with learning disabilities and young people, providing less generous standards in some of our Streetscene services and increasing charges for a number of services.

We will also not be renewing the Council's sponsorship of Tranmere Rovers Football Club. However, we will continue to support the excellent work the Club does in both local schools and the wider community across Wirral.

Given the Council's perilous financial situation, it is both responsible and proper to raise the Wirral Council element of the Council Tax by 1.6%. This is the first rise in 3 years but will help to protect some of the services residents' value.

Some of the savings we have proposed will be unpopular and the decisions we have made have been difficult. We will continue to fight for a fairer deal for Wirral from the coalition Government and I call upon the Leaders of the Conservatives and Liberal Democrats to do the same.

I believe this budget fulfils our promise to do as much as we can to protect front-line services and jobs, ensuring that the most vulnerable are protected and maintaining investment in creating new jobs in the Wirral economy."

Councillor P Davies invited Joe Taylor, Unison Branch Secretary to address the Cabinet on its Budget proposals.

Mr Taylor speaking for members of both Unison and Unite informed the Cabinet that the Trade Unions did not believe that the findings of the Council's consultation process were representative of the people of Wirral or the Council's workforce. He agreed that the settlement the Council had received from the Government had been one of the worst in the country. He considered that it

represented a brutal and savage attack on the Council's Services. This meant that there would be overwhelming cuts to the Council's Services which would have the effect of devastating local communities.

Mr Taylor informed that the public was united in their view that there should be no major cuts and that front line Services should be saved. The Cabinet's proposals would affect the most vulnerable people in Wirral and the proposed cuts in Day Care were an example of this. He referred to the Petition the Council had received which had been signed by approximately 1,500 people which was double the response the Council had received to its public consultation exercise. Mr Taylor equated Service losses to job losses.

Mr Taylor then turned his attention to the Cabinet's proposal to amend the terms and conditions of service of its staff. He informed that there was no agreement with the Trade Unions over this proposal. The Trade Unions would continue to discuss the issues with Members and were very concerned about the effect the proposals would have on some of their members. Mr Taylor informed that the Trade Unions were happy to enter discussions on how to improve Services and create a centre of excellence in Wirral but if Members were intent on cutting contractual pay and conditions they would not have the workforce behind them.

Mr Taylor sought reassurance that the Cabinet was committed to exploring all of the options because the impact of its proposals on the workforce was awful. He told the Cabinet that Trade Union members would not roll over and he could not rule out industrial action.

Mr Taylor asked the Cabinet to remove the threat of compulsory redundancies and the at risk notices from staff.

Councillor P Davies thanked Mr Taylor for his address and confirmed that the Cabinet was committed to continue to talk to the Trade Unions. It would look at alternative savings and ways to generate money. It would consider what it could do to mitigate cuts.

Councillor P Davies moved the following motion which was seconded by Councillor A McLachlan and agreed unanimously:

BUDGET RESOLUTION - EXECUTIVE SUMMARY

"Unprecedented cuts to Council funding from central government, combined with unfunded increased demand for social care in particular, mean that we have no choice but to cut around a third of our net budget over the next three years.

This budget involves some difficult choices: standards in some of our services will have to be less generous and charges for some services will have to increase, however, this Labour Administration is determined to put

the Council's finances on a sustainable footing and ensure that Wirral Council continues to deliver good quality services for our residents. Over the next three years, we will also deliver a transformational change programme which puts in place new models for providing some services which will enable us to achieve further economies.

Our budget proposals for 2013/14 are set out in detail in this resolution. Key elements include the following:

- We will protect front-line services: no Children's Centres, Libraries or One Stop Shops will close.
- We will retain pensioner discounts for Council Tax.
- We will make appropriate provision for increased demand for our services for vulnerable families and adults, despite lack of increased funding from Central Government in this vital area.
- We will invest £1m of capital in a new state-of-the-art Youth Zone.
- We will invest £300,000 in funding for an innovative project to address child poverty led by Frank Field MP.
- We will give a high priority to assisting the delivery of the Wirral Waters scheme and will work with our partners to ensure we maximise the opportunities to attract new investment in the offshore wind sector and the return of the British Open to Hoylake in 2014.
- We will develop the skills of our young people to prepare them for work through our apprenticeship programme, ensuring the next generation benefit from the economic opportunities we create.
- We will maintain our commitment to be a Living Wage employer – one of only 10-15 Councils to apply this nationally.
- We will maintain an enhanced severance scheme for Council staff.
- We will remove unnecessary layers of management.
- We will establish powerful new Constituency Committees and devolve £200,000 to be focussed on reducing inequalities.
- We will mitigate the impact of benefit cuts by investing £100,000 in enhanced advice services.
- We will ensure that funding for tackling domestic abuse will continue by utilising the Community Fund and working closely with the Police and Crime Commissioner to ensure this vital priority is funded appropriately in the future.

- We will invest £50,000 in enhancing road safety around our schools.
- We will explore a range of opportunities to deliver savings and improve our services through new partnerships with other Councils across the northwest. The first, a shared internal audit service with Liverpool City Council, will be delivered this year.

1. INTRODUCTION

- 1.1. This budget is the most important – and challenging - in recent history. Cuts, unprecedented since 1945, combined with changing demographics and residents who both demand and have a right to expect value for money and high quality services, present challenges this Administration is determined to address.
- 1.2. This Council faces a £109 million budget deficit over the next three years – we have to reduce our net revenue budget by a third. Over the next three years it is estimated that we will receive a 57% reduction in grants or £62 million less from central government to spend on our services. We are also facing increased demand of approximately £47million over the next three years. This includes costs associated with increasing numbers of older people in our communities who are living longer and requiring more support from the Council. These factors result in the £109 million savings that we must make by 2016.
- 1.3. In 2013/14 we face a £39 million budget shortfall due to a combination of cuts by government to our grant, together with unfunded demographic growth. We also have to address exceptional items totalling £38.4 million. This includes an inherited overspend from the previous Administration of £17 million. These figures have been confirmed by external experts.
- 1.4. This Administration is determined to get the Council's finances in order and be open and transparent in all its decision making processes. We have appointed a new Chief Executive and senior management team with an excellent track record. The formation of new cross-cutting Directorates will enable us to modernise services through a programme of transformation and improvement, ensuring that we deliver the best possible outcomes for our residents. In partnership with the Local Government Association we are at the forefront of developing a new approach to sector-led improvement. We have established an Improvement Board which has agreed a robust Improvement Plan with the aim of moving Wirral forward to become a high-performing Council. We are committed to working with our partners and across parties to meet our challenges.
- 1.5. External validation of our plans to address areas of weakness has been provided by a Corporate Peer Challenge of the Council which took place between 29th October and 1st November 2012. The Team

concluded that:

'The Council has a good grasp of the scale and urgency of the challenges it is facing. You recognise the significant financial challenges will continue to increase as time elapses and that immediate and decisive measures to address them are required. We think the overall strategy you are working to, including the plans for organisational improvement and budget reduction, is appropriate given the challenges you face. Put simply we think you have a good awareness of the issues and an appropriate plan of action.'

- 1.6. This budget will help to deliver financial stability for this Council, dealing with the challenges we face head on. We have a duty to make tough decisions and to get our own house in order. We will ensure that public money is safeguarded, properly accounted for and used efficiently and effectively. A detailed report on the Council's financial position is being prepared by Eugene Sullivan, former Chief Executive of the National Audit Commission. We will publish this report and are determined to learn the lessons from the key findings.
- 1.7. This budget is being set against the background of a system of local government funding which, in our view, is grossly unfair. It cannot be right that authorities like Wirral, which have areas of high deprivation, have had their funding cut by £151 per head of population since 2010, whereas Councils in relatively affluent areas such as North Dorset are being required to find a cut of only £2 per head of population. The coalition government has cut Wirral Council's funding by a total of £64 million since 2010. This includes a key specific grant – the Area Cost Adjustment, worth £37 million, which provided funding to help address deprivation. The impact of removing specific grants from Councils in the most deprived areas is clearly spelt out by the Audit Commission in their report, 'Tough Times 2012' (see paragraph 31).
- 1.8. The scale of government cuts to Wirral Council's budget is also evident in an analysis of changes in revenue spending power 2013-14 which showed that of the 47 local authorities which are members of the Special Interest Group of Metropolitan Authorities outside London (SIGOMA), Wirral has had the biggest cut (2.62%) compared to the average cut (1.76%).
- 1.9 This Administration has made a number of representations to government regarding the Council's budget. The Leader of the Council has written to the Secretary of State for Communities and Local Government and, together with the other Party Leaders, the Leader has met with a minister from DCLG. Some flexibility has been agreed with regard to capitalisation to fund our severance scheme. Wirral has contributed to lobbying activity led by SIGOMA. We have

also supported the ‘Come Together’ Campaign organised by Council Leaders from the Core Cities and Faith Leaders who have launched an e-petition which calls on the government to apply the cuts more fairly across the country, protecting those most in need, and making sure those in wealthy parts of the country pay their fair share. We will continue to lobby government to give Wirral a fair deal.”

2. NEW CORPORATE PLAN

2.1 We have developed a new three-year Corporate Plan which we have recommended for adoption by Council. This sets out a vision for Wirral and contains the key principles and priorities which will underpin the Plan. Our budget proposals will flow from three policy priorities and three guiding principles set out in the Corporate Plan:

Policy Priorities

- **Protecting the most vulnerable in our Borough**
- **Driving growth in our economy**
- **Tackling health inequalities**

Guiding Principles

- **We will spend less on the cost of running the Council**
- **Those with the broadest shoulders must bear the greatest burden**
- **Every effort will be made to mitigate the impact of savings on front-line services**

3. CONSULTATION

3.1 Our priorities and budget proposals have been informed by the ‘What Really Matters’ consultation, the largest such consultation ever undertaken by Wirral Council, both in terms of reach and scope. This involved a two-stage consultation process: engaging the community firstly in debating the principles the Council should explore to develop the budget options and then further debate around those options. This is the first time that the Council has published all budget options and sought the views of residents well in advance of finalising the budget.

3.2 The main route for resident involvement was via a questionnaire which was available on-line and also in hard copy. In addition, the engagement team attended around 250 community events where residents gave their views on the budget. Stage one received almost 7000 responses. Stage two achieved 6522 responses. In addition, an extensive programme of staff consultation was delivered and since

November 2012, over 20 meetings have taken place with the Trade Unions. In addition, a number of petitions, emails and letters have been received regarding budget options. Cabinet is grateful to all those who took part in the consultation.

4. TRANSFORMATIONAL CHANGE

- 4.1 Given the scale of reductions in funding by central government, we will put in place over the next three years a radical programme of transformational change to replace the traditional model where Councils deliver most services directly. This will require us to build on the excellent work we have done in recent years with key partners such as the NHS, the police service, the fire authority and the voluntary, community and faith sectors. We are looking closely at the experience of Community Budget pilots and have a programme of visits to other authorities which operate trusts, mutuals, social enterprises and co-operatives. We are the lead authority in Merseyside for developing a plan for sharing services with other Councils and will continue our positive discussions with Cheshire West and Chester Council with the aim of realising further savings over the coming months.
- 4.2 As part of our savings for 2013/14 we have entered into an agreement with Liverpool City Council to share our internal audit service and we are talking to other authorities about sharing other services. We have developed an exciting plan to involve local Friends Groups, The Reader Organisation and other similar organisations in a number of libraries and we are looking at opportunities for developing social enterprises from the work done by people with learning disabilities.
- 4.3 We will continue to provide the resources necessary to provide training opportunities to ensure Members have all the skills necessary to lead this new way of working and to fulfil the role of 'community champions' in our new neighbourhood working arrangements.

5. LABOUR'S PLEDGE TO OUR STAFF

- 5.1 Our employees are the Council's most valuable assets and we want to protect frontline and low paid workers as far as possible. We are one of only a small number of Councils nationally to introduce the Living Wage as a minimum pay level for our staff.
- 5.2 Last year, one of the opposition aims was to reduce the amount of money the Council spent on Trade Unions. We believe that a business case can be made for good industrial relations: the Trade Unions play an important role in representing staff and helping the Council to achieve efficiencies. We will continue to support this work however, in conjunction with the Trade Unions, during the course of the next financial year we intend to review the funding for full time Trade Union Officials to ensure we are achieving the best value for money.

- 5.3 We have adopted a severance multiplier of 1.8, a reduction from the current multiplier of 2.2 but it is far above the basic, statutory entitlement. It is important to us as Councillors, to try and secure something above the statutory level for those employees leaving the authority. Although times are tough we have taken time to consider the best way to try and soften the blow of redundancy for employees as much as possible.
- 5.4 Although we are having to make significant changes to the way we do our business, our employees are key to the success of providing good quality services for local communities and we will continue to try to mitigate the impact of the cuts being forced upon us.
- 5.5 We will continue to work with Voluntary Community Action Wirral (VCAW) to support the creation of social enterprises. We will also provide our staff with the necessary skills and training to take over the running of Council services through the creation of mutuals.

BUDGET PROPOSALS

6. TRANSFORMATION AND RESOURCES

- 6.1 Our proposals in this area are designed to ensure that the Council is able to achieve the significant financial savings required while still providing the structures, mechanisms and resilience we need to ensure we improve the way we do business.
- 6.2 This budget will bring about major savings in our buildings, marketing, information technology and what we spend on our senior management. We will also improve the value for money we achieve for goods and services through major changes to our procurement systems.
- 6.3 We believe that it is important to reduce the cost of democracy, while still ensuring that elected members have support in place to fulfil their essential role in our local communities. We therefore propose to save £275,000 by holding elections once every four years, and reviewing the number of meetings and committees held to both reduce administration costs and to enable Members to focus on what really matters to local people.
- 6.4 We are also taking steps to eliminate waste across the Council, ensuring that every penny of Council resources is targeted at improving our residents' quality of life. We will save around £20,000 by ceasing production of a glossy brochure and newsletter which previous Administrations opted to mail to every resident, at great expense. We believe this is an unnecessary extravagance and that it is not a responsible use of scarce Council resources.

- 6.5 We have also instructed Officers to rapidly explore innovative models of delivering back office services with our neighbouring Councils, with internal audit, procurement and information technology services likely to be the first to realise savings. We have worked hard with the Trade Unions to achieve savings in staff Terms and Conditions minimising the affect on contractual conditions and over the next year we are committed to working with them to identify further efficiencies.
- 6.6 We will continue to provide advice and support to event organisers in the borough, but will no longer provide funding to events. We will not renew the Tranmere Rovers Football Club sponsorship agreement but we will continue to support the excellent work the Club does in both local Schools and the wider Community across Wirral.
- 6.7 We recognise the vital work which is done by our partners in the voluntary, community and faith sectors and, while we will no longer provide funding through our Area Forum programme, we will reinvest £200,000 of this to kick-start work on our innovative proposal for a new model of Neighbourhood Working.
- 6.8 Welfare Reform will have far reaching consequences. We propose to delete vacant posts that are no longer required in the Revenues and Benefits team as the new Universal Credit is implemented. However, we will also mitigate against the impact of benefit cuts by investing £100,000 in information and advice services for Wirral residents, which will help signpost them to the support available in their local area and ensure that agencies are alerted to families at risk of financial crisis. Central Government have also transferred £237, 000 of Housing Benefit Administration costs to us that we have had no choice but to make provision for. We have also had to deal with a cut of 10% or £3.2million in the funding we previously received from central government for administering council tax benefit.
- 6.9 In order to protect our libraries from closure we will deliver the service more efficiently by further integrating One Stop Shop services into libraries. We will bring our libraries in line with other Council services by closing them during those times when they are rarely used, during Christmas and New Year. Crucially, we have instructed Officers to accelerate discussions with the Reader Organisation and Friends Groups to explore opportunities for alternative delivery of this valuable service in the future.
- 6.10 Consultation is ongoing with the Trade Unions. Cabinet recommend the following changes to Terms and Conditions to achieve £3.8 million of savings be agreed and recommended to Budget Council on the 5th March 2013.
- All employees to take 5 days unpaid leave. This will be reviewed after three years.

- All voluntary overtime, additional hours and casual work to be paid at plain time.
- Review and revise criteria for car allowance scheme, reduce essential user lump sum and move to HMRC mileage rate for all.
- Implementation of an increment freeze for all employees for one year.
- Removal of disturbance, relocation and telephone allowance.

6.11 In addition we will work together with the Trade Unions to review current working arrangements to maximise the efficiency and cost effectiveness of services including annualised hours during this financial year which could mitigate the need for ongoing savings.

TRANSFORMATION AND RESOURCES	2013/14 £000s	2014-16 £000s	TOTAL £000s
Reducing Council Management	5000	0	5000
Reducing the numbers of Agency workers	500	0	500
Service Restructures	905	642	1547
Trade Union funding	- 270	0	-270
Reducing the Cost of Democracy	100	175	275
The Mayor of Wirral	50	0	50
Procurement	320	9000	9320
Treasury Management	1700	0	1700
Information Technology Service	210	90	300
Better Use of Buildings	100	458	558
Transforming Business Support	500	2000	2500
Revenues and Benefits	550	0	550
Marketing and Public Relations	167	0	167
Tranmere Rovers Sponsorship	135	0	135
Power Supplies - Contract Saving	11	0	11
Reduction in External Audit Fees	140	0	140
Workforce Conditions of Service	3800	0	3800
Area Forum Funding	391	0	391
Libraries and One Stop Shops	391	583	974

TRANSFORMATION AND RESOURCES	2013/14 £000s	2014-16 £000s	TOTAL £000s
Shared Services Development	0	1400	1400
Council Tax Increase	2600	0	2600
Council Tax: Discounts and Exemptions	2284	0	2284
Council Tax: Court Costs	2429	0	2429
Council Tax: Discretionary Relief	0	320	320

Transformation and Resources Total	22013	14668	36681
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7 FAMILIES AND WELLBEING

7.1 Increasing demand for our services adds to the unprecedented financial challenge we face. Our recommendations address this, while ensuring we are able to focus on our duty to serve and protect the most vulnerable in our communities. We will “think family”, while working towards our goal of delivering services in ways which are easy to access, focus on the front line, eliminate duplication and reduce back office costs.

7.2 We are committed to providing and commissioning the best and most appropriate levels of care and support possible, involving our partners throughout the voluntary, community and faith sector and we will further integrate our work with that of the NHS to improve residents’ experience of support services. These recommendations are in line with our policy of delivering more personalised services, to enable residents to stay independent for as long as they can. We believe it is right to review the support we provide to Carers to ensure we secure effective services for them whilst enabling short breaks and other services to be part of the cared for person’s budget rather than the carer.

7.3 We have had to think radically about the options for savings given the scale of the budget cuts and the options therefore include some proposals to reduce the universal services provided in our Children’s Centres. This Administration will ensure that our Children’s Services are focused on those children most in need, and we will therefore protect core Sure Start services within our most deprived areas to support our most vulnerable and disadvantaged families. We will maintain all of our Children’s Centres and Satellite Centres attached to Schools will be taken over by the Schools.

7.4 The work of our staff to safeguard Wirral's most vulnerable children is vital. We have therefore made a provision that will be targeted at hard to recruit and retain front line child protection social workers.

7.5 Previous Administrations have not ensured that the growth in demand for services for vulnerable children and families is met with appropriate levels of funding. We are therefore investing in the following critical areas:

Funding increased demand (Children and Young People)	2013/14 £000
Independent Reviewing Officers	90
Additional Social Worker capacity in Wallasey District	315
Social Workers in Schools	75
Family Justice Review	100
Staying Put Policy	100
Increase in Foster care demand	500
Youth Justice Board	50
	<u>Total</u> <u>1230</u>

This growth is included in the £39million target

In addition, we will ensure that appropriate funding is provided to help meet the costs of demographic growth in the numbers of vulnerable adults that is not being met by central government.

Funding increased demand (Adult Social Care)	2013/14 £000
Young Adults with Learning Disabilities	944
Older People	1773
Fees for Residential and Nursing Care	1000
	<u>Total</u> <u>3717</u>

This growth is included in the £39million target.

7.6 We will continue to provide support to the Birkenhead Foundation Trust Springboard project, which is currently receiving national recognition for its work to establish new ways of working to tackle

intergenerational poverty involving communities and volunteers. The project will engage with young women in the earliest stage of pregnancy to provide support focussed on raising aspirations for them and their children. A further £100,000 will be commissioned based on priorities identified by Wirral's Child Poverty Working Group.

- 7.7 We are proud of our excellent schools and will work with them to ensure that children continue to benefit from the best possible start in life. We do believe however that it is right to target resources where they are most needed and for schools to make an appropriate contribution for the services they receive from the Council.
- 7.8 We will consolidate our youth service to operate out of the four main hubs across the borough, and retain four Satellite youth Clubs and outreach provision until the new Youth Zone opens working hard to ensure that these services are targeted at those young people who are most in need. Funding for the excellent Wirral Youth Theatre will continue.
- 7.9 We believe it is vital to ensure increasingly limited resources are invested wisely. Our recommendation to charge more for non-residential services brings Wirral in line with other local authorities and we propose to re-tender contracts for extra care housing to ensure we are getting value for money while ensuring quality is maintained.
- 7.10 We will reduce the costs of transporting children and adults to school, day centres and other facilities by focussing provision on those in the greatest need. We are reviewing the pilot of a Community Card in St Helens, which has reduced the cost of transport significantly and enhanced personal choice. Business plans have been developed to ensure that Oaklands Outdoor Education Centre and the Schools Music Service will be self financing in the future.
- 7.11 The quality of some of our physical provision is simply not good enough. We propose to rationalise both our respite and day care services but will do so in close consultation with service users and their families, putting their interests at the heart of all we do. At the same time we will offer people more choice to use their personal budgets in the way that they choose.
- 7.12 We will focus specialist Child and Adolescent Mental Health services on those who require it most. We are determined to ensure that no young person who needs this service should be forced to do without it. We also believe that this service could be rationalised, and improved, through targeting its efforts at those most in need.

FAMILIES AND WELLBEING	2013/14 £000s	2014-16 £000s	TOTAL £000s
Education Psychology Service	80	0	80
Schools Budget	250	2500	2750
School Improvement and Income from Schools	160	0	160
Careers, Education and Advice	700	300	1000
Housing Benefits - Maximisation of Grant	2000	0	2000
Community Meals	169	31	200
Charging for Non Residential Services	880	0	880
Targeted Support through NHS Contracts	1828	2383	4211
Extra Care Housing	300	300	600
Residential and Respite Care	160	160	320
Day Care and Day Services Transformation	750	1250	2000
Review of Support for Carers	250	0	250
Assistive Technology	150	150	300
Transport Policies	250	1082	1332
Area Teams for Family Support	200	0	200
Schools Music Service	21	0	21
Oaklands Outdoor Education Centre	23	0	23
Foundation Learning	121	12	133
Commissioning of Parenting Services	700	200	900
Review of VCF Sector Grants	705	115	820
Review of Residential Care for Learning Disabilities	300	0	300
Review of Equipment Service	100	0	100
Review of Emergency Duty	0	100	100
Youth and Play Services	687	300	987
Youth Challenge	200	200	400
Children's Centres and Sure Start	1576	596	2172
Short Breaks for Children with Disabilities	150	150	300

FAMILIES AND WELLBEING	2013/14 £000s	2014-16 £000s	TOTAL £000s
Child and Adolescent Mental Health Service	250	0	250
Families and Wellbeing Total	12960	9829	22789

8 REGENERATION AND ENVIRONMENT

- 8.1 Wirral has enormous potential for economic regeneration – opportunities such as Wirral Waters, the International Trade Centre and the launch of a world class golf resort are of international significance. The size of our budget pressures are such that we will need to review our business support and reduce available business grants, however we are entirely confident that we will continue to create more jobs and attract investment through increasingly targeted activity.
- 8.2 We will continue to ensure that Wirral accesses external funding opportunities, including the new European Regional Development Fund Business Support programme and continues to work with UK Trade and Investment to attract investment locally from overseas companies.
- 8.3 We recognise the importance of developing the skills of our young people to prepare them for work. We will therefore continue to invest in our apprenticeship programme through funding the cost of apprenticeship training through the Liverpool City Region model. This funding will be matched with contributions from the National Apprenticeship Service.
- 8.4 Decent housing is crucial to residents' quality of life. We will continue to work with Registered Social landlords and Private Sector landlords to maximise the number and range of quality homes for rent. We will continue our programmes to restructure the Housing Market and work with House Builders to increase the number of new homes built in Wirral. We will prioritise the remaining Housing Market Renewal funding to provide priority affordable housing in our most deprived areas.
- 8.5 In accordance with our guiding principle of focussing resources on those who are most in need, we propose to target the handy person scheme to support those who have recently been discharged from hospital. The Home Insulation scheme will be reduced and future work will be targeted at tackling fuel poverty and energy efficiency projects such as the Green Deal.
- 8.6 We know that the quality of the local environment matters to local people, however we simply cannot afford to deliver certain services in

the same universal way. We will better target street cleansing in the future and increase the charge for the optional ERIC service and introduce an 'opt in' service for garden waste. In addition we propose to charge for pre-planning advice to developers in the future.

- 8.7 We believe it is important that all residents pay their share and that it is unfair to charge different rates for car parking across Wirral. We therefore propose to standardise charges in car parks at the current rate for Birkenhead car parks, reducing the all day charge for on-street long stay bays in Birkenhead to £2.50 and to introduce competitive annual and season permits rates. We will also reduce office, maintenance and operational expenditure across the service.
- 8.8 We have no choice in the future but to target investment at where it is most needed. We therefore propose to rationalise street lighting maintenance and reduce street lighting where to do so does not present a risk. In addition we will reduce pro-active highway maintenance work – again ensuring that our primary focus is on the safety of our residents.
- 8.9 We will invest in enhancing road safety around our schools and will put in place road safety improvements, including for the following schools within the Council's four constituency areas; Egremont Primary, in Wallasey, Ladymount Primary and Pensby Primary in Wirral West, Oxton St Saviours Primary in Birkenhead and Raeburn Primary in Wirral South.
- 8.10 We have also listened to our many residents who place huge value on our parks and open spaces. Two separate options were proposed in this area; to reduce the maintenance frequency across some open spaces, and to remove the maintenance on some parks and bowling greens. Feedback from parks groups, bowling teams and residents have made it clear that while they would accept a reduction in maintenance frequencies, the removal of maintenance across many of our parks and open spaces would bring too great an impact at this time. We agree with this view, and therefore recommend that while the reduction in parks maintenance should be accepted, the removal of maintenance should not.
- 8.11 We believe that the budget option proposed for the Council Kennels/Dog Warden Service that the service should join the Merseyside Consortium should not be progressed at this time. The Friends of Birkenhead Kennels have submitted to the Council an alternative budget savings proposal and therefore we recommend that the decision to accept this budget option is delayed and the Friends of Birkenhead Kennels be requested to submit more detailed proposals for consideration.

8.12 The dog fouling team will be organised to align with the new Constituency Committees, with an enforcement Officer dedicated to each of the Constituencies. We also instruct the Council's Marketing Team to bring forward a campaign to target irresponsible dog owners to effect behavioural change.

REGENERATION AND ENVIRONMENT	2013/14 £000s	2014-16 £000s	TOTAL £000s
Pre-Planning Advice	10	0	10
Home Insulation	926	0	926
Pest Control	30	0	30
Invest Wirral	352	0	352
Car Parking	281	0	281
Garden Waste Collection	582	569	1151
Household Waste Collection	80	0	80
Apprentice Programme	420	0	420
Handyperson Scheme	209	0	209
Trading Standards	71	0	71
Highway Maintenance	588	0	588
Street Cleansing	1000	-250	750
Biffa Contract Break	0	600	600
School Waste	180	0	180
Street Lighting	265	0	265
Highway Drainage	106	0	106
Reduction in Parks Maintenance	450	0	450
Housing Support for BME Communities	111	0	111
Supporting People	0	2000	2000
Dog Fouling Enforcement	97	0	97
Regeneration General Running Costs	0	40	40
Modernisation of Leisure	429	0	429

Regeneration and Environment Total	6187	2959	9146
TOTAL SAVINGS	41160	27456	68616

- 8.13 The exceptional items, referenced at paragraph 1.3 at £38.4m of savings, that are additional to three year target of £109m, are to be funded by balances, released earmarked reserves, capital receipts and decisions taken at the November 2012 Cabinet in relation to the efficiency fund and the local council tax scheme. The Council will continue its freeze on all non essential spending.
- 8.14 The total savings proposed in this budget for 2013/14 amounts to £41.2 million with £27.5 million also proposed for the years 2014-2016. This means that we still have £40.3 million to find to achieve our overall target of £109 million by 2016.
- 8.15 We request officers to bring forward a report to Cabinet no later than May 2013 in order to outline an approach for identifying further budget savings. This is as part of our commitment to be proactive in identifying the savings that we must make.

9. COUNCIL TAX

- 9.1 This budget resolution makes provision for increased demand for services for vulnerable children and adults, the reduction in our Housing Administration Grant and contract uplifts, demand that should rightly be recognised in our settlement from Central Government. This equates to an unfunded increase of in excess of £5 million for the year 2013/14 that we have to meet ourselves.
- 9.2 The Government's offer of a grant of £1.3 million to freeze the Council Tax in 2013/ is a one off derisory offer that does not meet this pressure and that would not be included in our base budget. This means that in 2015/16 when the grant ends we will have to find additional cuts to replace the grant.
- 9.3 Under the Government's regulations the Council is allowed to increase Council Tax by 2%. Cabinet feels that increasing Council Tax by 2% in 2013/14 is the only responsible option before us. This would equate to a 1.6% increase in the Wirral Council element and is significantly below the Consumer Price Index which currently stands at 2.7% and the Retail Price Index which currently stands at 3.3%. This follows a two year freeze on Council Tax.
- 9.4 This Budget Resolution recommends an overall Council tax increase of £25.06 on a band D basis.
- 9.5 This represents an increase on Band D from £1,253.20 p to £1,278.64p. This represents an increase of 48p per week. The

majority of Wirral residents will pay less than this as most properties are below Band D.

- 9.6 Wirral Council's element of this is 1.6% with increases in levies accounting for the rest of the difference. The increase in overall council tax is 2%.
- 9.7 Precepts relating to police and fire services are still to be announced. The impact of any change to precepts will require adding to these figures.

10. RECOMMENDATION TO COUNCIL

- 10.1 That the budget proposals as set out in this resolution be agreed and recommended for approval at Budget Council meeting on 5 March 2013, and that the Council notes this budget includes an allocation of £2 million to address any slippage that may occur in the delivery of identified savings. This figure has reduced significantly from the original early estimate of £5 million to £2 million due to management action, including the deletion of vacant posts and more effective management of savings.
- 10.2 We will work together with the Trade Unions to review current working arrangements to maximise the efficiency and cost effectiveness of services including annualised hours during this financial year which could mitigate the need for ongoing savings.
- 10.3 That officers are requested to bring forward a report to Cabinet no later than May 2013 which will outline the approach for identifying budget savings that the Council must make in 2014/15 and 2015/16.
- 10.4 That Council continues to lobby government to review the way it allocates funding to local Councils with a view to ensuring that any cuts are distributed in a way which is fair and equitable.

A short adjournment ensued whilst members of the public left the meeting.

203 BUDGET 2013-2016 - CHIEF FINANCIAL OFFICER'S STATEMENT

A report by the Interim Director of Finance informed that under Section 25 of the Local Government Act 2003, the Council's Chief Financial Officer (Director of Resources) was required to report on the robustness of the estimates made for the purposes of the Council's budget calculations and the adequacy of the adequacy of the General Fund balances and reserves.

The Cabinet noted that Budget estimates were exactly that, being estimates of spend and income made at a point in time. The Statement about the

robustness of estimates could not give a guaranteed assurance about the Budget, but gave reasonable assurances that the budget had been based on the best available information and assumptions.

In order to meet the requirement on robustness a number of key processes had been put into place, including:

- the issuing of clear guidance on preparing budget growth and savings options for the three year period 2013/16;
- peer review by finance staff involved in preparing the standstill [base] budget i.e. the existing budget plus inflation;
- the use of budget monitoring, and the bad budget review, in 2012/13 in order to re-align budgets with current demand, for 2013/14 and future years;
- a review by the Management Team, supported by a series of officer challenge sessions, of proposed savings and their achievability;
- a Member review and challenge of each proposal through the Overview and Scrutiny Committees and the Cabinet;
- the Chief Financial Officer providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy); and
- extensive consultation with the public and various groups including the business community and voluntary sector.

Notwithstanding these arrangements, which were designed to test the Budget throughout its various stages of development, considerable reliance had been placed on Managers having proper arrangements in place to identify issues, project demand for services, and consider value for money and efficiency.

A key part of improving these processes was to develop data and information to monitor service volume and unit costs and track changes in both. This would also assist in the Council's Medium Term Strategy Planning.

RESOLVED:

That the statement of the Chief Financial Officer be noted.

A report by the Interim Director of Finance provided the Cabinet with Capital Programme bids for 2013/16 for its consideration and referral to the Council for approval. It also included the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.

The report referred to schemes carried forward into 2013/16 from the current 2012/13 Capital Programme, as detailed in the Capital Programme Monitoring Report for Period 8 which was considered by the Cabinet at its meeting on 24 January 2013 (Minute No. 164 refers).

The Cabinet noted that the size and shape of the Capital Programme would be dictated by the Government's announcements on supported programmes and, affordability. The Council's 2013/16 revenue budgets would severely limit the scope for unsupported capital expenditure (that generated revenue costs) to schemes that generated immediate revenue savings.

The Cabinet also noted that Capital Receipts would be consumed by Redundancy and Equal Pay costs and, initially, would be unavailable to support the Capital Programme, as had been the case in the past. As new capital receipts were generated, schemes that were held up could be released.

Schemes that would otherwise proceed, but could not, due to a shortage of revenue funds and Capital receipts, were corralled into a section for release when revenue funding or/and Capital receipts, became available. The guiding thought was that such schemes would be delayed for at least a year.

RESOLVED: That

- (1) the 2013-16 Capital Programme, set out in the report in Table 4 and detailed in Annex 8 to the report be agreed and referred to Council for approval;**
- (2) 'spend to save' and 'schemes to generate capital receipts' be reviewed in detail, prior to being specifically approved by the Cabinet for implementation;**
- (3) the capital financing requirements be reflected in the projected revenue budget and the 2013/16 Medium Term Financial Strategy; and**
- (4) the Prudential Indicators be noted and reported to the Cabinet as part of the Treasury Management Strategy.**

205 FINANCIAL MONITORING - REVENUE (MONTH 9)

A report by the Interim Director of Finance set out the revenue position for 2012/13 as at Month 9 (December 2012). It identified the latest financial projections and prioritised the risks for ongoing management actions, to ensure any year end overspend was minimised.

RESOLVED: That

- (1) it be noted that at Month 9 (December 2012), the full year forecast projects a potential General Fund overspend of £7.9m;**
- (2) it be noted that there are no rejected freeze items in the month; and**
- (3) it be noted that**
 - a major risk continues to exist concerning the reliability of fees and charges income, going back many years.**
 - corrective action is being taken to maximise recovery; and**
 - as better information becomes available, there will be further reports regarding this serious matter.**

206 FINANCIAL MONITORING - CAPITAL (MONTH 9)

A report by the Interim Director of Finance informed the Cabinet of the current position regarding the Council's 2012/13 to 2014/15 Capital Programme. The report reflected:

- the re-profiled 2012/13 Capital Programme budget which incorporates previous decisions made by Cabinet to amend the programme;
- the expenditure to date, which continues to be less than it should be;
- the request for a revision to the Capital Programme to reflect slippage of £1.451 million of schemes into the 2013/14 Financial Year. In addition the Cabinet meeting on 20 December 2012 approved slippage of £0.515m for the New Brighton Environmental Improvement scheme (Minute No. 147 refers);
- the request for an increase in the Capital Programme of £0.675 million for schemes requiring no unsupported borrowing;
- a reduction in the estimated grant for Mersey Heartlands Growth Point of £0.585 million;
- the projected outturn figures for 2012/13, which suggests an underspend of £5.103 million on the revised Capital Programme; and
- the current funding of the Capital Programme and its future affordability.

Councillor P Davies referred to section 2 of the report and requested that Officers provide an update on the slippage of schemes in the Capital Programme. As Officers were unable to provide this at the meeting they agreed to ensure Councillor P Davies received a written response.

RESOLVED: That

- (1) the revised Capital Programme of £47.301 million be agreed;**
- (2) the additional slippage in the programme of £1.451 million from 2012/13 to 2013/14 be agreed;**
- (3) the following increases to the programme which have resulted from additional grant allocations be agreed:**
 - Disabled facilities £0.439 million;**
 - Cosy Homes heating £0.046 million; and**
 - Outdoor gyms in parks £0.180 million.**
- (4) the spend to date at Month 9 of £23.152 million, which represents 48.9% of the revised Capital Budget, with 75% of the Financial Year having elapsed be noted;**
- (5) the work of the Capital Steering Group to detail the schedule of sites to validate the estimate of capital receipts be noted; and**
- (6) Councillor P Davies be provided to a written reply in answer to his enquiry on the slippage of schemes in the Capital Programme.**

207 **MEDIUM TERM FINANCIAL STRATEGY**

A report by the Interim Director of Finance set out the Medium Term Financial Strategy 2013-2016. The Cabinet noted that it was a strategic, financial document that set out the Council's financial approach for the planning period 2013/14 to 2015/16. It also incorporated the Treasury Management and Investment Strategy for 2013/2016 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

RESOLVED: That

- (1) the Treasury Management and Investment Strategy for 2013/2016 be approved;**
- (2) the Prudential Indicators be adopted;**
- (3) the Council's Minimum Revenue Provision Policy be approved;**

- (4) those Council Officers listed within Appendix F to the report on the Treasury Management and Investment Strategy Statement, be authorised to approve payments from the Council's bank accounts for all treasury management activities;**
- (5) the Medium Term Financial Strategy be approved; and**
- (6) regular updates on the Medium Term Financial Strategy be reported to the Cabinet.**

208 SCHOOLS BUDGET 2013-14

A report by the Acting Director of Children's Services recommended the Cabinet to approve a Schools Budget for 2013/14 of £236,732,400 for maintained schools and academies in Wirral. As well as the funding of a further £250,000 of Schools Planned Programmed Maintenance from Dedicated Schools Grant (DSG). The report included some minor changes to the Early Years Single Funding Formula. Reports on these areas were presented to a meeting of the Schools Forum on 23 January 2013.

Councillor P Davies, on behalf of the Cabinet, thanked all of the staff in the Children and Young People's Department who had helped to put the Budget together for their hard work.

RESOLVED: That taking account of the Schools Forum:

- (1) the DSG funded Schools Budget for maintained schools and academies be approved at the sum of £236,732,400;**
- (2) the headroom of £333,400 be allocated within the formula to all schools;**
- (3) the High Needs Contingency totalling £880,200 be agreed;**
- (4) a further £250,000 of PPM included in the Schools Budget be funded from DSG;**
- (5) the contributions to combined budgets be approved; and**
- (6) the changes to the Early Years Single Funding Formula be agreed.**

209 CARBON BUDGET 2012/13

A report by the Director of Law, HR and Asset Management advised Members of the corporate and departmental progress made against the Carbon Budget 2012/13. Attached as Appendix A to the Director's report was the Carbon Budget Performance Timetable for Local Authority buildings which informed of

the revisions that were required to meet the Corporate Goals and proposed the Carbon Budget for 2013/14, 2014/15 and 2015/16.

The Cabinet was reminded that Members had requested that a Carbon Budget be established at the Council meeting on 14 December 2009 (Minute No. 77 refers). The resolution had included instructions to prepare carbon budgets for each Department to be presented at the Budget Cabinet meeting and the Budget Council meeting, alongside the Council's Financial Budget.

Councillor B Kenny confirmed that the Carbon Budget was not a statutory requirement but was the Council's only method of managing CO₂ emissions in order to reduce its carbon footprint by delivering the Carbon Budget as stated in its Corporate Plan.

The carbon budget was not financial but meeting the annual targets would have an impact on costs. Reductions in carbon emissions were achieved by reducing energy use and there were financial savings that would be made from the avoided costs of energy and Carbon Reduction Energy Efficiency Scheme (CRCEES) allowances.

RESOLVED: That

- (1) progress towards the 2013/13 target included in Appendix A to the report be noted;**
- (2) the Carbon Budget for 2013/14 included in Appendix A to the report be approved;**
- (3) the current Carbon Budget method be applied until the impacts of the simplification of the CRCEES are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of the simplification process;**
- (4) Corporate targets for 2013/14, 2014/15 and 2015/16 proposed in Section 2.2.4 of the report be approved; and**
- (5) managers be directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standards report template. Impacts must be reported to the Sustainability Unit to support the carbon management process.**

210 THE DEVOLUTION OF MAJOR TRANSPORT SCHEMES FUNDING AND THE DEPARTMENT FOR TRANSPORT ASSURANCE FRAMEWORK

A report by the Interim Director of Technical Services informed that in the next spending review the Department for Transport (DfT) was proposing to devolve

funding for major transport schemes to local areas. This necessitated the establishment of a Local Transport Body (LTB) to oversee the process, guided by an Assurance Framework, which was to be agreed by the DfT in respect of the governance and management arrangements of the LTB.

Councillor H Smith introduced the report and informed that the DfT had proposed a significant change in the way major transport scheme funding was to be allocated. Currently Central Government had to approve all schemes over £5m. The Government was proposing that from 2015 local transport bodies were established, essentially to take over the decision making role of the DfT with regard to major scheme funding, and would be able to decide how to spend the money on priorities that best suited their local needs, without Whitehall approval. The City Region Cabinet, the Local Enterprise Partnership (LEP) and the Integrated Transport Authority had agreed that the LTB would cover the established City Region geography. The Cabinet noted that £35.5million, with a contingency of +/- 33%, had been allocated to the Liverpool City Region (LCR) LTB over a four year period from 2015/16.

The Interim Director's report set out the requirements that the DfT had made with regard to the devolution process, as although it was devolving funding decisions to the LTB, it still required established DfT processes and methodologies to be followed.

The Interim Director's report asked the Cabinet to note the progress made to date on the development of the LTB, and consider and endorse the draft Assurance Framework because this Assurance Framework was required in order for the LTB to be formally constituted and to establish its powers. This document had to be submitted to the DfT by the end of February 2013, and therefore, due to the short timescales, agreement was being sought for the Chief Executive to be granted delegated authority to oversee this process and approve its submission.

Appendix 1 to the report set out the draft of the Assurance Framework. Councillor Smith directed Members to Section 5.2 of the report which summarised the main points. Councillor Smith informed that this Framework was the subject of report across all City Region networks and constituent local authorities/organisations.

Councillor Smith reported that the LCR Cabinet had agreed, in principle, that the LTB would be composed of the Leaders and the Mayor of Liverpool City Council, the Chair of the ITA and the Chair of the LEP. Wirral Council had been asked to nominate representatives and the Cabinet was asked to consider the nomination of the Leader of the Council as Wirral's representative, and the Streetscene and Transport Services Portfolio Holder as the deputy, for appointment to the LTB. Any nominations must be referred to Council for endorsement or otherwise.

Councillor Smith also reported that the LTB would be advised via a Senior Officer body called the Transport Advisory Group. This Group had already started work on a transparent methodology against which to score candidate schemes. Appendix 4 to the Interim Director's report detailed the prioritisation methodology and Councillor Smith asked the Cabinet to endorse this approach. It was noted that there would also be a wider stakeholder Group to provide input into this process.

The Cabinet was informed that the Council would also need to sign up to a legally binding agreement with Merseytravel regarding the establishment of the LTB as it would be acting as the accountable body.

The Cabinet noted that a prioritised list of major schemes for the City Region must be submitted to the DfT in July 2013. Post July, a shorter list of schemes would be developed and brought forward for approval by the LTB, with schemes being delivered from April 2015 onwards. Officers were asked to provide follow up information on the issues covered at appropriate intervals.

Councillor P Davies reported that the Interim Director of Technical Services, Chris McCarthy was attending his last Cabinet meeting as he was leaving the employment of the Council shortly. He thanked Mr McCarthy for all of his hard work, for helping to get the Council through some challenging times and wished him well for the future.

RESOLVED: That

- (1) the progress to date in the development of the LTB be noted;**
- (2) the Council be recommended to endorse the nomination of the Leader of the Council as Wirral's representative and the Cabinet Member for Streetscene and Transport Services as a deputy on the LTB at its next meeting;**
- (3) the draft Assurance Framework and its associated principles, as set out in Appendix 1 of the report, be endorsed ahead of its submission to the DfT;**
- (4) the Chief Executive be granted delegated authority to oversee minor, editorial processes to the draft Assurance Framework (based on issues arising from the approvals process within partner organisations) and its submission to the Department for Transport by the end of February 2013 be approved;**
- (5) the approach with regard to the scheme prioritisation methodology be endorsed;**

- (6) the Interim Director of Technical Services, in conjunction with the Acting Director of Law, HR and Asset Management/Interim Head of Legal and Member Services be authorised to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB; and**
- (7) follow-up information on the above issues be provided for the Cabinet, at appropriate intervals.**

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WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	LEVEL OF GENERAL FUND BALANCES FOR 2013-14
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report is to review the recommended level of general fund balances for 2013-14, that was agreed by Cabinet on November 29th on a risk basis, in the light of budgetary developments since then.

2 BACKGROUND

- 2.1 Sound financial management principles require that sufficient funds are retained by the Council to provide a stable financial base at all times. To retain this stable financial base, the Council needs to maintain a general fund balance that is sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that is of an unforeseen, emergency nature.
- 2.2 The report to Cabinet on the 2013-14 budget on November 28th, 2012, set the minimum general fund balance in relation to the risks faced by, and financial circumstances of Wirral, so that the Council could work towards funding an increased level of Reserves.
- 2.3 Since then, the budget process for the 2013-14 budget has been very stringent, with particular emphasis on identifying slippage and double-counting, whilst also improving the mechanisms to ensure the successful delivery of savings to plan. Some risks have moved from uncertainty to certainty over the past months, with a consequent reduction in risk. Also, the major under-budgeting risk has been mitigated by the provision of ongoing funding (£8m), one-off funding (£13,7m) and proposed suppression (£3.4m).

3 FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

- 4.1 In determining the appropriate level of general fund balances the Council should take account of the strategic, operational and financial risks facing the Council. In planning the financial future and the level of reserves the Council needs to take into account the main risks and uncertainties.
- 4.2 The risks identified were grouped as set out below. The following Table lists the change in risk and the financial effect.

Table: Revised risk calculation of Reserves

Risk Item	Change	Original amount £m	Change £m	Revised amount £m
Legislative changes	• Items now known, and reduced risk:	□		
	Formula grant	1.360	-1.360	0.000
	Council Tax Grant Reduction	0.156	-0.156	0.000
	Public Health Transfer	0.220	-0.220	0.000
	Health & Social Care Bill	0.750	-0.750	0.000
	• Items rephased to later years			
Waste levy - 50% recycling by 2020	0.450	-0.010	0.440	
• Other items	1.344	0.000	1.344	
Inflation and Interest Rates	No change	3.627	0.000	3.627
Grants	No change	1.057	0.000	1.057
Employee Related Risks	No change	0.105	0.000	0.105
Volume and Demand Changes	• Budget correction results in reduced risk:	□		
	Customer client receipts	0.942	-0.707	0.235
	Demand led budgets, social care	0.445	-0.222	0.223
	• Other Items	0.593	0.000	0.593
Budget Savings	• Revised tracking reduces risk	9.747	-4.679	5.068
Insurance and Claims	No change	0.264	0.000	0.264
Energy Security	No change	0.049	0.000	0.049
Total		21.109	-8.104	13.005

Details of the calculation are set out in Appendix 1.

6 OTHER OPTIONS CONSIDERED

6.1 No other options are available.

7 CONSULTATION

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

8 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

9 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

9.1 The locally determined approach to General Fund Balances would result in an increase in balances.

8 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9 EQUALITIES IMPLICATIONS

9.1 This is essentially a monitoring report which reports on financial performance.

10 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12 RECOMMENDATIONS

12.1 Cabinet is asked to agree:

a) The level of general fund balances recommended is based a locally determined approach to the assessment of the financial risks that the Council may face in the future.

b) The Council maintains it level of balances at or above the locally determined level of general fund balances.

13 REASONS FOR THE RECOMMENDATIONS

13.1 The Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The holding of sufficient funds is part of the move to improve resilience. The locally and risk based approach to the level of general fund balance is in line with the achievement of this approach.

REPORT AUTHOR:

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APPENDICES

1 Risk Based Assessment of General Fund Balances

SUBJECT HISTORY

Council Meeting	Date
Cabinet	November 29 th 2012

Risk Based Assessment of General Fund Balances

Area of Risk	2012/13			2013/14			2014/15			Budget £000's
	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	
Legislative Changes										
Total Formula Grant / Localised Business Rates	148,023	0.00%	0.0	136,053	0.00%	0.0	125,169	1.00%	1,251.7	115,155
Council Tax Benefit	31,249	0.00%	0.0	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2	28,124
Council Tax Grant Reduction	0	0.00%	0.0	3,125	0.00%	0.0	3,125	5.00%	156.3	3,125
Technical Changes to Council Tax	0	0.00%	0.0		Calculation	-400.0		Calculation	-400.0	
Public Health Transfer	22,000	0.00%	0.0	22,000	0.00%	0.0	16,000	0.00%	0.0	16,000
Health & Social Care Bill	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000
Waste Levy - 50% recycling by 2020	14,687	0.00%	0.0	14,687	3.00%	440.6	14,687	6.00%	881.2	14,687
Discretionary Social Fund	0	0.00%	0.0	6,751	5.00%	337.6	6,751	5.00%	337.6	6,751
	230,959		0.0	225,740		1,784.4	208,856		3,632.9	198,842
Inflation										
Employees	140,936	0.10%	140.9	142,936	0.10%	142.9	142,436	0.10%	142.4	140,936
Premises	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180
Transport	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556
Supplies	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960
Services	72,438	0.50%	362.2	92,438	0.50%	462.2	86,938	0.50%	434.7	72,438
Agency & Transfer	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072
	521,142		3,525.4	543,142		3,627.4	537,142		3,599.4	521,142
Interest Rates										
Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644
Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0	875
	13,519		0.0	13,519		0.0	13,519		0.0	13,519
Grants										
Housing Benefits incl Admin Grant	169,522	0.75%	1,271.4	138,273	0.50%	691.4	138,273	0.50%	691.4	138,273
Other General Fund Grants	53,313	0.50%	266.6	73,113	0.50%	365.6	57,113	0.50%	285.6	54,913
	222,835		1,538.0	211,386		1,056.9	195,386		976.9	193,186
Employee Related Risks										
Single Status	6,000	3.00%	180.0	3,500	3.00%	105.0	3,750	3.00%	112.5	3,000
	6,000		180.0	3,500		105.0	3,750		112.5	3,000
Volume / Demand Changes										
Capital Receipts	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000
Customer and Client Receipts	45,751	1.00%	457.5	47,124	0.50%	235.6	48,537	0.50%	242.7	49,993
Demand Led Budgets (Social Care)	89,140	2.00%	1,782.8	89,140	0.25%	222.9	89,140	0.25%	222.9	89,140
Collection Fund	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911
Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0	400
	271,202		2,832.6	272,175		1,050.7	273,588		1,057.8	275,044
Budget Savings										
Budget Reductions	16,500	25.00%	4,125.0	38,988	13.00%	5,068.4	40,184	20.00%	8,036.8	24,314
Insurance/Public Liability Third Party Claims										
MMI Liabilities	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0	498
Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723
Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977
	13,198		264.0	13,198		264.0	13,198		264.0	13,198
Energy Security and Resilience										
Carbon Tax Legislation	204	10.00%	20.4	245	20.00%	49.0	294	20.00%	58.8	250
TOTAL			12,485.3			13,005.8			17,739.0	

Appendix 1 : Balances Calculation

Risk Based Assessment of General Fund Balances

Area of Risk	2012/13			2013/14			2014/15			2015/16		
	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's	Budget £000's	Risk Level	Value £000's
Legislative Changes												
Total Formula Grant / Localised Business Rates	148,023	0.00%	0.0	136,053	0.00%	0.0	125,169	1.00%	1,251.7	115,155	1.00%	1,151.6
Council Tax Benefit	31,249	0.00%	0.0	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2	28,124	5.00%	1,406.2
Council Tax Grant Reduction	0	0.00%	0.0	3,125	0.00%	0.0	3,125	5.00%	156.3	3,125	5.00%	156.3
Technical Changes to Council Tax	0	0.00%	0.0		Calculation	-400.0		Calculation	-400.0		Calculation	-400.0
Public Health Transfer	22,000	0.00%	0.0	22,000	0.00%	0.0	16,000	0.00%	0.0	16,000	0.00%	0.0
Health & Social Care Bill	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0	15,000	0.00%	0.0
Waste Levy - 50% recycling by 2020	14,687	0.00%	0.0	14,687	3.00%	440.6	14,687	6.00%	881.2	14,687	6.00%	881.2
Discretionary Social Fund	0	0.00%	0.0	6,751	5.00%	337.6	6,751	5.00%	337.6	6,751	5.00%	337.6
	230,959		0.0	225,740		1,784.4	208,856		3,632.9	198,842		3,532.8
Inflation												
Employees	140,936	0.10%	140.9	142,936	0.10%	142.9	142,436	0.10%	142.4	140,936	0.10%	140.9
Premises	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4	22,180	0.75%	166.4
Transport	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6	8,556	1.00%	85.6
Supplies	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6	113,960	1.00%	1,139.6
Services	72,438	0.50%	362.2	92,438	0.50%	462.2	86,938	0.50%	434.7	72,438	0.50%	362.2
Agency & Transfer	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7	163,072	1.00%	1,630.7
	521,142		3,525.4	543,142		3,627.4	537,142		3,599.4	521,142		3,525.4
Interest Rates												
Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0
Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0
	13,519		0.0	13,519		0.0	13,519		0.0	13,519		0.0
Grants												
Housing Benefits incl Admin Grant	169,522	0.75%	1,271.4	138,273	0.50%	691.4	138,273	0.50%	691.4	138,273	0.50%	691.4
Other General Fund Grants	53,313	0.50%	266.6	73,113	0.50%	365.6	57,113	0.50%	285.6	54,913	0.50%	274.6
	222,835		1,538.0	211,386		1,056.9	195,386		976.9	193,186		965.9
Employee Related Risks												
Single Status	6,000	3.00%	180.0	3,500	3.00%	105.0	3,750	3.00%	112.5	3,000	3.00%	90.0
	6,000		180.0	3,500		105.0	3,750		112.5	3,000		90.0
Volume / Demand Changes												
Capital Receipts	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0	3,000	2.00%	60.0
Customer and Client Receipts	45,751	1.00%	457.5	47,124	0.50%	235.6	48,537	0.50%	242.7	49,993	0.50%	250.0
Demand Led Budgets (Social Care)	89,140	2.00%	1,782.8	89,140	0.25%	222.9	89,140	0.25%	222.9	89,140	0.25%	222.9
Collection Fund	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3	132,911	0.25%	332.3
Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0
	271,202		2,832.6	272,175		1,050.7	273,588		1,057.8	275,044		1,065.1
Budget Savings												
Budget Reductions	16,500	25.00%	4,125.0	38,988	13.00%	5,068.4	40,184	20.00%	8,036.8	24,314	15.00%	3,647.1
Insurance/Public Liability Third Party Claims												
MMI Liabilities	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0	498	2.00%	10.0
Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5
Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5
	13,198		264.0	13,198		264.0	13,198		264.0	13,198		264.0
Energy Security and Resilience												
Carbon Tax Legislation	204	10.00%	20.4	245	20.00%	49.0	294	20.00%	58.8	250	20.00%	50.0
TOTAL			12,485.3			13,005.8			17,739.0			13,140.2

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WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	BUDGET 2013/16 – CHIEF FINANCIAL OFFICER STATEMENT
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

1.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (Director of Resources) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the adequacy of the General Fund balances and reserves. A statement to this effect is set out below for Members' information.

2.0 BACKGROUND AND KEY ISSUES

2.1 Budget estimates are exactly that, being estimates of spend and income made at a point in time. This Statement about the robustness of estimates cannot give a guaranteed assurance about the Budget, but gives Members reasonable assurances that the budget has been based on the best available information and assumptions.

2.2 In order to meet the requirement on robustness a number of key processes were put into place, including:

- the issuing of clear guidance on preparing budget growth and savings options for the three year period 2013/16;
- peer review by finance staff involved in preparing the standstill [base] budget i.e. the existing budget plus inflation;
- the use of budget monitoring, and the bad budget review, in 2012/13 in order to re-align budgets with current demand, for 2013/14 and future years;
- a review by the Management Team, supported by a series of officer challenge sessions, of proposed savings and their achievability;

- a Member review and challenge of each proposal through the Overview & Scrutiny Committees and Cabinet;
 - the Chief Financial Officer providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy); and
 - extensive consultation with the public and various groups including the business community and voluntary sector.
- 2.3 Notwithstanding these arrangements, which are designed to test the Budget throughout its various stages of development, considerable reliance is placed on Managers having proper arrangements in place to identify issues, project demand for services, and consider value for money and efficiency.
- 2.4 A key part of improving these processes is to develop data and information to monitor service volume and unit costs and track changes in both. This will also assist in the Council's Medium Term Strategy Planning.

3.0 **RELEVANT RISKS**

- 3.1 Finance undertook a formal Risk Review of the Revenue Budget, and proposed that Balances be set at a level appropriate to the currently identified risks. This was the subject of a report to Cabinet on 29 November 2012 since which time there have been changes to the financial position and an updated review is on this agenda. This is not intended to replace the existing Risk Register but should inform any revision the Council Risk Register.
- 3.2 Capital Programme and Revenue Budget Risk Registers will be completed and approved following the final determination of both the Capital Programme and the Revenue Budgets for 2013/16. These are intended to form part of the future Budgetary Control framework being reviewed at least quarterly.

ROBUSTNESS OF THE REVENUE ESTIMATES

- 3.3 The 2013/14 Budget process was improved through the preparation including a more robust process to identify, review and assess both growth and savings proposals. This has seen the production of proposals from the Chief Executive which have been subject to public consultation and review by Elected Members.
- 3.4 Whilst proposals will be made to Cabinet in order to produce a balanced Revenue Budget for 2013/14 and broad areas identified for 2014/16 that will seek to address the deficits in these years. The development of Medium Term Financial Planning will improve the 2014/16 savings and efficiency proposals. Appendix 1 shows the factors taken into account in developing the draft budget.

3.5 In assessing the robustness of Revenue Budgets, the achievability of savings / reductions and income It is expected that the key risks remaining will be:

- Changes to staffing including equal pay as the Council has yet to conclude its equal pay payments and changes to terms and conditions.
- The ongoing impact of the economic downturn including increasing demand for services and reducing grant funding and income from charges.
- The actual delivery of the approved savings and efficiencies.
- Changes to the Capital Programme, to achieve the policy objective of eliminating Prudential Borrowing;
- The delivery within budget of key housing, schools and regeneration capital schemes.
- The possibility of legal challenge including judicial review
- The confirmation of Government grants, of which a number remain currently unknown.

3.6 These assumptions and potential changing circumstances will require the forecasts for future years to be reviewed early each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the Autumn of each financial year.

ROBUSTNESS OF THE CAPITAL PROGRAMME

3.7 The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance.

3.8 In assessing the robustness of the Capital Programme the risk of being unable to fund variations outside of the Programme is minimal mainly due to phasing of projects. If necessary, the Council can choose to freeze parts of the Programme throughout the year to ensure spend is kept within the agreed budget.

3.9 There are two main risks:-

- The ability to deliver the Programme within the agreed timescales. Slippage from 2012/13 is fully funded but this will increase pressure on the Council to deliver the anticipated 2013/14 Programme.
- The future Programme has amounts for new starts based on the availability of capital receipts. In today's climate, these receipts may be lower than expected, which will have to be managed.

ADEQUACY OF THE GENERAL FUND BALANCES AND RESERVES

- 3.10 The Council had for a number of years identified 2% of the Revenue Budget as being an appropriate and minimum level of balances. Cabinet on 29 November 2012 agreed to a different approach in determining the level of General Fund balances and reserves. This recommended a locally determined approach based upon an assessment of the financial risks that the Council may face in the future.
- 3.11 The Level Of General Fund Balances For 2013/14 report on this agenda provides an update in the light of budgetary developments since the November report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 None as the Statement of the Chief Financial Officer is a legal requirement.

5.0 CONSULTATION

- 5.1 None as the Statement is that of the Chief Financial Officer.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

7.0 RESOURCE IMPLICATIONS

- 7.1 In the Budget 2013/16 - Initial Proposals report to Cabinet on 20 December 2012 the Budget Projections 2013/16 indicated a shortfall between spend and resources of £109 million. At that time officer savings options totalled £78 million. Cabinet agreed, in principle, savings options totalling £30 million taking the total to £41 million and on 24 January 2013 agreed savings to Council Tax discounts and exemptions realising £2.2 million of savings.

Table 1 : Summary of the Budget Funding Gap

Funding Gap	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Funding Gap	39	43	27	109
Cumulative Gap	39	82	109	

Table 2 : Summary Of Agreed Savings By Approval Date

Cabinet	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
November Efficiency Fund and Council Tax Support Scheme	7.2	2.0	2.0	11.2
December Agreed in principle a range of options	14.5	6.2	8.9	29.6
January Council Tax Discounts	2.2	-	-	2.2
Totals	23.9	8.2	10.9	43.0

- 7.2 In respect of 2013/14 the budget gap was £39 million and the savings agreed, including those in principle, totalled £24 million. The Chief Executive's savings proposals are included in the Budget Report.
- 7.3 Since the December report a number of exceptional items have been identified which add to the financial difficulties. Whilst discussions are on-going with the Government these remain to be resolved.

Table 3 : Exceptional Items

Item	2013/14	Actions being pursued
	£m	
Under-budgeting in previous years	17.1	To reduce requirement by £3.4m with £13.7m addressed through use of balances 2013/14
Review of outstanding debts – potential write-off	6.1	To be funded from reserves per the Revenue Monitoring report to Cabinet 24 January
Redundancy costs from reduction in workforce	5.0	To seek Government permission to treat as capital spend what are revenue costs

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

8.0 LEGAL IMPLICATIONS

- 8.1 The Chief Financial Officer is required under Section 25 of the Local Government Act 2003 to produce a report on the robustness of the estimates made for the Council's budget.

8.2 The Council is required to agree a Budget for 2013/14 by 10 March 2013. The report concerns the duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Financial Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this Statement. When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate. A cumulative assessment will accompany the Budget proposal.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the Statement of the Chief Finance Officer be noted.

13.0 REASON FOR RECOMMENDATION

13.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (Director of Resources) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the adequacy of the General Fund balances and reserves.

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APPENDICES

Appendix 1 Analysis Of The Robustness Of Revenue Estimates.
Appendix 2 Analysis Of The Robustness Of Capital Estimates.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	
Budget Projections	19 July 2012
Level Of General Fund Balances	29 November 2012
Budget 2013/16 – Initial Proposals	20 December 2012
Council Tax Discounts and Exemptions	24 January 2013
Council Tax Base	24 January 2013

ANALYSIS OF ROBUSTNESS OF REVENUE ESTIMATES

Budget Assumption	Financial Standing and Management
1. The treatment of growth pressures	<p>Two major demand factors affect the 2013/16 budgets:-</p> <ul style="list-style-type: none"> • 2012/13 budget pressures continuing into 2013/14 and future years. A number of pressures identified through the 2012/13 budget monitoring include the failure to deliver agreed savings and bad budgets arising from the failure to address recurring overspends. • Demographic demand pressures have been identified within Social Care - the elderly, children and the vulnerable. This relates to both the previous years under-budgeting as well as growth included for 2013/14. <p>The 2013/14 Budget has been based upon 2012/13 budget monitoring reports and projections made by Managers of demand in future years.</p>
2. The treatment of inflation and interest rates.	<p>Pay – 1% has been provided in the 2013/14 Budget and future years for pay awards for staff. The overall planning totals have provided for an estimate for the implementation of equal pay.</p> <p>Pensions – Employer rates fully reflect the most recent actuarial review in 2010 The next review is in 2013.</p> <p>Price inflation is only been provided on contractual arrangements at the rate stated in the relevant agreement.</p> <p>Price inflation has also been applied to utility budgets to reflect in 2012/13 and 2013/14 to reflect price increases.</p>
3. Surplus cash balances (income, capital, receipts and grants)	<p>At any time the Council will have a number of positive cash income streams, such as capital receipts and government grants, etc. These will be invested as part of the overall and day-to-day cash flow management activities undertaken by the Treasury Manager. This income will be available to support the revenue budget during 2013/14. Cash investments can be liquidated at short notice and are available at any point in time to meet the Council's day-to-day requirements for cash funding.</p>
4 The treatment of income	<p>Changes to fees and charges have been presented as individual budget options and have generally been reviewed in light of prevailing inflation.</p> <p>The review of previous years under-budgeting included adjustments of £4 million made to reduce unrealistic / undeliverable income targets.</p>
5. The treatment of efficiency savings / productivity gains.	<p>All Managers have a responsibility to ensure the efficient delivery of services and, when savings are proposed, they are realistic in terms of the level and the timing. Should these vary due to unforeseen events management action or policy actions within the relevant Business Units and corporately, will be implemented.</p>
6. The financial risks inherent in any significant new	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service</p>

Budget Assumption	Financial Standing and Management
funding partnerships, major outsourcing deals or major capital developments	<p>volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets and General Fund balances restored to at least the minimum prudent level.</p> <p>Responsibility for Public Health transfers to the Council from 1 April 2013. For 2013/14 and 2014/15 funding has been provided by the Government in the form of a specific grant to cover the costs.</p> <p>From 1 April 2013 the Council has to have in place a Local Council Tax Support Scheme and a Local Welfare Assistance Scheme. Additionally the Government funding changes give the Council a financial incentive / pressure in relation to Business Rates. These places additional risks upon the Council which has been assessed in the level of General Fund balances.</p>
7. The availability of other funds to deal with major contingencies	<p>The minimum level of reserves assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient, the minimum level of reserves may have to be used temporarily but restored to at least their minimum prudent level or the optimal level through future budgets. This risk based approach is set out in a separate report on General Fund balances.</p>
8. The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc)	<p>The Council acts to manage its borrowing prudently and in accordance with statutory guidance regarding affordability and sustainability with regard to debt expenses incurred in its revenue account.</p> <p>This is achieved through the Treasury Management Strategy and Investment Policy approved by Council each year.</p> <p>The level of borrowing is restrained through reducing the need for unsupported borrowing so the Capital Programme contains plans to minimise new borrowing. The additional costs of financing this debt are built into the 2013/14 budget and future MTFP assumptions and are contained within the overall parameters set by the Council for prudential borrowing,</p> <p>The assumed Council Tax collection rate for 2013/14 onwards is 96.75% and judged to be achievable. This has been reduced from 98.5% because of the expected reduction in collection resulting from the Local Council Tax Support scheme and changes to the Council tax Discounts and exemptions effective from April 2013.</p> <p>Legislation requires that any Collection Fund deficit be corrected through the Council Tax in the next year. There is no surplus to be distributed in 2013/14.</p>
9. The authority's track record in budget and financial management.	<p>As projected at Month 9 the 2012/13 revenue monitoring report is forecasting an overall overspend on the General Fund of £7.9 million. This has reduced from the £17 million that was reported at the end of Month 3 as a result of a number of actions including a spending freeze and the release of 'one-off' sums from reserves and provisions.</p> <p>In previous years the Council has managed its budget despite significant budget pressures. However this had been achieved through a number of savings of a 'one-off' nature such that recurring overspends had not been addressed and undermined the financial position of the Council. These have been identified through Budget Reviews in 2012 although funding from balances is required in 2013/14 order to address the shortfalls in Adults and Children's Services.</p>

Budget Assumption	Financial Standing and Management
	Ultimately, financial performance relies on all budget managers actively managing their budgets and complying with financial regulations, including not committing expenditure if there is no budget provision available.
10. The authority's capacity to manage in-year budget pressures	In order to improve the ability to manage in-year budget pressures a number of actions have been put in place. Improvements have been made to the financial monitoring system in terms of accuracy, the frequency of reporting and the challenge process. The budget preparation for 2013/14 has involved greater rigour and challenge as well as involvement from those delivering the services and the savings. This has enabled action earlier in the year to correct any over / underspendings and the ability to deliver what was planned. Equally, the ability to manage in-year pressures has been recognised in the local approach in reflecting risk in determining the appropriate level of General Fund balances and Reserves.
11. The strength of the financial information and reporting arrangements.	The in-year financial monitoring arrangements have been improved through the introduction of a more comprehensive monthly report as per 9 The draft Medium Term Financial Strategy has been improved and will further strengthen the basis of reporting. Appendices to the Budget report will show the budget over the three years 2013/16 and a budget book will be published in March.
12. The authority's virement and end of year procedures in relation to budget under / overspends at authority and directorate level.	There will be a review of the Budget virement policy to incorporate management disciplines to ensure management and policy actions are considered in relation to overspending budgets. Generally virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of General Fund reserves.
13. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. The level of the Insurance Reserve is regularly reviewed and is judged to be adequate in that estimated outstanding liabilities are covered by the balance on the Reserve.

ANALYSIS OF ROBUSTNESS OF CAPITAL ESTIMATES

Budget Assumption	Financial Standing and Management
1. Estimates of the level and timing of capital receipts.	<p>The Council's policy is to fund its Capital Programme over the three year MTFS cycle, from three sources:</p> <ul style="list-style-type: none"> • Borrowing (with provision made in the Revenue Estimates), • Grants, Government and Other; • Capital Receipts. <p>In respect of borrowing the objective is to minimise/eliminate:</p> <ul style="list-style-type: none"> ▪ Prudential Borrowing, and ▪ Revenue contributions, <p>unless the proposed spending can generate its own funding.</p> <p>Capital Receipts are managed through an officer group working to income generation targets as part of delivering the 2013/16 Capital Programme.</p> <p>Capital Receipts are invested as part of the Council's normal treasury management activity. The income continues to be used to help to support the Council's revenue expenditure.</p>

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WIRRAL COUNCIL

COUNCIL

5 MARCH 2013

SUBJECT	2013-16 MEDIUM TERM FINANCIAL STRATEGY
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the Medium Term Financial Strategy 2013-16. It is a strategic, financial document that set out the Councils financial approach for the planning period 2013-14 to 2015-16. It also incorporates the Treasury Management and Investment Strategy for 2013-2016 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Wirral is facing one of the most challenging financial periods faced by Local Government. The Council along with the majority of the public sector must realign itself to the new financial reality. The Government has set out how it aims to eliminate the budget deficit. The size of the reduction is leading to change across the public sector; much of this is impacting directly on local government.
- 2.2 Significant savings are expected throughout the period of the Medium Term Financial Strategy. Local Government's contribution to public sector savings is anticipated to be substantial, with spending on health, schools and overseas development being projected. The economy during the period 2013-16 will see weak economic recovery, while there is likely to be continued uncertainty in the eurozone. The cumulative effect is that the Council in the period of the Medium Term Financial Strategy will operate in a challenging and uncertain funding environment.

- 2.3 The Medium Term Financial Strategy as well as providing financial background, sets out the Councils budget strategy over the next few years. The responses and approaches that will be adopted to meet the challenges faced and resolve the funding gap. The Medium Term Financial Strategy contains the following sections:

Overview the period 2013-16

Resources

Revenue

Working Balances and Earmarked Reserves

Capital, Treasury, IT, Assets

Risk Management and Business Continuity

Procurement

Consultation

Wherever a financial estimate can be made of likely events this has been included. Given the level of assumptions for any projection of this type, only significant items have been included. The aim of this Strategy is not to give provisional budget figures, but to provide the Council with a framework with which to support planning considerations for the medium term. The Medium Term Financial Strategy will be completed following approval of the budget 2013/14, when all tables will be completed.

- 2.4 The Medium Term Financial Strategy incorporates the Treasury Management Strategy. This remains a key area of the financial strategy, especially with low interest rates and limited investment opportunity. It is included in appendix 3 and is subject to approval by the Council at the same time as the budget. The following paragraphs are specific to the strategy and highlighted to assist Members in their consideration of the Treasury Management Strategy.

- 2.5 CIPFA has defined treasury management as:

“the management of the organisation’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.”

- 2.6 The Council endorses this definition and acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective treasury management.

2.7 The purpose of the attached Treasury Management Strategy Statement is to set:

- The Treasury Management Strategy for 2013-16 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Prudential Indicators – information to ensure the Council’s capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The Council’s policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

3.0 RELEVANT RISKS

3.1 The Medium Term Financial Strategy provides a strategic overview of the issues facing future authority finances and includes a risk assessment.

3.2 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are important and integral elements of its treasury management activities. The main risks to the treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

4.0 OTHER OPTIONS CONSIDERED

4.1 There are no other options considered in this report.

5.0 CONSULTATION

5.1 The outcome of the What Really Matters will help influence future priorities and service delivery. The Medium Term Financial Strategy links to the Corporate Plan priorities. The Treasury Management Strategy has been written in consultation with the Council’s external treasury management advisors, Arlingclose Ltd. There has been no further consultation undertaken or proposed for this strategy 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 out of this report.

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

7.1 The resource implications are within the Strategy and the financial implications are updated by the Budget Projection reports submitted to Cabinet throughout the year. Approval and implementation of Treasury Management Strategy will limit financial risks while helping to minimise financing costs and maximise investment returns.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising out of this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising out of this report.

9.2 An Equality Impact Assessment (EIA) is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising out of this report.

12.0 RECOMMENDATIONS

Treasury Management and Investment Strategy 2013-16

12.1 That Members approve the Treasury Management and Investment Strategy for 2013-2016.

12.2 That the Prudential Indicators be adopted.

12.3 That Members approve the Council's Minimum Revenue Provision policy.

12.4 That the Council Officers listed within Appendix F, of the Strategy Statement, be authorised to approve payments from the Council's bank accounts for all treasury management activities.

The Medium Term Financial Strategy

12.5 That the Medium Term Financial Strategy be approved.

12.6 That regular updates of the Medium Term Financial Strategy be reported to Cabinet.

13.0 REASON FOR RECOMMENDATIONS

- 13.1 The Corporate Plan identifying how the corporate objectives are to be achieved which are delivered through the setting of the annual Budget. The Medium Term Financial Strategy indicates the resource issues and principles that shape the Budget as by identifying current issues as well as potential developments / related issues the Strategy helps inform future revenue and capital budgets.
- 13.2 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.
- 13.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) also places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.
- 13.3 Following staffing changes, Members are asked to approve a revised list of Officers to approve treasury management activities.

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APPENDICES

Medium Term Financial Strategy
Treasury Management Strategy at Appendix 3

REFERENCE MATERIAL

CLG Local Authority Investment Guidance, 2004
CLG Changes to the Capital Financing System Consultation, 2009
Code of Practice for Treasury Management in Public Services (2011 Edition), CIPFA 2011.
Prudential Code for Capital Finance in Local Authorities (2011 Edition), CIPFA 2011.

SUBJECT HISTORY

Council Meeting	Date
<u>The Medium Term Financial Strategy</u> Cabinet - Medium Term Financial Strategy Cabinet - Medium Term Financial Strategy Cabinet - Draft Corporate Plan for 2011-14 Cabinet - Delivering the Corporate Plan Cabinet - Budget Projections 2012-2015	13 October 2011 4 November 2010 17 March 2011 14 April 2011 1 September 2011
<u>Treasury Management and Investment Strategy 2013- 16</u> Cabinet - Treasury Management and Investment Strategy 2012 to 2015 Cabinet - Treasury Management Annual Report 2011/12 Cabinet - Treasury Management Performance Monitoring Cabinet - Treasury Management Performance Monitoring Cabinet - Treasury Management Performance Monitoring	20 February 2012 21 June 2012 6 September 2012 8 November 2012 7 February 2013

2013-16 Medium Term Financial Strategy.

Contents

- 1 Overview**
- 2 Resources**
- 3 Revenue**
- 4. Working Balances and Earmarked Reserves**
- 5. Capital, Treasury, IT and Assets**
- 6 Risk Management and Business Continuity**
- 7 Procurement**
- 8 Consultation**

Appendices

- | | |
|------------|-------------------------------------------------------|
| Appendix 1 | Population Trends |
| Appendix 2 | Capital Strategy |
| Appendix 3 | Treasury Management and Investment Strategy 2013-2016 |

1 Overview

1.1 Purpose of the Document

The Medium Term Financial Strategy is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which improvement and transformation of Wirral Council's services can progress.

The Council is facing a challenging financial future. The setting of next and future year's budgets will be difficult. The level of savings required to balance the Council's budget are significant and will be of a similar size to those that occurred in 2011/12 and 2012/13. Significant savings are expected throughout the next 3 years and beyond as public sector expenditure is reduced.

It is through the MTFS process that the Council sets out how it will respond to the new financial realities it faces over the period 2013-16. The strategy also links with Wirral's vision and priorities. It shows how our finances will be structured and managed to ensure that they meet future financial challenges, as well as supporting the priorities of the Council and its partners.

Each year there is the short-term requirement to prepare an annual budget and set the council tax. The achievement of Wirral Council's long-term objectives however, with the planning of new initiatives, capital developments and the allocation of resources in response to changing service needs, requires service and financial planning to be undertaken over more than one year. The MTFS therefore looks to take into account the longer term implications of the following:-

- Resources – forecast future resource levels on both revenue and capital;
- Revenue - forecast service pressures as a result of the impact of demographic and other changes on service demands;
- Prioritise - relate service demands and priorities to likely resource availability;
- Plan - provide a financial framework within which business planning can proceed effectively.

In addition to the Wirral Council's annual budget the following are the major strategy documents in support of the MTFS:-

- Capital Strategy
- Corporate Asset Management Plan
- Capital Programme Summary
- Treasury Management Strategy
- IT Strategy

1.2 Links to Key Corporate Plans and Strategies

The MTFS complements the Corporate Plan as a means of ensuring that Wirral Council's finances are aligned with its vision, aims & priorities.

1.3 National and External Influences

National Influences

The MTFS for the three years, 2013-14 to 2015-16 has been developed against an uncertain financial economic picture. The outlook for the next 3 years for the British economy continues to be uncertain. The major national influences on the Councils MTFS are detailed in the following paragraphs.

The Governments Deficit Reduction Programme

The Governments Spending Review 2010 (October 2010) covering the period 2011/12 to 2014-15; during this period Local Government funding has been reduced by more than average for the public sector as a whole. The cuts were front loaded with the largest reductions taking place in 2011/12 and 2012/13.

The Autumn Statement (November 2011) announced a further two years of cuts for 2015/16 and 2016/17. The allocation to specific Government departments and so to local government has yet to be announced.

The Autumn Statement (November 2012) announced a further 2% cut to local government spending in 2014-15, over and above the already announced Spending Review 2010 reductions.

The National Economy

A one year spending Review will be finalised in 2013 for 2015/16. It is anticipated that further reductions will be made in areas such as Local Government. The level of Central Government funding is the biggest financial factor influencing the Council. This level is in turn influenced by the state of the national economy.

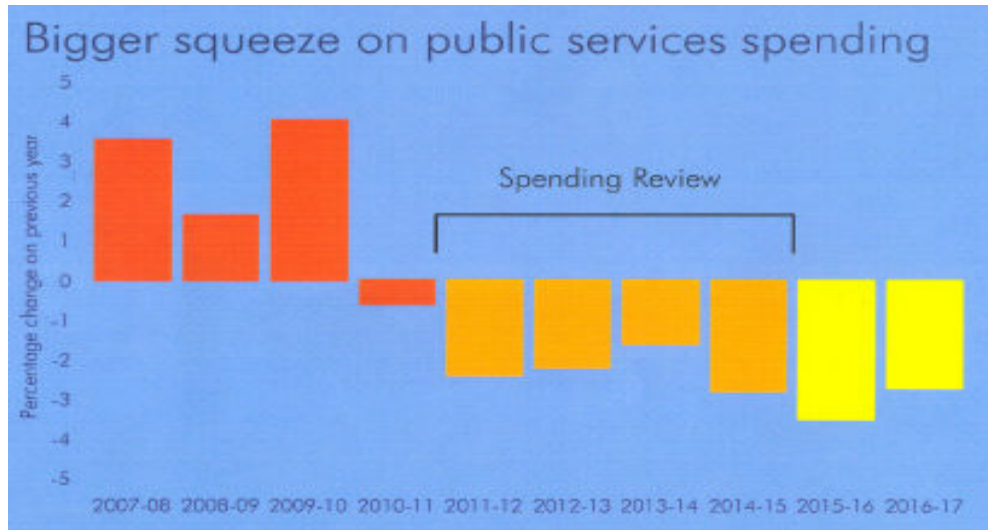
The national economic outlook is unclear over the next five years. This is due to the effect of the following:-

- The Governments continued fiscal reductions and austerity measures;
- Higher than expected inflation, especially in items such as food and fuel;
- The Euro area crisis. There continues to be economic instability and uncertainty in the Eurozone. This is feeding through to household and business decisions and to tighter credit conditions. All of these impact on the health of the British Economy.

The National Impact on the Local Outlook

The period beyond 2013/14 is uncertain in terms of the support that the Council receives from Central Government.

Two further years of austerity 2015/17



Source: Office for Budget Responsibility (November 2011)

It is not known how further reductions in public sector expenditure or central government spending will affect funding to local government. As such the future years of this MTF period continues to be cloaked in uncertainty. The risk is that there will be more reductions in the next spending review period` from 2015/16. These would be on top of the reductions in Wirral's funding in 2013/14 and 2014/15, announced in the Local Government Finance Settlement. There is, as stated before, little information available about the funding levels in 2015/16 and 2016/17. In the coming years the national economic situation will impact on all public sector organisations in Wirral and the wider Wirral region.

1.4 Local Factors

Population

A number of local factors have an impact on service delivery and associated costs; as well as levels of demand for services and allocation of funding by central Government. The most significant of these factors is population.

Population Trends

The current resident population of Wirral, as at mid 2011, is 310,400 (using 2010 ONS estimates). Population projections have not yet been produced which take into account the results of the 2011 Census. The latest ONS population forecast is based on the mid year 2010 figures. ONS have predicted a 5.68% increase in Wirral by 2031. This contrasts with a significantly larger increase for England and the North West overall, which are projected to increase by 14% and 12% respectively over the same period. By age, the population of younger people aged 0-15 is expected to rise slightly, but then tail off again after 2026. A striking feature of these projections is the percentage decrease in Wirral (and Merseyside overall) in the working age population, those aged 16 to 64. In Wirral, there is projected to be a 5.16% decrease in the population, compared to a 2.7% decrease in Merseyside, a 6.92% increase in England and a 3.41% increase in the North West.

The population of older people aged 65 and over is projected to increase by 16.03% over the period 2010 to 2016. In addition the percentage of people aged 75 plus continues to increase. Forecasts suggest that the percentage of the population aged 75+ will increase from 12.17% in 2012 to 12.60% in 2016. This is anticipated to lead to an increased demand for older people's services resulting from both an increasing older people's population and also an increase in the average age of older people.

Deprivation

Deprivation has been identified using the Index of Multiple Deprivation (IMD) 2010. This shows that the majority of the areas of acute deprivation are in Bidston and St James and Birkenhead and Tranmere wards. The majority of the least deprived areas of Wirral are in Heswall ward (Gayton and Heswall) with some other areas in West Kirby and Thurstaston Ward (Caldy area), Hoylake ward and Clatterbridge ward. In summary there is a north and east/west and south split in Wirral with regard to deprivation.

Effect on Services

The Council is continuing to analyse the impact of population forecasts in terms of its medium term planning of services. Appendix 1 contains further details on Wirral's local population and its characteristics.

1.5 Budget Priorities

Wirral Council will seek to safeguard those services that it considers to be highest priority. The Council may make savings in priority areas only if there is no significant adverse impact to quality and level of service provision. For example, the Council may find a more efficient means of delivering services, or partnership funding may be secured. Otherwise, Wirral Council will not make savings that result in diminution in service quality in these areas unless there is absolutely no alternative e.g. inability to balance the budget. The approach will be to not direct cuts to services wherever possible, but to implement transformational change (delivering quality services within the reduced budgets now available).

In approving the budget savings options for 2013-14 the council has had regard for those services deemed to be of the highest priority.

Wirral Council acknowledges the need to provide statutory services, and in many cases these will be consistent with its priorities. Where the link between the need to provide a statutory service and Corporate Plan priorities is not as strong, the Council will provide a level of service consistent with affordability. Efficiency gains and partnership working will be explored as means of providing statutory services to an acceptable level at a lower cost. In some circumstances, Wirral Council will consider reducing the level of service in order to make savings and redirect resources to the Council's highest priorities.

To ensure the Council has rigorously looked to avoid expenditure that directly affects residents it has used a savings prioritisation analysis, to minimise cuts and reductions to services - this is detailed at section 3.3.

Subject to the above, unavoidable and essential growth items will be funded by the making of savings from elsewhere within the Wirral Council budget, or the generation of

additional income. The Council will manage its budget as a corporate whole, if necessary transferring money from one activity to another if this is what is necessary to match limited resources to the highest priorities.

1.6 Data Quality

We are committed to maintaining and improving the quality of the financial and non financial data underpinning our medium term financial strategy. This will be achieved through greater integration of both financial and non financial planning, so that we are using the same data for service and financial planning.

The Council participates in a number of benchmarking arrangements at both sub-regional and national level to enable it to assess performance against similar organisations and geographic neighbours. The use of benchmarking data assists in the continuous improvement in both delivery and value for money of the services it provides.

1.7 Equality

Equality and diversity themes are embedded into policy development and service planning as well as the budget planning process. We actively promote equality of opportunity and are committed to eliminating unlawful discrimination for all our residents, customers and employees. The Council values diversity, mainstreaming equalities into all of its service planning to enhance quality, improve access and deliver better value.

2. Resources

2.1 Local Government Funding

The 2013/14 year will see the implementation of a major change to how local government is funded. The fundamental changes and implications for future Council resources include:-

- Changes to the local financing system, including the localisation of business rates;
- Changes to formula funding and the calculation of baseline funding for the Council, called Start Up funding;
- A new treatment of specific grants such as Early Intervention Grant;
- Welfare reform including the localisation of Council Tax Benefits;
- Council Tax reforms, including changes to exemptions and discounts.

The Local Government Finance Settlement announced our funding allocations for 2013/14 and 2014/15 (indicative). This is set out in the following sections:-

Start-Up Funding

The Government, as part of the consultation on the changes to the local government finance system, announced that for 2013/14 no local authority would be better or worse off than they would have been under the current formula grant system. To ensure that local authorities have a stable starting point at the beginning of the new business rates retention scheme, the Government has calculated a start-up allocation based on 2012/13 formula and current data.

For 2013/14 and 2014/15, each council has been assigned a Start-Up Funding Assessment. This combines formula funding (what formula grant would have been had it continued) and rolled-in grants (previously specific grants now deringfenced and included in the single assessment).

The formula funding element has been calculated on a similar basis to formula grant in 2012/13. This calculation has been adjusted for technical changes that were part of the July 2012 consultation on the data components.

For Wirral, the government's calculation of start-up funding comprises of the following:-

	2013/14 Start -up Funding £m	2014/15 Indicative Funding £m
Grants Rolled in Using Tailored Distributions	13.417	
Relative Needs Amount	113.164	
Relative Resource Amount	(31.235)	

Central Allocation	44.122	
Floor Damping	0.016	
Central Education Functions within LACSEG	(6.801)	
Formula Funding	132.684	140.602
Add Grants rolled in		
2011/12 Council Tax Freeze Compensation	3.286	3.286
Council Tax Support Funding	23.785	0
Early Intervention Funding	11.112	10.404
Homelessness Prevention Funding	0.066	0.066
Lead Local Authority Funding	0.123	0.123
Learning Disability and Health Reform Funding	7.073	7.250
Total Grants Rolled in	45.466	21.129
Total Start Up Funding	178.129	161.731

The total start-up funding is dependent on the business rate retention mechanism. The council's net rate yield is adjusted to take account of the amounts to be paid to central government and the a share to be passed to the Merseyside Fire and Civil Defence Authority to give the council's retained business rates (RBR) element:

	£m
Net Forecast rate yield	64.130
Less: Amount to be paid to Central Government (50%)	32.065

Business Rates Baseline	32.065
Less: Amount to be paid to Merseyside Fire and Civil Defence Authority (2%)	0.641
Retained Business (RBR) element:	31.424

To this RBR is added the retained business rates (RBR) top up which is fixed, and the Revenue Support Grant, also fixed, to give total start-up funding. This is shown in the table below:

		2013/14 £m
Retained Business Rates (RBR)	Variable amount	31.424
RBR Top up from Government	Fixed amount	39.738
Revenue Support Grant	Fixed amount	106.967
Total 2013/14 Funding		178.129

Actual retained business rates income for 2013/14 will be dependent on the assessed rateable values, effect of appeals and collection rates. The NNDR1 return estimates this amount.

There is uncertainty over the operation of the business rates retention scheme. This presents significant risk to the Council. Any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resource available and therefore on resources available to fund and to provide services.

Although the business rates retention scheme will include a safety net at 7.5% to protect local authorities from significant reductions in business rates, this means that shortfalls from 0% - 7.5% will not be protected and will have to be borne by the local authority. It would be possible for a local authority to lose just below 7.5% for a number of years and never receive any safety net payment. In addition, the council has to estimate for the impact of appeals. Business rates are clearly very significantly influenced by the overall economic climate.

Revenue Spending Power

As part of the 2013/14 finance settlement the government announced for all councils reductions in their spending power when compared to the previous year. According to DCLG analysis, Wirral has incurred a £7.37m reduction (2.4%) excluding the transfer of

public health funding. This compares with a reduction for Metropolitan Districts of 1.7%. At a national level the reduction is 1.7%.

The analysis of movements from 2012/13 to 2013/14 is extremely complex as new funding arrangements are introduced. In total, reductions for 2013/14 are as predicted and in many respects as expected from the Spending Review.

Education Funding and Schools

The Dedicated Schools Grant (DSG) is funded 100% by government with no funding from local taxation (Council Tax or business rates). The grant is specific and has to be spent on schools (although local authorities are able to provide a top-up from Council Tax or other local sources).

There have been significant changes to how DSG will be determined in future. Previously the overall value of DSG has only been updated for changes in pupil numbers through the Guaranteed Unit of Funding (GUF). In the last two years GUF has been the same as the previous years. The DSG did not take account of any other changes in pupil characteristics e.g. relative age, levels of special need/deprivation.

Following extensive consultation the DSG will in future be calculated in three blocks; Schools, Early Years and High Needs. The Schools and Early Years block are both allocated on a per pupil basis. The amount per pupil is determined by splitting the 2012/13 DSG for each authority into the relevant blocks. For Schools and Early Years this is divided by the number of pupils used to allocate 2012/13 DSG to determine the amount per pupil. The same amounts per pupil are used to allocate 2013/14 provisional DSG (based on October 2012 schools census). This methodology means that each authority receives a different amount of DSG per pupil for these two blocks (based on historical allocations under the previous arrangement), and for 2013/14 receives the same per pupil as they would have received under the old GUF (allocations now reflect changes in early years and school pupil numbers).

The calculation of the high needs block is based on the 2012/13 baseline (i.e. not adjusted for any changes in the number of high needs pupils or their needs). The baseline is set on an agreed number of high need places (based on local authority returns) and includes the removal of inter authority recoupment. There is also an adjustment relating to changes in 16+ high needs pupils not the responsibility of the Education Funding Agency (EFA) for the academic year starting August 2013.

The provisional DSG for 2013/14 includes additional funding for the expansion of the two year old programme (including the transfer from local authority EIG), transition funding following the end of floor protection for 3 year old funding and transfer of funding for induction of newly qualified teachers (NQTs). Finally, there is provision for a cash floor to protect any overall reduction due to falling pupil numbers to no more than 2% (although no authority qualifies for this floor in 2013/14 provisional allocations).

Although the overall value of DSG has increased this is mainly due to the additional pupils within the Schools block, the transfer of responsibility for 16+ high needs students, the transfer of additional responsibilities for 2 year olds and NQT induction. Individual schools allocations are still governed by a minimum funding guarantee (MFG) of -1.5% per pupil which the Government has confirmed will apply in 2013/14 and 2014/15.

The responsibility for local authority central spend equivalent grant (LACSEG) has transferred to DfE. Current spending at a national level (adjusted for planned reductions in SR2010 spending totals) has been deducted from the baseline used for the new business rates arrangements. DfE will allocate a new Education Services Grant (ESG) to individual local authorities on a national per pupil basis to provide central services for maintained schools. The 2013/14 ESG for local authorities has been announced as £116 per pupil in maintained schools plus £15 per pupil in all schools to reflect statutory duties not transferring to academies although provisional allocations have not yet been released. Academies will also receive an ESG allocation of £150 per pupil in 2013/14, (reducing to £140 in 2014/15), some academies will also receive transitional protection to mitigate reductions against previous higher LACSEG allocations.

2.2 Council Tax strategy for financial planning purposes

In developing a council tax strategy, Wirral Council has to balance between the needs of service users, who are often some of the most vulnerable people in our society, and the burden of the council tax on local council tax payers. With the Government placing severe constraints upon the level of general grant support, the burden of financing increasing service demand falls primarily upon the level of council tax.

The Council faces two choices - to increase the Council Tax or to take a grant in lieu.

The Government has implemented a referendum regime from 2012 onwards, for Council Tax increases that it regards as excessive. For 2013-14, under the Government's regulations the Council is allowed to increase Council Tax by 2%. This would equate to a 1.6% increase in the Wirral Council element of the tax, with increases in levies accounting for the rest of the difference. This would result in an increase on Band D from £1,253.20 p to £1,278.64p. However the increase is available for future years.

The alternative is a Freeze Grant.

The three years of Freeze Grants has the following history

2011-12 Council Tax Freeze Grant - income that is received by Wirral

- Percentage - 2.5%
- Grant amount - a grant of £3.285m pa
- Duration – 2011-14 and future years.

2012-13 Council Tax Freeze Grant - income that is received by Wirral

- Percentage - 2.5%
- Grant amount - a grant of £3.285m
- Duration – 2012-13 only.

2013-14 Council Tax Freeze Grant – Decision by Cabinet 18 February not to take Council Tax Freeze Grant

2.3 Projections for General Fund Resources 2013-14 to 2015-16

The forecast level of overall general fund resources available to the Council, including Formula Grant and Council Tax income, over the next planning period is as follows:

General Fund Resources 2012-16

Financial Year	Formula Grant/ Localised Rates £m	Council Tax Freeze Grant £m	Council Tax Income £m	Collection Fund £m	Overall Financial Resources £m	Change from Previous Year %
2012-13	144.737	6.573	108.247	1.455	261.012	-
2013-14	136.053	0	111.357	0	247.410	5%
2014-15	125.169	0	111.357	0	236.526	4%
2015-16	115.156	0	111.357	0	226.513	4%

NB. Localised Business Rates from 2013/14 onwards.

The figures for formula grant/localised rates shown above exclude the affect of grants that have rolled into and form part of the Councils Start Funding. The above set out changes in the Councils underlining level of general fund resources for 2012-16. There was no change to the council tax base resulting in no change in Council Tax income in 2014-15 compared to the previous year. The figures assume no increase in Council Tax for 2014-15 or thereafter.

3. Revenue

3.1 Cost Pressures

The financial pressures in the period 2013/16 facing Wirral Council are considerable. There are five lines of enquiry for cost pressures and change that the Council has to manage. These result from events beyond the Councils control but must be faced.

Growth Changes

- Economic – loss of income and jobs: inflation;
- Demographic – increase in elderly with resultant costs;
- Policy – budget correction, Government Legislation, grant settlement;
- Technology - change in work practises and service possibilities;
- Climate - change in standards, availability of resources and adaptive consequences, such as disease.

As part of 2013/16 growth will be examined and challenged to explore alternative options for meeting the cost pressures faced.

Wirral Council, as mentioned, has never attempted this degree of budgetary and organisational change before, both in the size of the task and the pace at which it has to be delivered. The enhanced degree of risk in 2013-14 will be reflected in the level of Working Balances the Council should hold to cover the greater exposure. The challenges facing the Council are considerable.

The basis of the level of general fund balances framework is an area of risk, a budget amount, an assessed level of risk, and a percentage factor, which will vary according to the level of risk, which produces a value. The total of the value column is the level of balances required to cover the identified risk. The following example from 2012/13 illustrates this:

Salaries budget: £140.936m Risk: low Factor: 0.1% Value: £141k

The areas of risk considered in the general contingency are set out in the Cabinet on the 18th February 2013, with an explanation of the potential risks faced by the Wirral Council. The calculation of the level of General Reserves Balances is as follows:-

2012-13	2013-14	2014-15	2015-16
£12.485m	£13.006m	£17.739m	£13.140m

These pressures are a mix of clear cost pressures, which are quantified in-year as part of the normal budget monitoring process and other factors, which are much more challenging to quantify. This is because some external factors are outside the Council's control or influence and therefore best estimates must be made.

A balance needs to be struck between areas where budget pressures need to be recognised within the medium term plan where they are quantifiable, and areas of risk where it is deemed that the level of balances held, derived through a robust risk assessment process will cover any potential realisation of the financial impact of that risk.

3.2 Overall Financial Projections for 2013-14 to 2015-16

	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Increased costs (including demographic changes)	22	13	12	47
Reduced Grants	17	30	15	62
Funding Gap	39	43	27	109

In the Budget 2013/16 - Initial Proposals report to Cabinet on 20 December 2012 the Budget Projections 2013/16 indicated a shortfall between costs and resources of £109m. The total savings proposed in the budget by Cabinet on 18 February 2013 for 2013/14 amounts to £41.2m with £27.5m also proposed for the years 2014-2016. As a consequence some £40.3m still has to be found to achieve the total of £109m by 2016.

The 3-year financial projections highlights that there continues to be a gap between the Councils available resources and spending pressures. As mentioned before the Council has been, and will continue to be, in one of the most challenging financial periods it has ever faced. The Spending Review period to 2014/15 will see the greatest ever post war reduction in Local Government funding. To respond to this the Council must reshape to meet this new financial reality. Wirral has made savings in the period 2011-2013 and will do so again in 2013/14. Significant savings are expected throughout the spending review period and beyond. The Council is working in an increasingly difficult and unpredictable financial environment.

3.3 The Revenue Budget Strategy to meet Pressures

In order to meet these challenges and close the financial gap the Medium Term Financial Strategy will drive forward the financial planning process. Wirral's financial strategy to close the gap will be based on the following:-

Prioritisation

The medium term planning cycle aims to link resources to Wirral objectives and priority areas. The Council recognises the pressures on its budget and, while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible. The approach will be to continue to avoid direct cuts to services where possible and deliver transformational change. The budget building has

been informed by valuing what is most important for residents. To enable this, savings are differentiated between those that do not directly affect residents, such as efficiency gains, and savings that have an impact on residents, such as reduced standards or stopping services.

The priority approach assesses savings options under the following classifications of savings:-

Savings affecting residents less

Organisation	Arrange People Better
Lean	Better Processes
Procurement	Buy at a Lower Price
Shared Services	Spread Costs to Others
Capital	Reduce Revenue Costs
Terms & Conditions	Terms and Conditions of Employees
Sweat the assets	Improve Income
Change Assumptions	Revisions to Future Predictions

Savings that affect residents directly

Change Standards	Usually reduce Service Standards
Stop Doing Things	Cease Services

Finally, to guide the identification of savings opportunities, the Council has adopted a cost/performance analysis to identify high cost or low performing services. The work is complex and will become available from June 2013 onwards, for use in 2014-15 budget round.

Partnership

The Council will seek new funding and new ways of working with support provided by the outside organisations. Cabinet Members will continue to look at new methods of service delivery over the three-year budget period to improve services to the public and the value for money that they provide.

Efficiency and Productivity

That Council recognises the need to improve efficiency and deliver value for money. Cabinet Members will seek to identify efficiencies that will not impact on service delivery, and to identify options that will improve the value for money services through improving performance and/or reducing service costs

Pressures

That the Council has determined, that given the financial pressures faced by Wirral, growth can only be supported in priority areas, or where the Council is required to fund

new items e.g. by new legislation. Demand across a number of services will increase in the future, especially in social care areas, at a time when grant funding from the Government is reducing.

Multi Year

The budget will be agreed in early March 2013, and will cover a three year period to avoid taking a series of annual short term decisions. The vision is to imagine the Council in April 2016, and look back on how well the journey, over the three years, was accomplished.

Capital and Revenue

The budget is better linked as there are significant revenue costs arising from capital schemes (for example, schools), just as some capital spends, such as refurbishments, can reduce revenue expenditure on maintenance.

Transparent

This year's budget process improved the transparency of decision making. The budget consultation process shared with residents the entire budget saving options at the beginning of the process and categorised them in terms of their effect on residents. Residents were able to see the range of options that Members would consider.

Consultative

The budget process has sought as wide a canvass of views as possible. It has used a number of methods to gain everyone's opinions and views.

4. Working Balances and Earmarked Reserves

Wirral Council adopts a risk-based approach to financial planning, which is used to determine the minimum level of reserves required. Compliance against this benchmark is monitored on a regular basis and reported to Members through the revenue budget monitor. The aims of the strategy are to:-

- Ensure the Working Balance is set at a reasonable level – this is the Council's 'last line of defence' should unforeseen financial difficulties emerge;
- Ensure earmarked reserves are set at a reasonable level to cover specific financial risks faced by Wirral Council – these may also be used on a short-term temporary basis for other purposes provided the funding is replaced in future years.

Wirral Council's risk-based reserves strategy needs to be applied in the context of the current state of the economy, the other financial risks facing the council and the underlying financial assumptions within the medium term financial plan. The level of the Working Balance has to be maintained at £13m for 2013-14 which represents 4.5% of Wirral Council's 2013-14 net revenue budget.

The Council maintains earmarked reserves in addition to its Working Balances, which are set aside for specific purposes. The Council is obliged to maintain a number of Legally Restricted Reserves; these are sums of money that the Council is required to set aside for legally defined purposes (e.g. the Dedicated Schools Grant). The main earmarked reserves are set out in the table below and a brief description of each category of earmarked reserve is given.

- Housing Benefit Reserve - The reserve is held to meet ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy against recent years plus further development of the administration of housing benefits.
- Insurance Fund Reserve – This is primarily to cover possible liability insurance claims. The overall estimate of the amount required is based on an actuarial assessment.
- Working Neighbourhoods Fund – Resources used to commission activity to tackle worklessness programmes.
- Debt Restructuring Fund – A reserve to cover premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.
- Grant Reserves – To cover potential clawback of grants.
- Management of Risks - A number of reserves maintained for very specific uses and risks.
- The Schools Balances are not available for Wirral Council's general use.

The current levels of Earmarked Reserves are shown in the table below.

Earmarked Reserves 2012/13

	Balance at 1 April 2012 £000	Movement in year £000	Current Balance 31 Dec 2012 £000
Housing Benefit Reserve	11,155	(2,000)	9,155
Insurance Fund	9,635	(543)	9,092
Working Neighbourhoods Fund	7,959	(7,073)	886
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	(296)	1,588
Management of other risks	32,530	(9,556)	22,974
School Balances and Schools Related	15,144	(280)	14,864
Total Reserves	86,248	(19,748)	66,500

A statement on the robustness of the estimates for 2013/14 to 2015/16 was reported to Cabinet on the 18th February 2013 giving reasonable assurances about the estimates and setting out the key processes that were followed including:-

- the issuing of clear guidance on preparing budget growth and savings options for the three year period 2013/16;
- peer review by finance staff involved in preparing the standstill [base] budget i.e. the existing budget plus inflation;
- the use of budget monitoring, and the bad budget review, in 2012/13 in order to re-align budgets with current demand, for 2013/14 and future years;
- a review by the Management Team, supported by a series of officer challenge sessions, of proposed savings and their achievability;
- a Member review and challenge of each proposal through the Overview & Scrutiny Committees and Cabinet;
- the Chief Financial Officer providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy); and
- extensive consultation with the public and various groups including the business community and voluntary sector.

In summary, although the budget position is very challenging and will remain so for the foreseeable future, the Director of Finance considers the level of reserves and balances to be reasonable for 2013-14 based on:-

- Working Balances of £13m, which at 4.5% of the 2013-14 net revenue budget is reasonable given the financial risks the council is facing;
- Current general fund earmarked reserves totalling £66m (of which £23m are related to identified risks)

A framework for a risk based approach to reserves and balances was the subject of a separate report to Cabinet on the 18th February 2013. Whilst the level of reserves and balances have been determined as sufficient for 2013/14 the report sets out an increased level of risks that will apply from 2013/14 when significant risks are transferred from Central Government to Local Government through legislative changes and new burdens including the localisation of business rates, benefit changes, health reforms etc. The level of Working Balance has been determined as £13m for 2013-14, £18m for 2014-15, and £13m for 2015-16.

5. Capital, Treasury, IT and Assets.

5.1 Balance Sheet Management

Balance sheet management is a comprehensive approach to managing assets and liabilities to ensure that resources are used effectively (both financially and operationally) and that appropriate governance arrangements are in place around the use of public sector assets and liabilities. Failure to do this could expose the authority to a range of operational, reputational and accounting risks.

We already have embedded processes to review our fixed assets and strategies for treasury management and borrowing. Over the course of 2013-14 we will undertake a self-assessment of process for managing and making provisions for outstanding debtors to ensure that it is effective and will implement any appropriate changes.

5.2 Capital Overview

The MTFs includes the capital strategy for a three year period 2013-14 to 2015-16. The strategy is designed to maximise outcomes through a prioritisation of limited resource allocations. The Council will continue to identify future capital resources including a review of its own asset holding, the latter aiming to generate receipts to be reinvested into its capital resources. In addition the strategy seeks to minimise the level of unsupported borrowing where no additional source of income or saving can be identified to cover the ongoing revenue costs.

5.3 Capital Strategy

The Capital Strategy (Appendix 2) is concerned with, and sets the framework for, all aspects of the Council's capital expenditure over the 3 year period 2013-14 to 2015-16 – its planning, prioritisation, management and funding. It is closely related to, and informed by, the Council's Asset Management Plan and is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS). It is also essential that the strategy reflects the wider private sector investment into the overall regeneration of the area.

The key aims of the Capital Strategy are:

- how the Council identifies, programmes and prioritises capital requirements and proposals;
- provide a clear context within which proposals are evaluated to ensure that all capital investment is targeted at meeting the Council's Corporate Plan objectives;
- consider options available to maximise funding for capital expenditure;
- identify the resources available for capital investment over the three year planning period;

5.4 Treasury Management

The Treasury Management Strategy is detailed in Appendix 3 and sets out the expected treasury operations for this period, linked to the Council's Medium Term Financial Strategy, Capital Strategy, Asset Management Plan and the Council's Corporate Plan.

It is inextricably linked to delivering the Council's priorities and strategy. It contains four key legislative requirements:-

- The Treasury Management Strategy Statement which sets out how the Council's treasury service supports capital decisions, day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit required by S3 of the Local Government Act 2003 and is in accordance with the CIPFA (Chartered Institute of Public Finance & Accountancy) Codes of Practice;
- The reporting of the prudential indicators for external debt and the treasury management prudential indicators as required by the CIPFA Treasury Management Code of Practice;
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Department for Communities and Local Government (DCLG) Guidance on Local Government Investments updated in 2010. It is proposed to reduce the Council's minimum long term credit rating requirement from A to A- to enable investment with a wider group of counterparties whose credit standing has not changed but whose ratings are lower because more stringent tests are now applied by credit rating agencies;
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year as required by Local Authorities (Capital Finance and Accounting) Regulations 2008.

Revised editions of the CIPFA Prudential Code for Capital Finance in Local Authorities and CIPFA Treasury Management Code of Practice were published in November 2011. The changes are largely regulatory updates and there is little material change affecting the Council. The Council has adopted the codes and the Treasury Management Strategy Statement 2013-14 reflects the updated codes.

One element of the revised Treasury Management Code is that the wording of the Treasury Policy Statement must be amended to include the reporting of financial instruments used to manage risks. The revised statement also now includes high level policies for borrowing and investments.

5.5 Information Technology

The ICT Strategy for 2013 to 2015 will be submitted to Cabinet separately. Its key components include implementing the conclusion of the Strategic Review of Social Care information systems in DASS and CYPD over the next year, starting the project investigating joining the Cheshire West and Cheshire East ICT Shared Service facility, and the investment in enhanced Broad Band facilities across the Wirral. In addition the Authority has begun the full Agile working programme for Council staff supported by ICT changes. This will facilitate working away from Wirral offices, supporting the use of mobile devices for staff working in the field, and reducing the need for office space by supporting hot desk working and secure working from remote locations. The strategy also plans for a refresh across the Council of obsolete equipment. This will make all staff more efficient and reduce the maintenance load on much of the desktop equipment.

5.6 Asset Management

After its staff the council's land and property is the next biggest resource. The Asset Management Plan is vital to ensure that this resource is utilised and managed effectively and efficiently so that the council derives maximum benefit from its assets in support of its strategic aims and priorities, as well as use the asset base to shape and influence the quality of life for local people and businesses.

Assets will therefore only be retained where it can clearly be demonstrated that they:-

- contribute to the effective delivery of business provision (i.e. the condition and performance of the asset does not impede service delivery);
- support and meet the social, economic and environmental well-being objectives of the community;
- assist in the delivery of the Wirral's strategic, economic and regeneration objectives and/or;
- provide value for money (in respect of their current or future investment, capital value and/or ability to influence regeneration).

Where assets do not satisfy the above criteria consideration will be given to the asset either being better utilised, freeing up accommodation elsewhere or disposed.

The asset will be reviewed on a regular basis to challenge the retention of assets on the grounds stated above. A review of accommodation and buildings is on-going which, it is anticipated, will generate savings. A review of the rest of the operational estate has also recently commenced which will look at opportunities for the generation of capital receipts.

Key Challenges

In developing an asset management plan it will need to be flexible to take account of and accommodate a variety of factors and challenges which will impact on the future of the asset base. In summary these include:-

- The reduction in Local Government funding over the coming years and the year on year reduction in available revenue and traditional forms of grant funding;
- Changes in legislation;
- Global and national economic climate and the influence of the local property market;
- Protection of key front line services and better alignment of asset provision to service delivery;
- Growing gap between required investment in the asset base (to tackle maintenance backlog and known growth items) and the availability of funding;
- Maintain existing income levels from letting/use of Council premises by third parties.

6 Risk Management and Business Continuity

The MTFFS demonstrates how financial planning over the medium term enables Wirral Council to invest in its priority services, and deliver its objectives within the resources available, whilst ensuring the sustainability of the Council's finances over future years. The degree of certainty about assumptions and figures reduces in relation to future years, so it is vital that the council has the flexibility to manage the risks of reduced funding and growing costs and demands.

Wirral Council is also budgeting to hold a suitable level of general balances, based on an assessment of the financial risks facing the authority. This is summarised in the above section on Balances and Reserves.

The level of risk is below the level of balances currently held, which is therefore deemed to be at an appropriate level. The level of balances and reserves will be reviewed on an ongoing basis. Whilst many budgets carry a low level of risk, assumptions concerning demand led services can prove to be inaccurate. Where overspending occurs, directorate monitoring procedures allow it to be identified and addressed at an early stage. These procedures may not be sufficient to mitigate all risk and a residual risk is recognised.

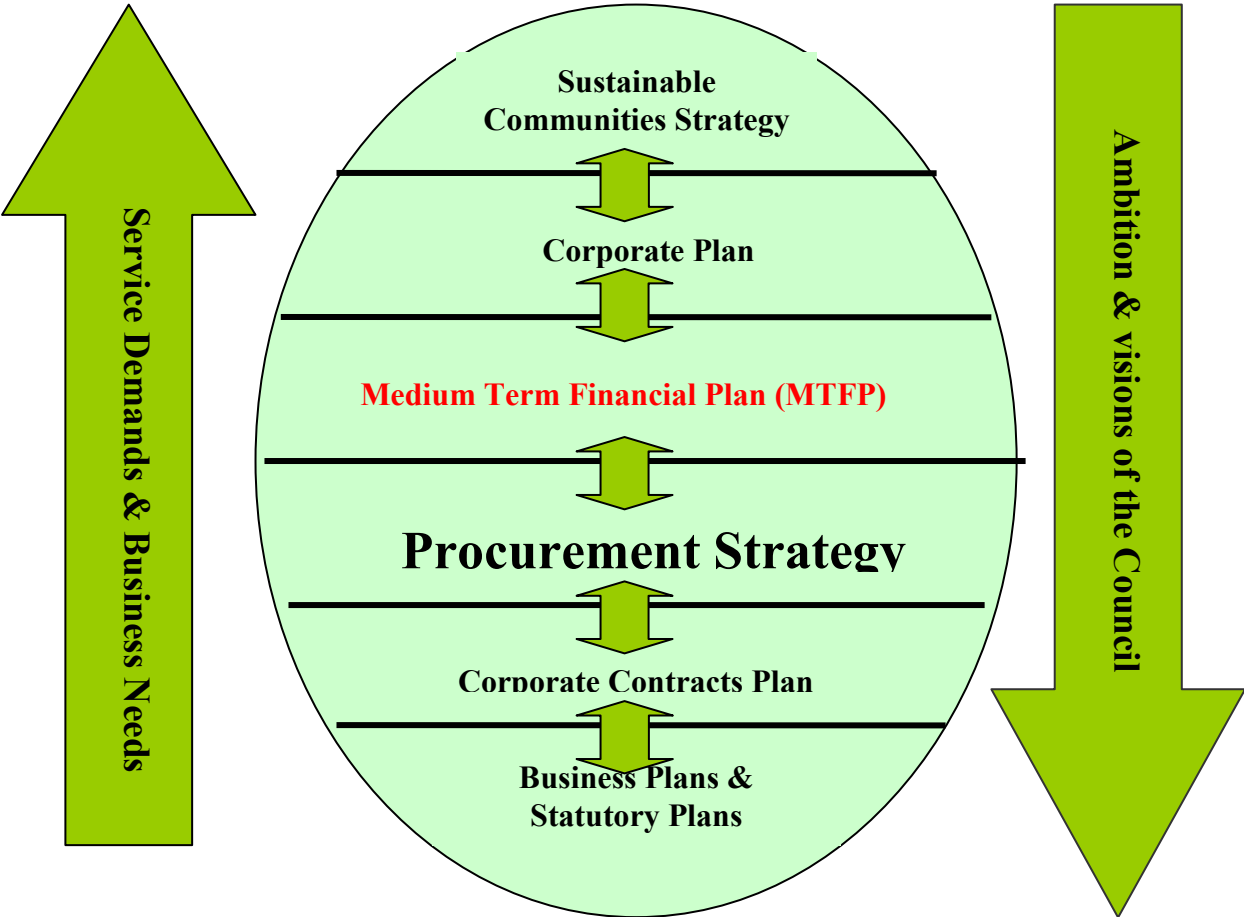
Anticipation of future demand and cost uncertainties are further mitigated by establishing earmarked reserves and drawing them down as need requires.

7 Procurement

7.1 Links to Key Strategies

The Corporate Procurement Strategy supports the Medium Term Financial Plan (which is itself underpinned by the Capital Strategy, Treasury Management Plan and Asset Management Plan).

The relationship and hierarchy between these strategies is set out below;



7.2 Efficiency

We are faced with a challenging local Government funding settlement and a major cut in Government grant at a time when demands on council services are increasing. Procurement and commissioning functions will deliver a significant proportion of the budget savings required to meet this challenge.

The vision to transform procurement to enable it to meet its challenging savings targets and sustainability agenda (in particular to support our local businesses) includes:-

- Ensuring that procurement is appropriately structured and has the critical mass to possess and retain the procurement expertise, commercial skills and market knowledge needed to maximise the opportunities to improve services and deliver savings and efficiencies from third party expenditure;
- The professional development of procurement staff;
- Developing the understanding and knowledge of strategic procurement of key Members and the staff;
- Training for transactional procurement staff to appreciate the intrinsic links between their roles and strategic procurement, to assist them to “close the loop” and help deliver service improvement;
- Make effective use of collaborative procurement when that is appropriate.

7.3 Savings strategy

We will deliver budget savings through procurement as set out in the Procurement Strategy. Further work is being undertaken to develop the Councils procurement activities as part of the budget setting process and combines opportunities identified through the analysis of third party expenditure and procurement themed budget proposals.

From this early analysis, deliverable savings opportunities will be produced for the 3 years of the MTFS. These target savings will be realistic and based on the knowledge that the Council has made year on year savings from procurement for a number of years. However it is anticipated that a higher % of savings can be delivered for specific categories of spend, and this will be reflected in the Procurement Strategy in future years.

To achieve the savings targets there will have to be a number of work streams set up which will:-

- Greatly improve the visibility of spend data and the joint ownership of savings initiatives;
- Develop the procurement functionality within the Council’s financial system;
- Introduce category and contract strategies that will benefit the Council;
- Reduce commodity and contract costs and prices;
- Value engineer specifications in conjunction with budget holders;
- Deliver early procurement involvement in “make or buy” decisions;
- Obtain added value or additional services for the same or lower price;
- Source lower cost or economically more advantageous products and services;
- Renegotiate contracts with existing providers to deliver savings and greater efficiencies and improve services;
- Rationalise the supply base;
- Decommissioning of low priority and non essential activity having regard to local priorities and customer expectations;
- Achieve compliance with corporate contracts and corporate procurement policies and procedures;
- Make the best use of collaborative procurement opportunities, and existing framework agreements;
- Simplify the purchase to pay process;
- Reduce procurement transaction costs;
- Improve commissioning and procurement knowledge across the Council.

7.4 Sustainable Procurement

Sustainable procurement needs to be considered in its fullest context and at the very earliest opportunity in the commissioning and procurement cycle.

Not only should we consider the impact of our requirements on the environment, but also we need to look at the opportunities to sustain local communities and to create a thriving business sector. The Corporate Procurement Strategy addresses both issues directly, and there is a commitment to increase opportunity for local and SME businesses to compete for Council contracts through the increased visibility of those opportunities and the development of a risk based approach to the procurement process.

8 Consultation

As part of the preparation of the budget for 2013-14 the Council has consulted on its budget proposals, What Really Matters, to achieve the required savings target included in the MTFS by a number of means including:-

- Public consultation sessions with over 100 events were held at many locations throughout the borough, including supermarkets, community centres and libraries;
- A programme of direct engagement events;
- Online communications with emails being sent to Wirral residents;
- Council website also via social media, as well as partner and community owned websites;
- Regular communications were also provided via local and regional media organisations;
- Statutory consultation with the voluntary, community and faith organisations;
- What Really Matters Consultation Phases 1 & 2;
- Use of a dedicated email address to ask questions and put forward comments/suggestions;
- Staff consultation via meetings;
- Trades Union Consultation via meetings with representatives;
- Scrutiny of budget proposals by Overview and Scrutiny Committees;
- Consultation on specific service budget proposals as necessary.

Appendices

Appendix 1	Population Trends
Appendix 2	Capital Strategy
Appendix 3	Treasury Management and Investment Strategy 2013-2016

Population projections and deprivation briefing for Wirral: November 2012

Sub-National Population Projections produced by the Office for National Statistics (ONS) are one of the main determinants of future funding from central Government.

Population projections have not yet been produced which take into account the results of the 2011 Census (they are only produced every 2 years or so and were last produced in 2010. As the most current projections are based on Mid-Year 2010 figures, it is now thought that they have under-estimated Wirral's population (based on the preliminary information released from the Census so far).

ONS have predicted a 5.68% increase in the population of Wirral by 2031. This contrasts with significantly larger increases for England and the North-West overall, which are projected to increase by 14% and 12% respectively over the same period.

Wirral appears to show a similar increase to that of Merseyside overall and some Industrial Hinterlands* near statistical neighbours Sefton and Kingston-upon-Hull (but is noticeably different from other neighbour Redcar & Cleveland in the North-East which is projected to lose 2.33% of its population by 2031).

See Table 1 for figures (shown in thousands).

Table 1: Percentage change in population 2011 to 2031 (using 2010 ONS estimates)

	2011	2016	2021	2026	2031	2011-31 % Change
England	52655.4	54909.8	57020.4	58982.8	60751.1	14.05
North West	6980.2	7204.4	7423.2	7623.9	7800.0	12.41
Merseyside	1356.3	1377.3	1399.3	1420.2	1439.1	6.40
Wirral	310.4	314.5	319.5	323.9	327.3	5.68
Sefton*	275.0	276.9	280.1	283.4	286.3	4.15
Redcar & Cleveland*	137.1	136.4	135.9	135.1	134.0	-2.33
Kingston upon Hull*	259.5	264.0	267.4	270.8	274.4	6.07

* Industrial Hinterlands Group is one of seven groupings devised by the Office of National Statistics to classify areas using indicators from the Census such as employment and housing. The groupings enable more relevant comparisons to be made between demographically similar areas.

The information shown in Table 1 above is also shown in Figure 1 below.

Figure 1: Population Projections (percentage increases) for England, North-West, Merseyside, Wirral and three Industrial Hinterlands* comparators, 2011-2031

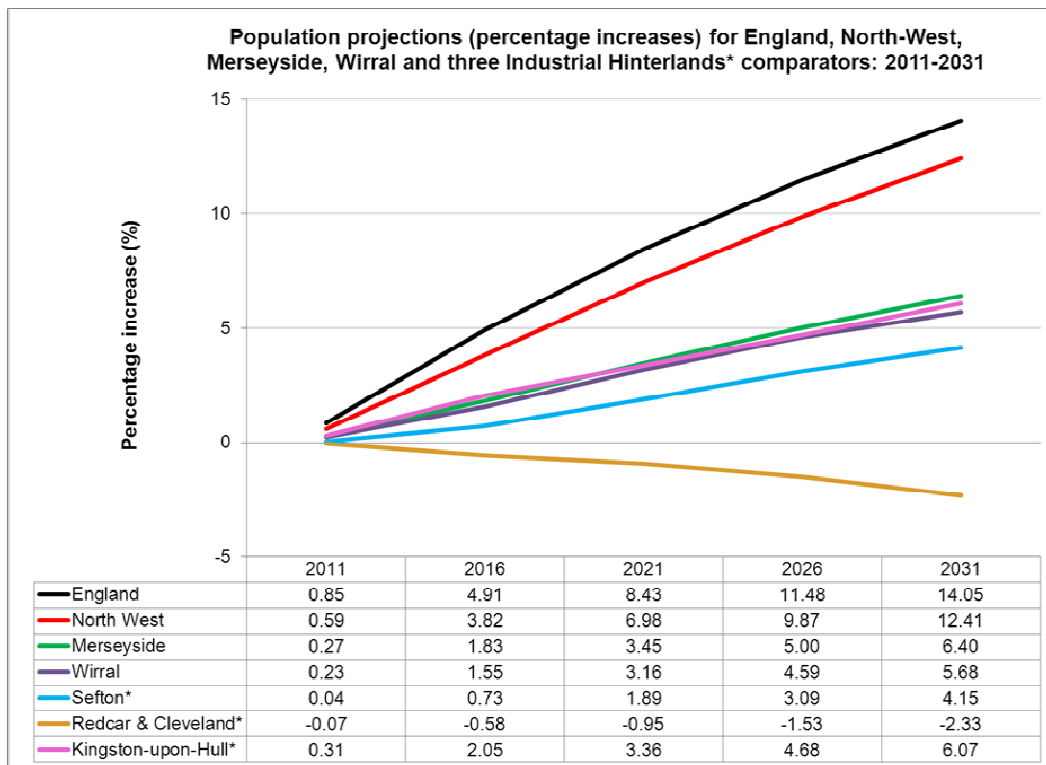
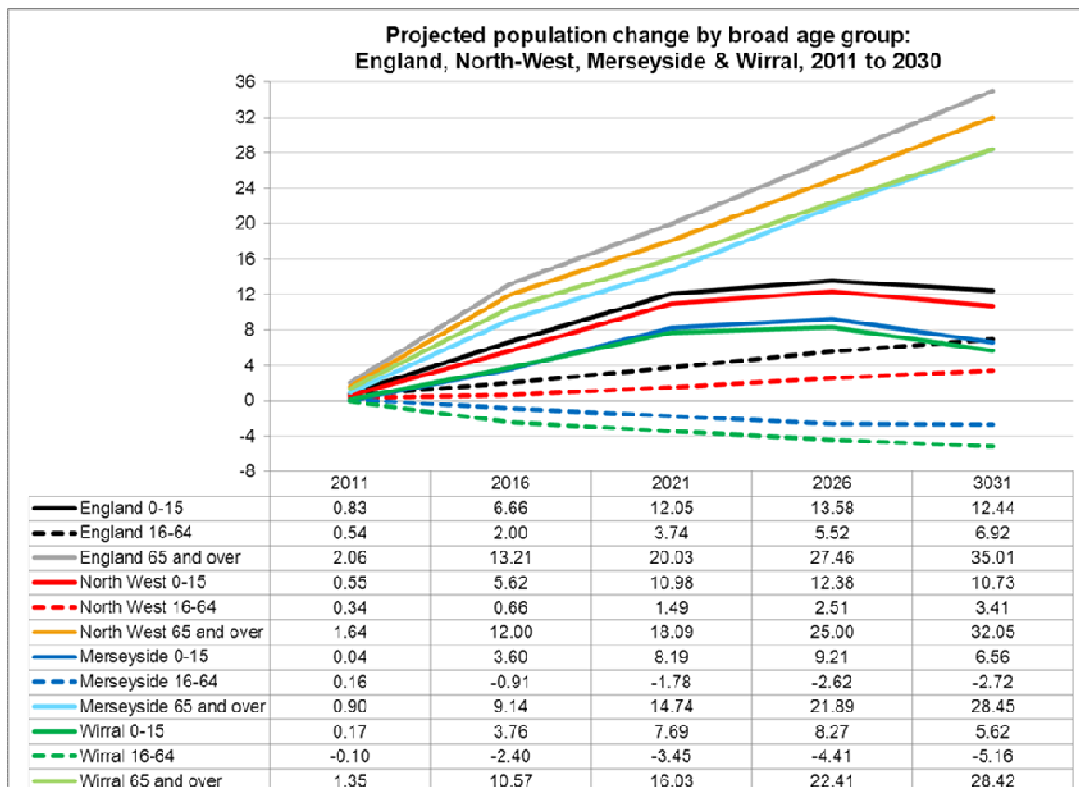


Figure 1 shows all ages, the considerable variation by age group is shown in Figure 2 below.

Figure 2: Projected population change by broad age group: England, North-West, Merseyside & Wirral, 2011-2031

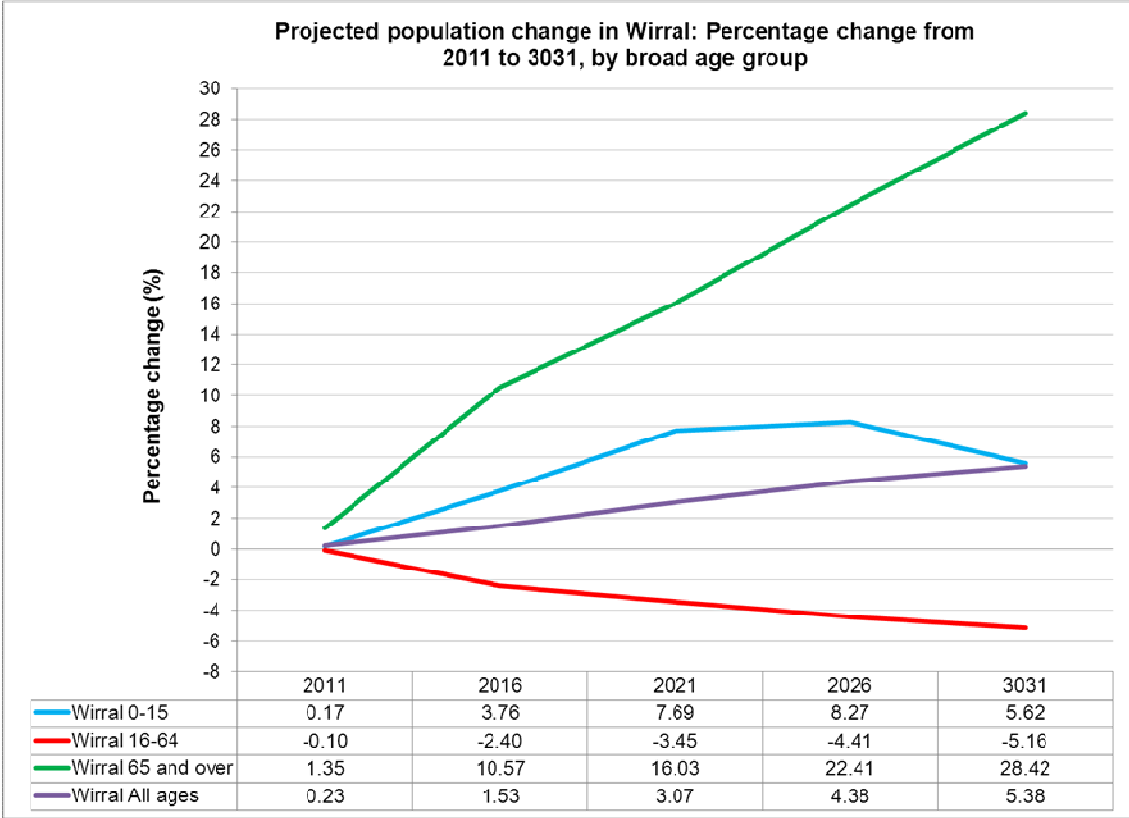


As Figure 2 above shows, population change looks considerably different when split by broad age group. It can be seen very clearly, that even in England and the North-West, most of the projected increase in population will be amongst those aged 65+.

The population of younger people aged 0-15 is expected to rise slightly, but then tail off again after 2026 in all the areas and regions shown.

A striking feature of these projections is the percentage decrease in Wirral (and Merseyside overall) in the working age population of those aged 16 to 64 (shown by the broken lines). In Wirral, there is projected to be a 5.16% decrease in this population, compared to a 2.72% decrease in Merseyside, a 6.92% increase in England and a 3.41% increase in the North West. Figure 3 below, shows these percentage changes just for Wirral (for clarity).

Figure 3: Projected population change by broad age group (Wirral only): 2011-2031



Overall, the population of Wirral (and Merseyside) has been declining since the 1980's (1982 was the year used as baseline for Figure 4 below). The North-West also saw a declining population over this time period, but as of 2010, experienced a slight population increase.

England overall saw steady increases in its population over the time period, with a percentage increase of 12% between 1985 and 2010. See Figure 4 below.

Figure 4: Percentage change in population of England, North-West, Merseyside & Wirral: 1985-2010

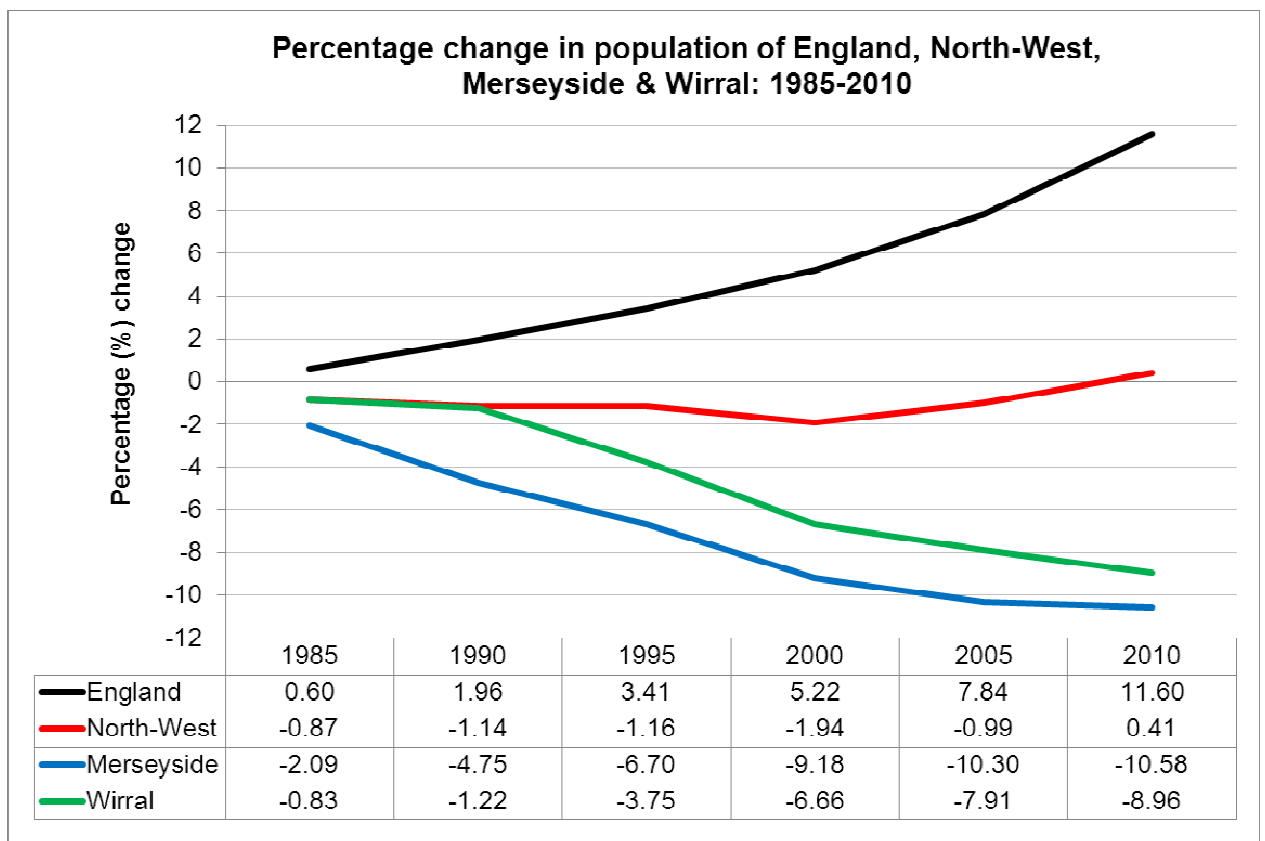


Figure 5: Trend in population density in England, North-West & Wirral: 1981-2011 (persons per Mile²)

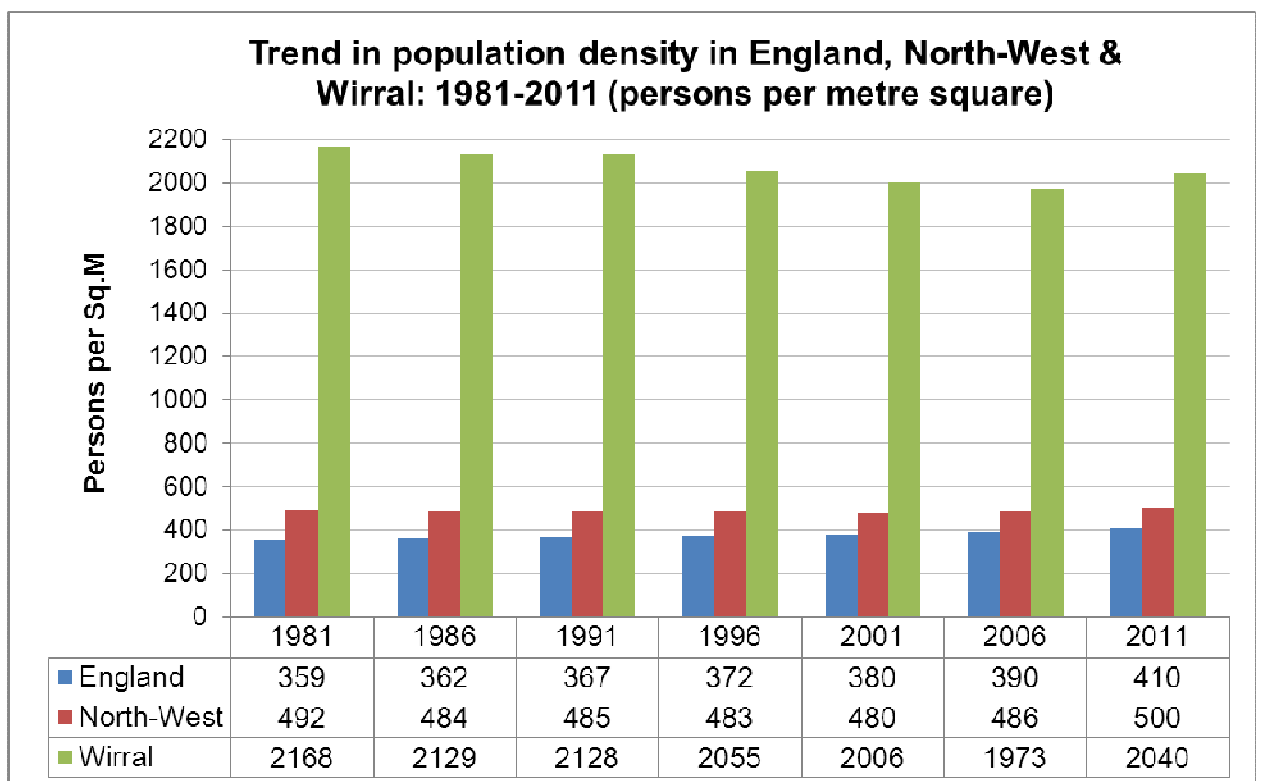


Figure 5 above shows the trend in population density over time in Wirral, England and the North-West. As the charts shows, although Wirral is much more densely populated than England and the North-West overall, the area still showed a decline during the 1980's and 1990's in population density, but this now seems to be reversing.

It is still much less densely populated than other areas of Merseyside however, with the Liverpool area for example, having a population density of 4,000+ persons per mile square.

Future projections

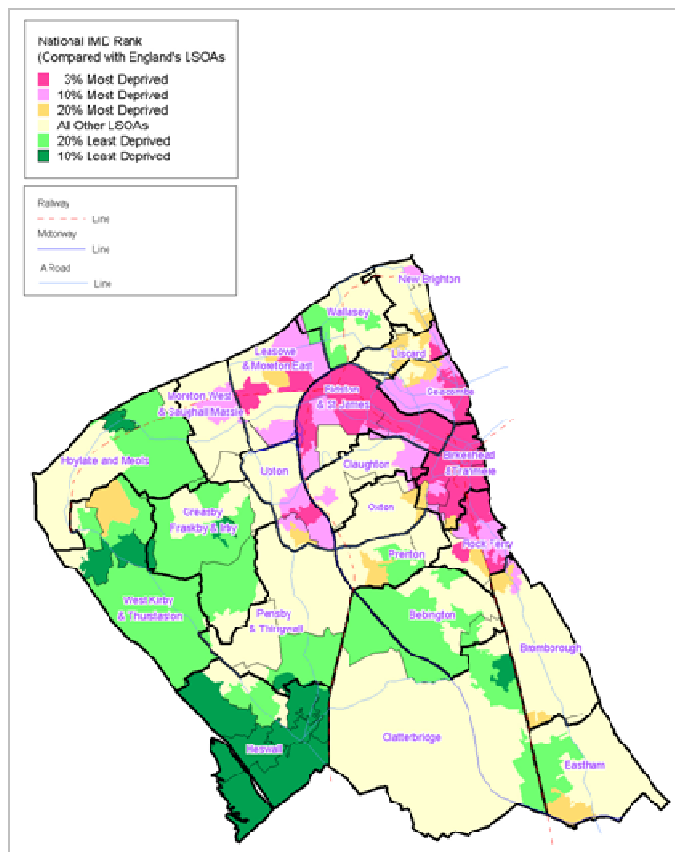
The results of the 2011 Census are expected to be released in stages during 2013. Some very basic information has already been released, which as mentioned before, appears to show that ONS have been *under*-estimating the Wirral population in recent years.

Deprivation

The Index of Multiple Deprivation (IMD) is a measure of relative deprivation at a small area level. It is an important tool to identify disadvantaged areas so that policy makers can target limited resources where they are most needed.

Deprivation covers a broad range of issues and refers to unmet need caused by a lack of resources of all kinds, not just financial resources. Map 1 one below shows deprivation in Wirral as classified by the IMD in 2010.

Map 1: Deprivation according to the IMD 2010 in Wirral (overlaid with ward boundaries)



Map1 (left) shows the distribution of deprivation in Wirral visually. As the map shows, the majority of the areas of acute deprivation are in Bidston & St. James and Birkenhead & Tranmere wards.

Rock Ferry and Seacombe wards also have a large number of very deprived LSOAs.

There are also several areas in south and west Wirral (Acre Lane area of Bromborough, part of Eastham and area around Anglesea Road in West Kirby) which fall into the 20% most deprived, but generally speaking, there is a north & east/west & south split in Wirral with regard to deprivation.

The majority of the least deprived areas of Wirral are in Heswall ward (Gayton and Heswall) with some other pockets in West Kirby & Thurstaston ward (Caldy area), Hoylake ward and Clatterbridge ward.

The IMD attempts to capture deprivation in its broadest sense, using seven distinct 'domains'. These 'domains' (or different dimensions of deprivation) which together make up the overall IMD are: income, employment, education & skills & training, health deprivation and disability, barriers to housing and services, crime and living environment.

Table 2 below, shows how many of the 207 Lower Super Output Areas (LSOAs) in Wirral fall into the most deprived 1%, 10% and 20% in England on each of the seven separate domains.

Table 2: Number of Wirral LSOAs classified as being amongst the 1%, 10% and 20% most deprived nationally, by IMD 2010 domain

IMD Domain	Number of LSOAs		
	In most deprived 1%	In most deprived 10%	In most deprived 20%
Income	13	45	67
Employment	21	63	89
Education, Skills & Training	1	17	41
Health Deprivation & Disability	16	62	90
Barriers to Housing & Services	0	0	2
Crime	0	3	9
Living Environment	0	27	52

Note: LSOAs compared on rank in each domain. Those ranking 1-324 classed as most deprived 1%, 325-3,248 ranked in most deprived 10% 3,249-6,496 ranked in most deprived 20%.

As Table 2 shows, Wirral performs particularly poorly on three domains (Employment, Health Deprivation & Disability and Income), with a large number of LSOAs (out of the total of 207) falling into the most deprived 1%, 10% and 20% nationally.

Wirral performs fairly well or is similar to England averages on the remaining four domains of Barriers to Housing and Services, Crime, Living Environment and Education. These domains are less heavily weighted than the Income, Employment and Health & Disability domains however.

As the IMD is heavily weighted toward the Income and Employment domains (together they make up 45% of the overall IMD), this goes a long way to explaining the poor performance of the borough on the overall IMD and its classification as being one of the 20% most deprived areas in England.

Overview

Capital expenditure is defined as the purchase or enhancement of assets where the benefits last longer than the year of expenditure. A de minimis level is applied – for Wirral this is £10k i.e. anything below this value individually is classed and treated as revenue.

The capital programme should support the overall objectives of the Council and act as an enabler for transformation of the Councils aims and priorities.

In recent years Wirral has spent an average of £53m per year on capital projects. We plan to invest £52m over the next three years of this £11.74m or 22% of the programme is funded from unsupported borrowing. This will generate a revenue cost of £1.2 m by 2016, which will impact on our revenue budget.

Capital investment shapes the future, ensures the organisation is fit for purpose and can transform services and ways of working. It can act as a catalyst and enabler for change. Our spending on capital remains a significant proportion of overall spend and provides an important driver for service transformation and economic growth.

With a challenging financial environment for the foreseeable future that is influenced by a variety of external factors, there will only ever be a limited amount of capital resources available. Therefore, it is vital that we target limited resources to maximum effect with a new focus on our strategic and financial priorities.

Purpose of the Capital Strategy

The capital strategy sets out the strategic direction for the Councils capital management and investment plans, and is an integral part of our financial and service medium-long term planning and budget setting process. It sets the principles for prioritising our capital investment under the prudential system.

Capital plays an important role in delivering long term priorities as it can be targeted in creative and innovative ways. However capital is not unlimited or “free money” – our capital funding decisions can have major revenue implications. Every £10m of prudential borrowing costs approximately £1m per annum in financing costs (revenue) for 25 years. This is in addition to any ongoing maintenance and running costs associated with the investment. The Councils 2013-16 Revenue budgets will severely limit the scope for unsupported capital expenditure (that generates revenue costs) to schemes that generate revenue savings. Capital receipts are also limited and have been allocated to support costs such as redundancy payments.

Wirral’s budget planning processes integrate both capital and revenue so that coherent decisions are made on a level of borrowing that is prudent, affordable and sustainable for the Council. The difficult financial environment means we have to spend limited money wisely and there is a delicate balancing act in managing these types of potential pressures effectively.

The Council is taking a stringent stance towards its capital strategy and programme. This involves delaying some capital projects in favour of others that are more in-line with

the financial restrictions on revenue and capital receipts. This stance will mean that some schemes are held in abeyance until sufficient resources are available.

Influences on the Capital Strategy

This is a time of unprecedented change in the public sector and the following influences have informed and impacted our capital strategy.

-A difficult economic environment

The Coalition Government has put in place stringent reductions in revenue and capital grant funding for public services, with a strong drive towards austerity and value for money. Local authorities are facing rising demand and expectations for Council services. The Council is seeking creative new ways of providing services which may require capital investment to deliver best value for our communities and taxpayers. Our future capital programme must deliver benefits that support the delivery of our Corporate plan objectives and our financial aims and requirements.

The challenge for any capital programme is that due to the nature of capital projects (e.g. building projects delayed by funding, planning or construction issues) they do not always deliver to anticipated timescales or budgets, which can increase costs and create additional revenue pressures. In a challenging financial environment, effective procurement, robust contract management and strong management grip are essential to manage costs and ensure all spend counts.

-Strategic asset management

Capital and assets are two sides of the same coin and it is vital that our capital programme complements our emerging Asset Management Plan. The challenge is to generate capital receipts and to turn the inefficient properties into efficient ones or dispose of them. Our asset rationalisation and disposals policy will be more rigorous as there is a need to create funding for future capital schemes.

Sources of Capital Funding

There are a variety of different sources of capital funding, each having different complications and risks attached.

Borrowing

Wirral currently has borrowing of just over £250m and our policy is that net debt costs must not exceed 9.13% of the net revenue budget. The level of borrowing to fund the capital programme must take into account the revenue implications. The Prudential Capital Finance system allows local authorities to self finance borrowing for capital expenditure without Government consent. This facilitates the use of borrowing for capital projects, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.

As a guide, borrowing incurs a revenue cost of approximately 10% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £10m of borrowing our revenue borrowing costs are around £1m.

The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for

repaying debts incurred on capital projects. When the MRP regime changed on 31 March 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.

The Council has determined that the most prudent method of earmarking revenues to repay unsupported borrowing is by matching the debt repaid each year to the life of the asset which the borrowing helped to finance. As an example, if the Council borrowed £5 million to build a new asset with a life of 20 years then revenue costs would be £0.25 million each year for 20 years plus the interest cost of the borrowing.

Grants

The challenging financial environment means that national government grants are reducing, or changing in nature. A large proportion of this funding is currently unringfenced which means it is not tied to particular projects but it is often tied to a particular area such as education or highways so we do not have complete freedom on where to spend our grants. Our aim is to use only up to the level of grant provided and we will not use unsupported borrowing to 'top up'. However, we must also meet our statutory obligations and where the grant is not sufficient, other sources of funding will be sought to fund the gap.

Capital Receipts

Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses. Receipts are critical to delivering our capital programme and reducing the level of borrowing we require. A number of capital schemes are suspended and await capital receipts to be realised before starting.

The use of receipts has been estimated at £3 million per year. This reflects the likely timing of such receipts and the latest projections of sites either available or which could become available over the period.

Revenue / Other Contributions

The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools.

Investment decisions

The strategy requires a mechanism for determining the Councils most important schemes that will implement change in Council services and yet are in line with the financial constraints that Wirral operates under. This means that decisions have to be made as to which projects go ahead and which ones don't. A scoring and ranking system has been deployed to identify the most important schemes. The following explains the criteria that have been developed to assess capital bids, to ensure that our capital programme is targeted to our priority areas.

Capital Investment Programme Prioritisation Evaluation Criteria

Factors to be used to appraise and assess bids for the capital programme 2013-2016				
Investment Title		Dept		Date
A: Direct links to Council Themes (30%)		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A * B)
1	Your economy		6	
2	Your neighbourhood		6	
3	Your council		6	
4	Your family: children and young people		6	
5.	Your family: adults		6	
B: Outcomes (30%)				
1	Realistic and detailed timetable with key events and dependencies rigorously addressed		5	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		15	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		10	
C: Finance (40%)				
1	Business case demonstrates achievable and realistic revenue savings.		10	
2	Attracts noticeable outside funding		15	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
Total weighted score – maximum 500				
Scored by: Name			Position	
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				

Governance and process

In order to deliver the strategy, there needs to be a governance framework. Cabinet will receive monthly reports on the progress of the capital programme and its funding.

Capital Programme and Financing 2013-16

Cabinet on 18 February 2013 agreed a capital programme and financing 2013-16. The report is as follows:

WIRRAL BOROUGH COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	CAPITAL PROGRAMME AND FINANCING 2013-2016
WARD(S) AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report provides Cabinet with Capital Programme bids for 2013/16 for consideration and referral to Council for approval. It also includes the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.
- 1.2 The report also refers to schemes carried forward into 2013/16 from the current 2012-13 capital programme, as detailed in the Capital Programme Monitoring Report for Period 8 (January 24th Cabinet).
- 1.3 The size and shape of the Capital Programme will be dictated by the Government's announcements on supported programmes and, affordability. The Council's 2013-16 revenue budgets will severely limit the scope for unsupported capital expenditure (that generates revenue costs) to schemes that generate immediate revenue savings.
- 1.4 Also, Capital Receipts will be consumed by Redundancy costs, and, initially, will be unavailable to support the Capital Programme, as has been the case in the past. There is a dearth of new capital receipts in 2013-14 – only a net £0.5m – so the option of releasing schemes that are held up, funded by new capital receipts, is very limited.
- 1.5 Schemes that would otherwise proceed, but can't, due to a shortage of revenue funds and Capital Receipts, are corralled into a section for release when revenue funding or/and, capital receipts, become available. The guiding thought is that such schemes will be deferred for a least a year.

2 BACKGROUND AND KEY ISSUES

- 2.1 The Background information on the architecture of the capital programme, is set out at Annex 1.

2.2 We now turn to the key issues. The initial proposed programme is front loaded, reflecting the delay in Government announcements for the latter years. The initial programme for 2013-16 amounts to just over £66m – it is set out at Annex 2 - of which, £25.7m is unsupported expenditure. This is 39% of the programme and would generate a revenue cost of £2.6m by 2016. This is illustrated in the following two tables:

Table 1: Initial proposed capital programme - current and new bids

1	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	25.837	9.963	1.500	37.300
New bids	17.817	7.801	3.354	28.972
Total	43.654	17.764	4.854	66.272

2	2013-14	2014-15	2015-16	Totals
Unsupported	£m	£m	£m	£m
Current capital programme	6.169	3.805	1.500	11.474
New bids	7.941	4.284	1.997	14.222
Total	14.11	8.089	3.497	25.696
% Unsupported of total programme	32.3	45.5	72.0	38.8
Revenue cost , cumulative £m		1.411	2.220	2.570

2.3 To arrive at the proposed programme, we will build it up in steps. Of necessity, the financial position of the Council drives the choices, the downside of which is that careful prioritisation, which exercise has been undertaken, is put to one side for a year. The starting point is a radical approach, which excludes all unsupported expenditure. This produces the following minimal programme of £40.6m.

Table 2: Proposed capital programme (ie excluding all unsupported)

3	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	19.668	6.158	0.000	25.826
New bids, supported only	9.876	3.517	1.357	14.750
Total	29.544	9.675	1.357	40.576

2.4 However, some of the supported new bids have accompanying unsupported funding and use of capital receipts. Allowing this, would produce the following capital programme of £49.1m:

Table 3: Proposed capital programme (includ accompanying unsupported etc)

4	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	21.235	6.158	0.000	27.393
New bids, supported only plus	13.776	5.617	2.357	21.750
Total	35.011	11.775	2.357	49.143

2.5 In addition, there are two categories of scheme that have the ability to minimise the revenue cost of unsupported borrowing. They are:

- invest to save schemes of £2m - the schemes could only proceed if they fulfilled the spend-to-save criteria previously agreed by the Cabinet; and,
- schemes to generate capital receipts. The proposed sales are estimated to generate £7.7m, for a cost of £1.2m, resulting in a net gain of £6.5m. Unfortunately, £6m of the net gain falls into 2014-15, and is no help for 2013-14.

The programme would then increase to £52.3m, and result in the final proposed capital programme for 2013-14 and latter years, as summarised below and set out at [Annex 8](#):

Table 4: Proposed capital programme (as 4 plus unsupported, invest to save and releasing redundant assets)

5	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	21.235	6.158	0.000	27.393
New bids, supported only plus	13.776	5.617	2.357	21.750
New bids, invest to save	1.400	0.300	0.300	2.000
New bids, assets	1.053	0.120	0.000	1.173
	<u>37.464</u>	<u>12.195</u>	<u>2.657</u>	<u>52.316</u>

- 2.6 It is proposed that the remaining unsupported schemes, amounting to £14.0m, are deferred until the revenue position of the Council improves. They split into existing schemes, at £9.9m, and new schemes, at £4.1m. They are detailed at [Annex 9](#); in summary, just under half of the total occurs in 2013-14, and would be deferred for a year.

Table 5: Unsupported schemes, not proceeded with in 2013-14 £m

	2013-14	2014-15	2015-16	Totals
DASS	0	0	0	0
Finance	0	0	0	0
CYP	0.680	0.700	0	1.380
Law, HR & Asset Management	1.025	1.500	1.500	4.025
Regeneration	2.080	1.250	0.300	3.630
Technical Services	2.405	2.119	0.397	4.921
Total	<u>6.190</u>	<u>5.569</u>	<u>2.197</u>	<u>13.956</u>

3 RELEVANT RISKS

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

4 OTHER OPTIONS CONSIDERED

- 4.1 Each Business Case includes an assessment of the alternative options with the conclusion that a submission for inclusion in the capital programme is the preferred option.

5 CONSULTATION

- 5.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising directly out of this report.

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

- 7.1 The Capital Programme commitments from 2012-13, will be subject to the same affordability criteria, as new bids. Consequently, it is important that residents are updated as quickly as possible on the possible delay to schemes that appeared to be about to be delivered.
- 7.2 As in the previous bidding processes, a scoring and ranking system was deployed, to identify the most important schemes – this is set out at Annex 3. A minimum score was also applied. The table at Annex 4 illustrates the effect of setting a cut off using a score of 280 (although all schemes were included in the initial programme). The figures show the cumulative borrowing requirement as each bid's funding need is added to the schedule. The total requirement is reduced from £31.5m to £22.5m, if the cut off is used. A lower score will reduce the outlay further but care is needed not to split schemes which are interdependent, as is the case with Foxfield School's development which requires the schools demolition (bid 4 and 39).
- 7.3 in normal circumstances, Cabinet would be likely to have other considerations they may wish to apply to include or exclude bids. The scores, after all, are intended as a guide rather than an absolute selection criteria. Unfortunately, the Council's financial position over-rides the scoring system for 2013-14. A consequence is the application to Government to use capital receipts to fund reductions in staffing, and so, immediately realise the full revenue savings.
- 7.4 Annex 5 details the approved schemes and funding carried over from the 2012/15 Capital programme.
- 7.5 Annex 6 details the new schemes submitted for consideration for the capital programme 2013 - 2016. Ignoring capital receipts, these require a total of £31.5m of unsupported borrowing which would bring about an increase of £3.15m in revenue costs.
- 7.6 The funding for the capital programme is summarised below. There is a particular departmental assumption to explore – the funding of the Parks investment programme in 2014-15 is from £2.5m of Capital Receipts that Parks have to swiftly identify and implement by April 2014.

Table 6: How the programme is financed.

Funding type:	2013-14	2014-15	2015-16	Totals
	£000's	£000's	£000's	£000's
Unsupported Borrowing	7,920	2,520	1,300	11,740
Capital Receipts	3,121	2,838	1,000	6,959
Revenue / Reserves	888	0	0	888
Education Grants	8,786	1,607	357	10,750
Integrated Transport	1,155	1,155	0	2,310
Local Sust Transport	676	676	0	1,352
Local Transport	2,864	2,699	0	5,563
Other Grants	12,054	700	0	12,754
Total	37,464	12,195	2,657	52,316

PRUDENTIAL INDICATORS

7.7 In considering the programme for 2013/16 and ignoring the potential for capital receipts to part fund the programme, Cabinet is advised that:-

- A The existing commitments require additional borrowing of around £10 million for 2013/14 as illustrated in Annex 5.
- B To accommodate all the bids detailed in Annex 6 would increase the potential level of borrowing by £18.7 million in 2013/14, £9.1 million in 2014/15 and £3.6 million in 2015/16 and the effect on the year Increase in borrowing Revenue costs (cumulative) would be:-
- 2013/14 an increase of £1.87 million
 - 2014/15 a further increase of £0.90 million
 - 2015/16 a further increase of £0.36 million
- C If the decision is taken to spend in excess of the level of identified resources then this would require increased use of borrowing which incurs annual revenue costs at the rate of £100,000 per £1 million of capital expenditure. In considering the impact upon Council Tax levels each 1% rise in Council Tax equates to £1.3 million of increased expenditure.

8 LEGAL IMPLICATIONS

8.1 There are none arising directly out of this report.

9 EQUALITIES IMPLICATIONS

9.1 An Equality Impact Assessment (EIA) is attached at [Annex 7](#)

10 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly out of this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12 RECOMMENDATIONS

- 12.1 That the 2013-16 capital programme, set out at Table 4 and detailed at [Annex 8](#), is agreed and referred to Council for approval.
- 12.2 That 'spend to save' and 'schemes to generate capital receipts' are reviewed in detail, prior to being specifically approved by Cabinet for implementation.
- 12.3 That the capital financing requirements are reflected in the projected revenue budget for 2013-14 and the 2013-16 MTFS (Medium Term Financial Strategy).
- 12.4 That the Prudential Indicators be noted and reported to Cabinet as part of the Treasury Management Strategy.
- 12.5 That proposals for improved planning, implementation and monitoring by Members and Officers are reported for consideration by Cabinet in March 2013.

13 REASONS FOR RECOMMENDATIONS

- 13.1 The purpose of the Capital Programme is to enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 13.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the capital programme investment.
- 13.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to determine Prudential Indicators on an annual basis. Prudential Indicators must be calculated in accordance with the Prudential Code.

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APPENDICES

- Annex 1 Capital “technical details” and definitions
- Annex 2 Initial Capital programme 2013-16, by programme & funding
- Annex 3 Capital Investment Programme Prioritisation Evaluation Criteria.
- Annex 4 Ranked new schemes
- Annex 5 Current Capital Programme Commitments for 2013/16.
- Annex 6 Capital Programme Submissions for Approval.
- Annex 7 Equality Impact Assessment – excluded from MTFs version
- Annex 8 Recommended Capital Programme 2013-16
- Annex 9 Deferred Unsupported

REFERENCE MATERIAL

Prudential Code for Capital Finance in Local Authorities, CIPFA 2009.

SUBJECT HISTORY

Council meeting and report matter	Date
Cabinet- Capital Monitoring Report 2012/13 – Period 3	6 Sep 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 5	18 Oct 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 6	8 Nov 2012
Cabinet- Capital Programme Review	29 Nov 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 7	20 Dec 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 8	2013
Cabinet- Capital Monitoring Report 2012/13 – Period 9	2013

1 CAPITAL PROGRAMME

- 1.1 The Capital Programme is a list of investment schemes to be undertaken over the medium term which help the Council achieve its objectives. It is aligned to Council plans and strategies, including the Medium Term Financial Strategy and the Corporate Plan. It is reviewed, updated and considered by Council each December and informs the annual budget setting process.
- 1.2 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure incurred on the creation, purchase or enhancement of a tangible asset required over the long term to carry out the activities of an organisation. Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue. The Local Government Act 2003 amended the definition to allow expenditure on computer software and on the making of loans or grants for capital expenditure by another body to be treated as the capital expenditure of a local authority.
- 1.3 In preparing the programme for 2013/16 the process was reviewed by Executive Team on 8 November 2012 and bids were invited from each department and then considered by the Capital Working Group.
- 1.4 All submissions for inclusion in the Capital Programme required the completion of a Business Case. This details how the proposed project meets Council objectives, how it will be managed, including resource implications and the outcomes expected. Schemes are then assessed against the prioritisation criteria to inform the recommendations for inclusion in the programme.
- 1.5 The criteria are included at Appendix A whilst Appendix B details the currently approved capital programme slippage into 2013/14 and Appendix C outlines the bids for consideration for the Capital Programme 2013/16.

2 CAPITAL FINANCING

- 2.1 Over recent years the capital funding available to Local Authorities has reduced significantly. The Government no longer offers new supported borrowing allocations and major grant funding streams have been significantly reduced, including the Housing Market Renewal and Transport programmes.
- 2.2 Other, previously specific, grant funding streams are no longer ring-fenced in a move which has seen Authorities obtain greater autonomy over the funding of capital projects but at a much reduced level.
- 2.3 Local Authorities continue to have the ability to augment capital funding under the Prudential Code whereby additional expenditure on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management Policy of which the key is the revenue cost.
- 2.4 Capital spend can be funded by borrowing, use of capital grants, capital receipts, from revenue or other contributions which are each discussed below.

2.4.1 *Borrowing*

- The Prudential Capital Finance system allows local authorities to self-finance borrowing for capital expenditure without Government consent. This facilitates the use of borrowing for capital projects, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.
- As a guide, borrowing incurs a revenue cost of approximately 10% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost.
- The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for repaying debts incurred on capital projects. When the MRP regime changed on 31 March 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.
- The Council has determined that the most prudent method of earmarking revenues to repay unsupported borrowing is by matching the debt repaid each year to the life of the asset which the borrowing helped to finance. As an example, if the Council borrowed £5 million to build a new asset with a life of 20 years then revenue costs would be £0.25 million each year for 20 years plus the interest cost of the borrowing.

2.4.2 *Government Grants*

- These are specific to schemes and are therefore allocated in accordance with the terms of the grant approval, primarily in the areas of education and regeneration. As outlined above the numbers and amounts of such capital grants received has reduced significantly.
- The Government reviewed grant arrangements as part of the Spending Review 2010. Since then there has been significantly less ring-fencing of capital grants which has increased freedoms and flexibilities over use but overall the level of grants available has reduced.

2.4.3 *Capital Receipts*

- Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.
- The use of receipts has been estimated at £3 million per year. This reflects the likely timing of such receipts and the latest projections of sites either available or which could become available over the period.

2.4.4 *Revenue / Other Contributions*

- The Prudential Code allows for the use of additional revenue resources within agreed parameters. However, the requirements of Financial Reporting Standard 15 have led to schemes and funding previously included within the capital programme having to be transferred to revenue.

- Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools.

3 MONITORING of spend

- 3.1 Cabinet receive monthly monitoring reports on the progress of the Capital Programme and its funding.

Annex 2 Initial Capital Programme, by programme & funding source

2013-16										2014-15										2015-16										Total 2013-16									
Summary	2013-14									2014-15									2015-16									Total 2013-16											
	Unsuppor Borrowing	Capital Receipts	Reserves	Education Grants	Integrate Transport	Local Transport	Sus Local Transport	Other Grants	Total	Unsuppor Borrowing	Capital Receipts	Reserves	Education Grants	Integrate Transport	Local Transport	Sus Local Transport	Other Grants	Total	Unsuppor Borrowing	Capital Receipts	Reserves	Education Grants	Integrate Transport	Local Transport	Sus Local Transport	Other Grants	Total	Unsuppor Borrowing	Capital Receipts	Reserves	Education Grants	Integrate Transport	Local Transport	Sus Local Transport	Other Grants	Total			
Invest to save or core efficiency	1,400	0	0	0	0	0	0	0	1,400	300	0	0	0	0	0	0	0	300	300	0	0	0	0	0	0	0	0	300	2,000	0	0	0	0	0	0	0	2,000		
Bids that release redundant council assets	1,053	0	0	0	0	0	0	0	1,053	120	0	0	0	0	0	0	0	120	0	0	0	0	0	0	0	0	0	0	1,173	0	0	0	0	0	0	0	1,173		
DASS	3,000	0	0	0	0	0	0	0	8,025	11,025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0	0	0	8,025	11,025
Finance	0	0	210	0	0	0	0	0	210	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	210	0	0	0	0	0	210		
CYP	1,747	433	0	8,786	0	0	0	0	10,966	2,800	0	0	1,607	0	0	0	0	4,407	1,000	0	0	357	0	0	0	0	0	1,357	5,547	433	0	10,750	0	0	0	0	16,730		
Law, HR & Asset Management	1,025	0	315	0	0	0	0	0	1,340	1,500	0	0	0	0	0	0	0	1,500	1,500	0	0	0	0	0	0	0	0	1,500	4,025	0	315	0	0	0	0	0	5,340		
Regeneration	3,480	250	300	0	0	0	0	0	4,029	8,059	1,250	300	0	0	0	0	0	700	2,250	300	0	0	0	0	0	0	0	300	5,030	550	300	0	0	0	0	0	4,729	10,609	
Technical Services	2,405	2,438	63	0	1,155	676	2,864	0	9,801	2,119	2,538	0	0	1,155	676	2,699	0	9,187	397	1,000	0	0	0	0	0	0	0	1,397	4,921	5,976	63	0	2,310	1,352	5,563	0	20,185		
Total	14,110	3,121	888	8,786	1,155	676	2,864	12,054	43,654	8,089	2,838	0	1,607	1,155	676	2,699	700	17,764	3,497	1,000	0	357	0	0	0	0	0	4,854	25,696	6,959	888	10,750	2,310	1,352	5,563	12,754	66,272		

Annex 3 – Capital Investment Programme Prioritisation Evaluation Criteria

Factors to be used to appraise and assess bids for the capital programme 2013-2016				
Investment Title		Dept		Date
A: Direct links to Council Themes (30%)		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A * B)
1	Your economy		6	
2	Your neighbourhood		6	
3	Your council		6	
4	Your family: children and young people		6	
5.	Your family: adults		6	
B: Outcomes (30%)				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		5	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		15	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		10	
C: Finance (40%)				
1	Business case demonstrates achievable and realistic revenue savings.		10	
2	Attracts noticeable outside funding		15	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
Total weighted score – maximum 500				
Scored by: Name			Position	
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				

Annex 4 Ranked new schemes

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
20	Empty Property Intervention	389	0.360	0.120	0.120	0.120	0.360
18	Integrated Childrens' System	375	1.000	1.120	0.120	0.120	1.360
16	Energy Efficiency Initiatives	365	0.166	1.230	0.148	0.148	1.526
17	Install solar power	365	0.261	1.491	0.148	0.148	1.787
36	LD Extra Care Housing Scheme	361	3.000	4.491	0.148	0.148	4.787
39	Foxfield School Development	347	0.500	4.491	0.648	0.148	5.287
40	Arrove park changing facilities	341	1.490	4.991	1.448	0.338	6.777
6	School remodelling	340	2.800	5.791	2.448	1.338	9.577
19	Housing Renewal Programme	340	2.195	6.599	3.245	1.928	11.772
7	Somerville Primary School:	339	0.800	6.799	3.845	1.928	12.572
34	Maritime business park	333	0.400	7.199	3.845	1.928	12.972
1	Adaptations and disabled Facilities	331	2.100	7.899	4.545	2.628	15.072
5	Demolition of Stanley Special School	316	0.275	8.174	4.545	2.628	15.347
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	8.374	4.545	2.628	15.547
27	plant and equipment for parks maintenance	314	2.400	10.774	4.545	2.628	17.947
37	Replacement of Parks vehicles	314	0.364	11.138	4.545	2.628	18.311
21	Healthy Homes intervention	309	0.360	11.258	4.665	2.748	18.671
15	Voltage Optimisation:	302	0.151	11.409	4.665	2.748	18.822
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	11.787	4.665	2.748	19.200
24	Birkenhead Tennis Court	291	0.097	11.877	4.672	2.748	19.297
3	Demolition of former Rock Ferry High School	290	0.400	12.277	4.672	2.748	19.697
33	Road Safety Improvements	286	0.250	12.527	4.672	2.748	19.947
4	Demolition of Foxfield Special School	284	0.120	12.527	4.792	2.748	20.067
25	Park depot rationalisation	284	2.500	13.027	6.592	2.948	22.567
Cut-off level							
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	13.857	6.592	2.948	23.397
13	Wallasey Town Hall – Window frame renewal	264	1.200	15.002	6.647	2.948	24.597
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	15.491	7.156	2.948	25.595
23	Life expired street lighting	254	0.950	16.441	7.156	2.948	26.545

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
10	Business Investment Grant	252	0.900	16.741	7.456	3.248	27.445
22	Cosy Homes heating	249	0.600	16.941	7.656	3.448	28.045
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	17.021	8.356	3.448	28.825
9	Woodslee Primary School	246	0.600	17.621	8.356	3.448	29.425
29	Landican Cemetery	240	0.100	17.671	8.406	3.448	29.525
14	Wallasey Town Hall – Heating system alterations	233	0.300	17.956	8.421	3.448	29.825
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	18.456	8.921	3.448	30.825
38	Birkenhead Park Drainage	208	0.352	18.694	8.978	3.505	31.177
28	Frankby Cemetery	207	0.330	18.724	9.128	3.655	31.507

ANNEX 5: APPROVED CAPITAL PROGRAMME 2013/14

Scheme	2013/14 Programme £m	2014/15 Programme £m
Law, HR & Asset Management Capital Programme		
Cultural Services Assets	4.000	-
The Priory	0.025	-
Rock Ferry Centre	0.315	-
Wallasey Town Hall	0.835	0.027
Adult Social Services Capital Programme		
Transformation of Day Service	0.625	-
Integrated IT	1.400	-
Children and Young People Capital Programme		
Aiming Higher for Disabled Children	0.240	-
Condition/Modernisation	4.500	-
Formula Capital Grant	2.000	-
- Pensby Primary School	1.510	-
Wirral Youth Zone	1.000	-
Finance Capital Programme		
West Kirby and Conway Centre OSSs	0.210	-
Regeneration, Housing & Planning Capital Programme		
Think Big Investment Fund	0.300	0.300
Improvements to Stock	0.950	0.950
Disabled Facilities – Adaptations	2.929	1.000
Wirral Healthy Homes	0.105	-
Cosy Homes Heating	0.250	-
Empty Property Interventions	0.125	-
Hoylake	0.600	-
New Brighton	0.600	-
Integrated Transport Programme		
Road Safety	1.155	1.155
Local Sustainable Transport Fund	0.676	0.675
Maintenance Programme		
Street Lighting	0.200	-
Bridges	0.250	-
Highways Maintenance	2.864	2.670
Capitalised Highways Maintenance	1.000	1.000
Coast Protection	0.047	0.055
Other		
Parks Plant and Equipment	2.317	-
Leisure Equipment	0.063	-
Totals	31.091	7.862

Commitments from the Current Capital Programme	2013-14 £m	2014-15 £m	Totals £m
Expenditure	31,091	7,862	38,953
Funded by:			
Unsupported Borrowing	9,904	-	9,904
Grant – Education	8,250	-	8,250
Grant – Integrated Transport	1,155	1,155	2,310
Grant – Transport Local	2,864	2,699	5,563
Grant – Local Sustainable Transport Fund	0.676	676	1,352
Grants – Other	4,354	0.700	5,054
Capital Receipts brought forward	3,000	2,632	5,632
Revenue Contributions	0.888	-	0.888
Total Financing	31,091	7,862	38,953

The revenue effects of the unsupported borrowing from these commitments and the following table details this:-

Revenue Commitments	2013-14 £m	2014-15 £m	Totals £m
Unsupported Borrowing already committed from the current capital programme	9,904	-	9,904
Cumulative Annual Revenue repayment costs		0.990	0.990

Annex 6: Capital Programme Submissions for Approvals

Grouped so that bids with a similar theme are shown together and listed in order of their score. The table shows the score, total capital outlay involved, grant funding and net capital funding that the Council will be required to find. This net funding is then shown for 2013 to 2016 to evaluate the profile of each scheme. Cumulative net funding is shown in each group to give the impact of approving the schemes in order of their score.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
A: INVEST TO SAVE OR CORE SERVICE EFFICIENCY AND IMPROVEMENT BIDS										
20	Empty Property Intervention	389	0.360	-	0.360	0.120	0.120	0.120	0.360	Increases New Housing Bonus and Council Tax.
18	Replacement of the Integrated Children's System (in conjunction with the adult care system already funded by £1.5m grant)	375	1.000	-	1.000	1.000	-	-	1.360	Social Care service efficiencies and improvements in both Adults and Children's services.
16	Energy Efficiency Initiatives: Birkenhead Library, Cheshire Lines, Conway Building, Europa Pools, Floral Pavilion, Hamilton Building, The Oval, Wallasey Town Hall and Wirral Tennis Centre.	365	0.166	-	0.166	0.110	0.028	0.028	1.526	0.070
17	Install solar power to ten buildings including: Treasury Building, Williamson Art Gallery, Green Lane Pavilions, Heswall Library, Landican Cemetery, Rock Ferry One Stop Shop, Upton Library, Wallasey Town Hall	365	0.261	-	0.261	0.261	-	-	1.787	0.040
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	-	0.200	0.200	-	-	1.987	0.040
15	Voltage Optimisation: install equipment at the Treasury, Wirral Tennis Centre, Leasowe Leisure Centre and Europa Pools.	302	0.151	-	0.151	0.151	-	-	2.138	0.032

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
13	Wallasey Town Hall – Window frame renewal	264	1.200	-	1.200	1.145	0.055	-	3.338	Some but not significant
23	Replace or re-furbish 1,000 Life-expired street lights.	254	0.950	-	0.950	0.950	-	-	4.288	Not quantified
14	Wallasey Town Hall – Heating system alterations	233	0.300	-	0.300	0.285	0.015	-	4.588	Some but not significant
TOTALS FOR GROUP			4.588	-	4.588	4.222	0.218	0.148		
B: BIDS THAT RELEASES REDUNDANT COUNCIL ASSETS										
5	Demolition of Stanley Special School, planning requirement	316	0.275	-	0.275	0.275	-	-	0.275	Some but not quantifiable
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	-	0.378	0.378	-	-	0.653	0.190
3	Demolition of former Rock Ferry High School	290	0.400	-	0.400	0.400	-	-	1.053	Some but not quantifiable
4	Demolition of Foxfield Special School (Also allows Bid 39 to proceed - Foxfield School contribution to Priority School Building Programme)	284	0.120	-	0.120	-	0.120	-	1.173	Some but not quantifiable
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	-	0.830	0.830	-	-	2.003	0.030
TOTALS FOR GROUP			2.003	-	2.003	1.883	0.120	2.003		
C: SCHOOLS DEVELOPMENT PROGRAMME										
39	Foxfield School contribution to Priority School Building Programme (requires Bid 4 – Demolition of Foxfield School)	347	0.500	-	0.500	-	0.500	-	0.500	

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
6	School remodelling & additional classrooms due to changes in pupil numbers across the CYP estate	340	3.800	1.000	2.800	0.800	1.000	1.000	3.300	
7	Somerville Primary School: Mobile replacement scheme and internal refurbishment & remodelling	339	1.800	1.000	0.800	0.200	0.600	-	4.100	
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	-	0.780	0.080	0.700	-	4.880	Some but not quantifiable
9	Woods lee Primary School: Foundation class-base replacement & internal refurbishment & remodelling	246	0.600	-	0.600	0.600	-	-	5.480	
TOTALS FOR SCHOOLS DEVELOPMENT PROGRAMME			7.480	2.000	5.480	1.680	2.800	1.000		
D: PARKS, CULTURAL SERVICES AND ROADS										
40	Arrowe park changing facilities	341	1.490	-	1.490	0.500	0.800	0.190	1.490	
27	Replacement of obsolete plant and equipment for parks maintenance	314	2.400	-	2.400	2.400	-	-	3.890	
37	Replacement of Parks vehicles	314	0.364	-	0.364	0.364	-	-	4.254	
24	Birkenhead Tennis Court	291	0.097	-	0.097	0.090	0.007	-	4.351	
33	Road Safety Improvements to reduce the number of pedestrians and cyclists killed or seriously injured at Bolton Road / New Chester Road Roundabout (A41).	286	0.250	-	0.250	0.250	-	-	4.601	
25	Park depot rationalisation	284	2.500	-	2.500	0.500	1.800	0.200	7.101	

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	-	0.998	0.489	0.509	-	8.099	
29	To carry out improvements to the Cemetery that will enhance the cemetery infrastructure and landscape and increase opportunities for income generation.	240	0.100	-	0.100	0.050	0.050	-	8.199	
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	-	1.000	0.500	0.500	-	9.199	
38	Birkenhead Park Drainage	208	0.352	-	0.352	0.238	0.057	0.057	9.551	
28	To extend Frankby Cemetery in order to provide additional sections for Full Burials, Cremated remains and a meadow section, before the current provision runs out	207	0.330	-	0.330	0.030	0.150	0.150	9.881	
TOTALS FOR PARKS, CULTURAL SERVICES AND ROADS			9.881	-	9.881	5.411	3.873	0.597		
E: REGENERATION										
19	Housing Renewal Programme	340	2.695	0.500	2.195	0.808	0.797	0.590		
34	Maritime business park	333	2.800	2.400	0.400	0.400	-	-	2.195	
1	Adaptations and disabled Facilities Grant Programme	331	6.900	4.800	2.100	0.700	0.700	0.700	2.595	
21	Healthy Homes intervention	309	0.360	-	0.360	0.120	0.120	0.120	4.695	
10	Business Investment Grant	252	0.900	-	0.900	0.300	0.300	0.300	5.055	

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
22	Cosy Homes heating	249	0.600	-	0.600	0.200	0.200	0.200	5.955	
TOTALS FOR REGENERATON			14.255	7.700	6.555	2.528	2.117	1.910		
F: SOCIAL SERVICES										
36	LD Extra Care Housing Scheme	361	9.000	6.000	3.000	3.000	-	-		
GRAND TOTALS			47.207	15.700	31.507	18.724	9.128	3.655		

Annex 8**Recommended Capital Programme****Summary**

	2013-14	2014-15	2015-16	Totals
	£000's	£000's	£000's	£000's
Invest to save or core efficiency	1,400	300	300	2,000
Bids that release redundant council assets	1,053	120	0	1,173
DASS	11,025	0	0	11,025
Finance	210	0	0	210
CYP	10,286	3,707	1,357	15,350
Law, HR & Asset Management	315	0	0	315
Regeneration	5,979	1,000	0	6,979
Technical Services	7,196	7,068	1,000	15,264
Total	37,464	12,195	2,657	52,316

Invest to save or core efficiency

Replace Integrated Childrens System (additional to adult care)	1,000	0	0	1,000
Energy Schemes	400	300	300	1,000
	1,400	300	300	2,000

Bids that release redundant council assets

Demolish Stanley Special school	275	0	0	275
Demolish Bebington Town Hall and Liscard Municipal	378	0	0	378
Demolish former Rock Ferry High school	400	0	0	400
Demolish Foxfield Special school	0	120	0	120
	1,053	120	0	1,173

DASS

Transformation of Day Service	625	0	0	625
Integrated IT	1,400	0	0	1,400
LD Extra Care Housing	9,000	0	0	9,000
	11,025	0	0	11,025

Finance

West Kirby and Conway Centre OSSs	210	0	0	210
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CYP

Aiming Higher for Disabled Children	240	0	0	240
Condition/Modernisation	4,500	0	0	4,500
Formula Capital Grant	2,000	0	0	2,000
Pensby Primary School	1,510	0	0	1,510
Wirral Youth Zone	1,000	0	0	1,000

Schools Development Programme

Foxfield school - contribution to Priority school	0	1,000	0	1,000
School remodelling and additional classrooms	586	1,357	0	1,943
Somerville Primary school mobile replacement	450	1,350	0	1,800
	10,286	3,707	1,357	15,350

Law, HR & Asset Management

Rock Ferry Centre	315	0	0	315
	315	0	0	315

Annex 8 continued**Recommended Capital Programme**

	2013-14 £000's	2014-15 £000's	2015-16 £000's	Totals £000's
Regeneration				
Disabled Facilities – Adaptations	2,929	1,000	0	3,929
Cosy Homes Heating	250	0	0	250
Maritime Business Park	2,800	0	0	2,800
	5,979	1,000	0	6,979
Technical Services				
Road Safety	1,155	1,155	0	2,310
Local Sustainable Transport	676	676	0	1,352
Highways Maintenance	2,864	2,699	0	5,563
Parks Plant and Equipment	1,498	628	0	2,126
Leisure Equipment	63	0	0	63
Parks, Cultural Services and Roads				
Parks vehicles replacement	440	600	0	1,040
Park depot rationalisation	500	1,310	1000	2,810
	7,196	7,068	1000	15,264
	37,464	12,195	2657	52,316

Funding type:	2013-14 £000's	2014-15 £000's	2015-16 £000's	Totals £000's
Unsupported Borrowing	7,920	2,520	1,300	11,740
Capital Receipts	3,121	2,838	1,000	6,959
Revenue / Reserves	888	0	0	888
Education Grants	8,786	1,607	357	10,750
Integrated Transport	1,155	1,155	0	2,310
Local Sust Transport	676	676	0	1,352
Local Transport	2,864	2,699	0	5,563
Other Grants	12,054	700	0	12,754
Total	37,464	12,195	2,657	52,316

Annex 9	Deferred Unsupported			Total
	2013-14	2014-15	2015-16	Totals
Summary	£000's	£000's	£000's	£000's
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP	680	700	0	1,380
Law, HR & Asset Management	1,025	1,500	1,500	4,025
Regeneration	2,080	1,250	300	3,630
Technical Services	2,405	2,119	397	4,921
Total	6,190	5,569	2,197	13,956
Detail				
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP				
Schools Development Programme				
Woodchurch Rd primary Foundn 2 classrooms	80	700	0	780
Woodslee Primary school	600	0	0	600
	680	700	0	1,380
Law, HR & Asset Management				
Cultural Services Assets	1,000	1,500	1500	4,000
The Priory	25	0	0	25
	1,025	1,500	1500	4,025
Regeneration				
Think Big Investment Fund	300	300	0	600
Improvements to Stock	950	950	0	1,900
Wirral Healthy Homes	105	0	0	105
Empty Property Interventions	125	0	0	125
Hoylake	600	0	0	600
	2,080	1,250	300	3,630
Technical Services				
Street Lighting	200	0	0	200
Bridges	250	0	0	250
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102
Parks, Cultural Services and Roads				
Arrowe Park changing facilities	500	800	0	1,300
Birkenhead tennis court	90	7	0	97
Cemetery infrastructure and landscaping	50	50	0	100
Birkenhead Park drainage	238	57	0	295
Frankby cemetery extension	30	150	0	180
	2,405	2,119	397	4,921
Funding type:				
Unsupported Borrowing	6,190	5,569	2197	13,956

APPENDIX 3



Wirral Council's Treasury Management and Investment Strategy 2013-2016

CONTENTS

1. Background
2. Capital Financing Requirement
3. Borrowing Strategy
4. Annual Investment Strategy
5. Outlook for Interest Rates
6. Policy on Delegation
7. Balanced Budget Requirement
8. 2013/14 Minimum Revenue Provision Statement
9. Performance Monitoring and Reporting

APPENDICES

- A. Treasury Management Policy Statement
- B. Existing Investment and Debt Portfolio Position
- C. Specified and Non-Specified Investments
- D. Prudential Indicators 2013/14 – 2015/16
- E. Arlingclose's Economic and Interest Rate Outlook
- F. Authorised Signatories

1. BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.

1.2 Wirral Council defines its treasury management activities as:

"the management of the organisation'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."

1.3 The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement (see Appendix A), stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.4 Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.

1.5 As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management. All treasury activity will comply with relevant statute, guidance and accounting standards.

1.6 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2013/14 (including the adoption of the revised CIPFA Treasury Management Code of Practice).
- Annual Investment Strategy for 2013/14
- Minimum Revenue Provision (MRP) Statement
- Treasury Management Policy Statement
- Prudential Indicators for 2013/14, 2014/15 and 2015/16
- Authorised Signatories for Treasury Management Activity

2. CAPITAL FINANCING REQUIREMENT

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves are the core drivers of treasury management activity.
- 2.2 The Authority's current level of debt and investments are set out in Appendix B.
- 2.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2015/16. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	31-Mar-13 Estimate £m	31-Mar-14 Estimate £m	31-Mar-15 Estimate £m	31-Mar-16 Estimate £m
Capital Financing Requirement (CFR)	371	365	349	332
Less: Existing Profile of Borrowing and Other Long Term Liabilities	307	273	257	248
Cumulative Maximum External Borrowing Requirement	64	92	92	84
Usable Reserves	95	60	50	40
Cumulative Net Borrowing Requirement / (Investments)	(31)	32	42	44

- 2.5 Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing would eventually be required.

3. BORROWING STRATEGY

- 3.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast, provided in Appendix E, indicates that an acute difference between short and longer term interest rates is expected to continue for the foreseeable future. This difference creates a “cost of carry” for any new longer term borrowing. Cost of carry is the difference between what is paid on the borrowing and the investment income that can be earned while the borrowed monies are temporarily held as investments until needed to fund capital expenditure. Whilst the cost of carry can be assumed to be a reasonably short term issue, since borrowing is often for longer dated periods (anything up to 50 years), it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority’s wider financial position.
- 3.2 As indicated in Table 1, the Authority has a gross borrowing requirement, with an underlying potential to borrow, from internal or external sources, of up to £92m in 2013/14. The Authority will adopt a flexible approach to this borrowing in consultation with its treasury management advisers. The following issues will be considered prior to undertaking any external borrowing:
- Affordability;
 - Maturity profile of existing debt;
 - Interest rate and refinancing risk;
 - The borrowing source.

Borrowing source

- 3.3 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:
- Internal
 - PWLB
 - Local authorities
 - Commercial banks
 - European Investment Bank
 - Capital market (stock issues, commercial papers and bills)
 - Structured finance
 - Leasing
- 3.4 At present, the PWLB remains the Council’s preferred source of borrowing given the transparency and control that its facilities continue to provide

Type of borrowing

- 3.5 As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority’s exposure to shorter dated and variable rate borrowing is kept

under regular review by reference to the spread between variable rate and longer term borrowing costs. A narrowing in the spread by 0.5% will result in an immediate review of the borrowing strategy to determine whether the exposure to short dated and variable rates is maintained or altered.

LOBOs

- 3.6 The Authority has £171m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £161m of these can be called within 2013/14. A LOBO is called when the Lender exercises its rights to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion.
- 3.7 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.

Debt Rescheduling

- 3.8 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 3.9 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking debt rescheduling would be one or more of the following:
- Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 3.10 The affordability, prudence and sustainability of borrowing plans will be regulated by a range of Prudential Indicators, which can be found in Appendix D.
- 3.11 Borrowing and rescheduling activity will be reported to Cabinet in the Annual Treasury Management Report and the regular treasury management reports.

4. ANNUAL INVESTMENT STRATEGY

- 4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority'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.
- 4.2 The Authority and its advisors remain on a heightened state of alert for signs of credit or market distress that might adversely affect the Authority.
- 4.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Specified investments are sterling denominated investments with a maximum maturity of one year. They would also not be deemed capital expenditure investments under Statute. Non-specified investments are effectively, everything else. Both types of investment would have to meet the high credit quality as determined by the Authority.
- 4.4 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non Specified Investments

Investments	Specified	Non-Specified
Term deposits with banks & building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers	✓	✓
Certificates of deposit with banks & building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	✗
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	✗
Commercial Paper	✓	✗
Corporate Bonds	✓	✓
AAA rated Money Market Funds	✓	✗
Other Money Market and Collective Investment Schemes	✓	✓
Debt Management Account Deposit Facility	✓	✗
Investments with other organisations ¹	✗	✓

¹ *Subject to an external credit assessment and specific advice from Arlingclose*

Further information regarding Specified and Non-Specified Investments can be found in Appendix C.

- 4.5 Two changes have been implemented to investment strategy for 2013/14 in response to evolving conditions in financial markets. This has resulted in the inclusion of 'Registered Providers' (RPs) and 'Investments with Other Organisations'. Investments with RPs will be analysed on an individual basis and discussed with Arlingclose prior to investing. 'Investments with Other Organisations' would include investment opportunities with small and medium sized enterprises and other businesses across the UK. Due to perceived higher credit risks of such organisations, considerably higher rates of return may be offered. An external credit assessment will be undertaken and advice from Arlingclose will be sought (where available) before any investment decision is made.
- 4.6 The Authority and its advisors, Arlingclose Ltd, select countries and financial institutions after analysis and ongoing monitoring of:
- Published credit ratings for financial institutions - **minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns**. Counterparties with a credit rating of A- are defined as having high credit quality, low credit risk and a strong ability to repay.
 - Credit Default Swaps (where quoted)
 - Economic fundamentals (for example Net Debt as a percentage of GDP)
 - Sovereign support mechanisms
 - Share Prices
 - Corporate developments, news, articles, markets sentiment and momentum
 - Subjective overlay – or, put more simply, common sense.
- 4.7 Any institution can be suspended or removed should any of the factors identified above give rise to concern.
- 4.8 It remains the Authority's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.
- 4.9 The Authority banks with Lloyds TSB Bank Plc. Lloyds started providing the Authority's banking service at the start of December 2012, following a competitive procurement exercise. At present Lloyds meets the proposed minimum credit criteria of A-. If the credit rating of Lloyds or any other bank supplying the main banking services did fall below the Authority's minimum credit criteria, the bank would continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.
- 4.10 With short term interest rates forecast to remain low, an investment strategy would typically propose a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of risk.

- 4.11 In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.

Money Market Funds

- 4.12 Money market funds (MMFs) are pooled funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high quality portfolio than they otherwise could. The principal objective of a MMF is the preservation of capital, very high liquidity and competitive returns commensurate with security and liquidity. MMFs will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to diversify any exposure by utilising more than one MMF. The Authority will also seek to restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government Liquidity Funds, the Council's exposure to a Fund will not exceed 2%.

Pooled Funds

- 4.13 The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.
- 4.14 Investments in pooled funds will be undertaken with advice from Arlingclose Ltd. The Authority's current investments in pooled funds (other than MMFs) are with the Payden and Rygel Sterling Reserve Fund: their performance and continued suitability in meeting the Authority's investment objectives are regularly monitored.

Derivative Instruments

- 4.15 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy
- 4.16 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

- 4.17 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 4.18 The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

Debt Management Office

- 4.19 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.20 The Director of Resources, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings.

5. INTEREST RATE FORECAST

- 5.1 The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix E. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

6. POLICY ON DELEGATION

- 6.1 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 6.2 On a day to day basis the Treasury Management Team within the Accountancy Section carries out the treasury management activities.
- 6.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Resources by the Group Accountant for Treasury Management or any of the members of the Treasury Management Team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.
- 6.4 Actual authorisation of payments from the Authority's bank account will be made by those listed in Appendix F.

- 6.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Resources by the Group Accountant or the Senior Assistant Accountants on the Treasury Management Team and will be reported to Cabinet.
- 6.6 All officers will act in accordance with the policies contained within this document.
- 6.7 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

7. BALANCED BUDGET REQUIREMENT

- 7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2013/14 MRP STATEMENT

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

- 8.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method

NB this does not preclude other prudent methods

- 8.3 MRP in 2013/14: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).
- 8.4 The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
- 8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
- 8.6 For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations.

- 8.7 MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) will also be calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

9. PERFORMANCE MONITORING AND REPORTING

- 9.1 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
- 9.2 To ensure adherence to this, the Director of Resources will report to Cabinet on treasury management policies, practices and activities activity / performance as follows:
- Quarterly against the strategy approved for the year.
 - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.
 - Council Excellence Overview and Scrutiny Committee will be responsible for the scrutiny of treasury management activity and practices.

10. TREASURY ADVISORS

- 10.1 The Authority continues to use Arlingclose Ltd. for external, independent treasury management advice. With approval from Corporate Procurement, an extension to the contract with Arlingclose was agreed, which runs until 31st March 2014.
- 10.2 Arlingclose provide the following services:
- Credit advice
 - Investment advice
 - Technical advice
 - Economic & interest rate forecasts
 - Workshops and training events

The Treasury Management Team within Accountancy monitor the quality of the service provided.

APPENDIX A

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates the Council Excellence Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. Policies and objectives of treasury management activities

- 2.1 The Council defines its treasury management activities as:

“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.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX B

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 12 £m
External Borrowing:	
Fixed Rate – PWLB	80
Fixed Rate – Market	170
Variable Rate – PWLB	0
Variable Rate – Market	0
Total External Borrowing	250
Other long-term liabilities:	
PFI	59
Finance Leases	2
Total Other Long-Term Liabilities	61
Total External Debt	311
Investments:	
<i>Managed in-house</i>	
Deposits with Banks and Building Societies	49
Deposits with Money Market Funds	3
Deposits with other Public Sector Bodies	39
Deposits in Supranational Bonds and Gilts	8
<i>Managed externally</i>	
Payden Sterling Reserve	1
Total Investments	100
Net Borrowing Position	211

APPENDIX C

Specified Investments

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	Debt Management Account Deposit Facility (DMADF), Debt Management Office (DMO)	No limit
Term Deposits Call Accounts	UK	Other UK Local Authorities	Maximum of 15% per authority
Term Deposits Call Accounts Certificates of Deposit	UK and Non- UK	Counterparties rated at least A- (or equivalent) Long Term in the UK and select non-UK countries with a Sovereign Rating of at least AA+	Maximum of 15% per counterparty
Gilts	UK	DMO (Debt Management Office)	Maximum of 25% of portfolio
T-Bills	UK	DMO (Debt Management Office)	Maximum of 100% of portfolio
Money Market Funds	UK/Ireland/ Luxembourg domiciled	Constant Net Asset Value (CNAV) MMFs Variable Net Asset Value (VNAV) MMFs	Maximum of 10% of portfolio per MMF
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	Maximum of 10% of portfolio per fund/scheme

Non-Specified Investments

Instrument	Maximum maturity	Max %/£M of portfolio	Capital expenditure?
Term deposits with banks, building societies which meet the specified investment criteria (on advice from TM Adviser)	<i>2 years</i>	15% per Counterparty	No
Term deposits with local authorities	<i>5 years</i>	15% per Counterparty	No
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	<i>5 years</i>	15% per Counterparty	No
Investments with organisations which do not meet the specified investment criteria (subject to an external credit assessment and specific advice from TM Adviser)	<i>3 months</i>	<i>£5m per counterparty</i>	No
	<i>1 year</i>	<i>£1m per counterparty</i>	No
	<i>2 years</i>	<i>£1m per counterparty</i>	Yes/no ¹
Deposits with registered providers	<i>3 years</i>	15% per Counterparty	No
Gilts	<i>5 years</i>	25% per Counterparty	No
Bonds issued by multilateral development banks	<i>5 years</i>	15% per Counterparty	No
Sterling denominated bonds by non-UK sovereign governments	<i>5 years</i>	15% per Counterparty	No

¹ Depending on the nature of the transaction with the third party
Version 22.2.2013

Money Market Funds and Collective Investment Schemes	These funds do not have a defined maturity date	15% per fund	No
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	3 years	15% per Counterparty	No
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	These funds do not have a defined maturity date	15% per fund	Yes

APPENDIX D

PRUDENTIAL INDICATORS 2013/14 – 2015/16

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "Prudential Code") when setting and reviewing their Prudential Indicators. In 2011 the CIPFA Prudential Code was revised and the changes have been incorporated into the Prudential Indicators below.

2. Estimates of Capital Expenditure

It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Table A:

	2012/13 Approved £000	2012/13 Revised £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Capital Expenditure	41,978	49,185	41,808	10,787	1,385

Capital expenditure is expected to be financed and funded as follows:

Capital Financing	2012/13 Approved £000	2012/13 Revised £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Supported Borrowing	0	0	0	0	0
Unsupported Borrowing	9,035	13,175	11,985	1,818	357
Capital Receipts	3,000	3,000	400	0	0
Capital Grants	29,643	30,562	29,423	8,969	1,028
Revenue Contribution	300	2,448	0	0	0
Total Financing and Funding	41,978	49,185	41,808	10,787	1,385

3. Incremental Impact of Capital Investment Decisions:

As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Table B:

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	5.30	8.61	4.53	1.23

4. Ratio of Financing Costs to Net Revenue Stream

The estimate for interest payment in 2013/14 is £14m and for interest receipts is £1m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

Table C:

Ratio of Finance Costs to net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Ratio	9.34	8.77	9.13	9.53	9.59

5. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and it's financing.

Table D:

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
CFR	384	371	365	349	332

6. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. Its purpose is to ensure that over the medium term, net debt will only be for a capital purpose. In order to ensure this the Authority should ensure that debt does not, except in the short term exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and the next two financial years.

The Authority had no difficulty meeting this requirement in 2012/13, nor does the Director of Resources envisage any difficulties meeting it in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

7. Actual External Debt

The Council's balance of Actual External Debt (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities) as at 31 March 2012 was **£326m**. A breakdown of this figure is provided in Table E below. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Table E:

Actual External Debt as at 31 March 2012	2011/12
	£m
Borrowing	264
Other Long Term Liabilities	62
Total	326

8. The Authorised Limit

The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet and is the statutory limit determine under Section 3 (1) of the Local Government Act 2003.

Table G:

Authorised Limit for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	489	371	355	342	328
Other Long-term Liabilities	8	85	85	85	85
Total	497	456	440	427	413

9. The Operational Boundary

The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included with the Authorised Limit.

Table H:

Operational Boundary for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	479	361	345	332	318
Other Long-term Liability	3	80	80	80	80
Total	482	441	425	412	398

The Director of Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

10. Upper Limits for Fixed Interest Rate Exposure & Variable Rate Exposure

The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

In order to increase the understanding of this indicator, separate upper limits for the percentage of fixed and variable rates are shown for borrowing and investment activity, as well as the net limit.

Table I:

	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200
Upper Limit for Variable Interest Rate Exposure					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
Net	200	200	200	200	200

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. Maturity Structure of Fixed Rate Borrowing

The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to offer flexibility against volatility in interest rates when refinancing maturing debt.

Table J:

Maturity structure of fixed rate borrowing	Lower Limit 2013/14 %	Upper Limit 2013/14 %
Under 12 months	0	80
12 months and within 24 months	0	50
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 years and over	0	100

12. Upper Limit for Total Principal Sums Invested over 364 Days

The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Table K:

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

13. Credit Risk

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);

- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

14. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council previously approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 1 March 2010.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

APPENDIX E

Arlingclose's Economic and Interest Rate Outlook

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Official Bank Rate													
Upside risk			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month LIBID													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.85	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.95	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	2.00	2.00	2.05	2.05	2.05	2.05	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.10	3.10	3.10	3.10	3.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Central case	3.35	3.35	3.35	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

Underlying Assumptions:

- UK growth is unlikely to return to above trend for the foreseeable future. Q3 GDP was strong at 0.9% but this momentum is unlikely to be sustained in Q4 or in 2013. The rebalancing from public-sector driven consumption to private sector demand and investment is yet to manifest, and there is little sign of productivity growth. Further contraction in the Eurozone, including Germany's powerful economy, and slower forecast growth in the emerging economies (Brazil/Mexico/India) are exacerbating the weakness.
- Consumer Price Inflation has fallen to 2.7 % from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated. Real wage growth (i.e. after inflation) is forecast to remain weak.
- The fiscal outlook for bringing down the structural deficit and stabilise debt levels remains very challenging. Weakened credibility of the UK reining its levels of debt poses a risk to the AAA status, but recent history (US, France) suggests this may not automatically result in a sell-off in gilts.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.

- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 – 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The Eurozone is making slow headway which has curtailed some of the immediate risks although peripheral countries continue to struggle. Fully-fledged banking and fiscal union is still some years away.
- In the US, the issues of spending cuts, reducing the budget deficit and raising the country's debt ceiling remain unresolved. A failure to address these by March 2013 could lead to a similar showdown and risks a downgrade to the US sovereign credit rating by one or more agencies.
- A reversal in market risk sentiment from current "risk on" to "risk off" could be triggered by economic and/or political events – impending Italian and German elections, US debt ceiling impasse, difficulty surrounding Cyprus' bailout, and contagion returning the haunt the European peripheral nations – could inject renewed volatility into gilts and sovereign bonds.

APPENDIX F

AUTHORISED SIGNATORIES

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

Interim Director of Finance – Peter Timmins

Deputy Director of Finance – David L.H. Taylor-Smith

Head of Benefits, Revenue and Customer Services – Malcolm J. Flanagan

Head of Financial Services – Tom Sault

Chief Accountant – Peter J. Molyneux

Chief Accountant – Jenny Spick

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WIRRAL COUNCIL

COUNCIL

5 MARCH 2013

SUBJECT	REVENUE BUDGET 2013/14
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides the proposed Budget for 2013/14 and the projections for 2014/15 and 2015/16.
- 1.2 Council agreed the Council Tax Base for 2013/14 on 28 January 2013.
- 1.3 Cabinet at its meeting of 18 February agreed a budget resolution for 2013/14 (Appendix 1).
- 1.4 A summary of the General Fund Estimates is set out at Appendix 2 to the report.

2.0 BACKGROUND AND KEY ISSUES

BASE BUDGET

- 2.1 The Budget projections, and the analysis of changes, are set out at Appendix 3:

Table 1 Budget Projection Summary

	2013/14	2014/15	2015/16
	£000	£000	£000
Projected Net Expenditure	325,573	354,873	369,173
Projected Funding	273,064	259,480	246,967
Funding Gap	52,509	42,884	26,813
Cumulative Funding Gap	52,509	95,393	122,206

SAVINGS

- 2.2 At their meeting of 8 November 2012, Cabinet agreed savings of £11.185 million over the 3 years of the budget strategy; further savings are set out in the Cabinet's Budget Resolution agreed at their meeting of 18 February 2013. Table 2 provides a summary of the savings agreed by Cabinet.

Table 2 Cabinet Approved Savings

	2013/14	2014/15	2015/16	Total
	£000	£000	£000	£000
Savings Agreed 8 November	7,185	2,000	2,000	11,185
Saving Agreed 18 February				
- Transformation & Resources	22,013*	6,993	7,675	36,681
- Families & Wellbeing	12,960	5,509	4,320	22,789
- Regeneration & Environment	6,187	2,526	433	9,146
TOTAL SAVINGS AGREED	48,345	17,028	14,428	79,801

* Includes proceeds of 2% Council Tax Increase £2.6 million.

BALANCES AND RESERVES

- 2.3 The savings agreed by cabinet represent a significant proportion of our net revenue budget. Cabinet recognised this and agreed that £2.0 million be set aside as a provision for potential delays in implementation of our savings programme. In addition there will be costs, yet to be quantified, in implementing our change management programme, it is recommended that £4 million is set aside as a provision to meet these costs.

Table 3 General Fund Balance 2013/14

	£000
Balance at 31 March 2013	23,800
Less Contribution 2013/14	-4,164
Less Provision for Slippage	-2,000
Less Change Management Implementation Fund	-4,000
Balance at 31 March 2014	13,636

COUNCIL TAX

- 2.4 The Government has announced that a Council Tax Freeze Grant will be available for 2013/14 for Councils which freezes Council Tax levels in 2013/14. This is the equivalent of a 1% Council Tax rise, based upon the 2012/13 levels, and for Wirral equates to £1.3 million. This sum will be payable for both 2013/14 and 2014/15 only.
- 2.5 If the Council agreed to increase Council Tax level then the Government has again imposed the requirement for a Council Tax Referendum for increases of 2%. The calculation of the Referendum 'trigger' amount is complex and excludes levies. As an example :- if Wirral elected to opt for a 2% increase in Council Tax the figure under the Referendum calculation would be 1.6% and

the income generated would be £2.6 million which would then be part of the Base Budget for future years.

3.0 RELEVANT RISKS

3.1 For 2013/16 there will be significant changes to the financing of local government which includes the changes in respect of the Formula Grant and also Business Rates. The latter places an increased risk upon local authorities as they will benefit from a share of any increased revenues but also liable for at least a share of any falls in income (subject to the safety net triggers) and any non-collection. There will also be increased losses on Council Tax collection arising from the localisation of Council Tax Benefit.

3.2 The Government has indicated that the austerity measures outlined in the Spending Review for 2011/15 will continue beyond 2015 and until at least 2018. In the Autumn Statement on 5 December 2012 the Chancellor announced that there would be a further 2% reduction in local government support from 2014/15 and that there would be a Spending Review in 2013.

3.3 The Audit Commission have recently reported upon a 36% rise in the level of reserves held by local authorities from 2007 to 2012. The Commission recommended that authorities should improve their decision-making about the appropriate levels of reserves.

3.4 In recognising the changing financial environment in which the Council operates Cabinet on 29 November 2012 agreed to a risk-based approach being adopted for setting the level of General Fund Balances. Cabinet agreed that the risk based approach should set General Fund Balances at £21.1 million in 2013/14, £19.6 million in 2014/15, and £15.0 million in 2015/16. At its meeting of 18 February Cabinet revised the risk calculation for 2013/14 to £13.0 million, given the new information now available.

4.0 OTHER OPTIONS CONSIDERED

4.1 All areas of the Council's budget have been reviewed as part of the budget setting process.

5.0 CONSULTATION

5.1 The findings from the What Really Matters consultation that ran from 10 September 2012 to 19 October 2012 were reported to Cabinet on 8 November 2012 and subsequently to Overview & Scrutiny Committees.

5.2 The second stage began on 23 November 2012 and ran to 31 January 2013. The options were proposed by the Chief Executive and the results reported to Cabinet on 7 February 2013.

5.3 Where legally required to undertake a more formal consultation in respect of individual options then this more specific consultation will be carried out.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Where budget options recommend a reduction or removal of a public service, discussions will take place with appropriate alternative service providers to ascertain if the impact would result in increased demand for services from the alternative providers. This will include voluntary and community sector groups and organisations.

7.0 RESOURCE IMPLICATIONS

7.1 As set out in paragraph 2.

8.0 LEGAL IMPLICATIONS

8.1 The Council is required to agree a Budget for 2013/14 by 10 March 2013. The report concerns the duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Finance Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

8.2 If the Chief Finance Officer reports that there are insufficient resources to meet expenditure, the Council is prevented from entering into any new agreement which may involve the incurring of expenditure at any time by the authority, until the report is considered, and if the problem is ongoing until it is resolved. It is remarkably broad in its prohibition of new agreements, no matter what their scale. It would not only prevent the authority from hiring new staff or letting new construction contracts, but from ordering minor office supplies.

9.0 EQUALITIES IMPLICATIONS

9.1 When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate. A cumulative assessment will accompany the Budget proposal.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 Council approve a Revenue Budget for 2013/14 as detailed in Appendix 1 of the report.

13.0 REASON FOR RECOMMENDATION

13.1 Council are required to approve a budget by 10 March 2013.

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APPENDICES

Appendix 1
Appendix 2
Appendix 3

REFERENCE MATERIAL

Budget - HM Treasury - March 2011.
Independent Public Service Pensions Commission Report - March 2011.
Spending Review - HM Treasury - October 2010.
Medium Term Financial Strategy 2012/15 - October 2011.
Local Government Finance Settlement 2012/13 - DCLG – January 2012.
Council Budget 2012/13 - March 2012.
Autumn Statement – HM Treasury – December 2012.
Local Government Finance Settlement 2013/15 - DCLG - February 2013.

SUBJECT HISTORY

Council Meeting	Date
Cabinet	
Budget Projections	19 July 2012
What Really Matters Consultation Findings	8 November 2012
Level Of General Fund Balances	29 November 2012
Cabinet	20 December 2012
Cabinet	18 February

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CABINET 18TH FEBRUARY 2013**WIRRAL COUNCIL BUDGET RESOLUTION****EXECUTIVE SUMMARY**

Unprecedented cuts to Council funding from central government, combined with unfunded increased demand for social care in particular, mean that we have no choice but to cut around a third of our net budget over the next three years.

This budget involves some difficult choices: standards in some of our services will have to be less generous and charges for some services will have to increase, however, this Labour Administration is determined to put the Council's finances on a sustainable footing and ensure that Wirral Council continues to deliver good quality services for our residents. Over the next three years, we will also deliver a transformational change programme which puts in place new models for providing some services which will enable us to achieve further economies.

Our budget proposals for 2013/14 are set out in detail in this resolution. Key elements include the following:

- We will protect front-line services: no Children's Centres, Libraries or One Stop Shops will close.
- We will retain pensioner discounts for Council Tax.
- We will make appropriate provision for increased demand for our services for vulnerable families and adults, despite lack of increased funding from Central Government in this vital area.
- We will invest £1m of capital in a new state-of-the-art Youth Zone.
- We will invest £300,000 in funding for an innovative project to address child poverty led by Frank Field MP.
- We will give a high priority to assisting the delivery of the Wirral Waters scheme and will work with our partners to ensure we maximise the opportunities to attract new investment in the offshore wind sector and the return of the British Open to Hoylake in 2014.
- We will develop the skills of our young people to prepare them for work through our apprenticeship programme, ensuring the next generation benefit from the economic opportunities we create.
- We will maintain our commitment to be a Living Wage employer – one of only 10-15 Councils to apply this nationally.
- We will maintain an enhanced severance scheme for Council staff.
- We will remove unnecessary layers of management.
- We will establish powerful new Constituency Committees and devolve £200,000 to be focussed on reducing inequalities.
- We will mitigate the impact of benefit cuts by investing £100,000 in enhanced advice services.
- We will ensure that funding for tackling domestic abuse will continue by utilising the Community Fund and working closely with the Police and Crime Commissioner to ensure this vital priority is funded appropriately in the future.

- We will invest £50,000 in enhancing road safety around our schools.
- We will explore a range of opportunities to deliver savings and improve our services through new partnerships with other Councils across the north west. The first, a shared internal audit service with Liverpool City Council, will be delivered this year.

1. INTRODUCTION

- 1.1. This budget is the most important – and challenging - in recent history. Cuts, unprecedented since 1945, combined with changing demographics and residents who both demand and have a right to expect value for money and high quality services, present challenges this Administration is determined to address.
- 1.2. This Council faces a £109 million budget deficit over the next three years – we have to reduce our net revenue budget by a third. Over the next three years it is estimated that we will receive a 57% reduction in grants or £62 million less from central government to spend on our services. We are also facing increased demand of approximately £47million over the next three years. This includes costs associated with increasing numbers of older people in our communities who are living longer and requiring more support from the Council. These factors result in the £109 million savings that we must make by 2016.
- 1.3. In 2013/14 we face a £39 million budget shortfall due to a combination of cuts by government to our grant, together with unfunded demographic growth. We also have to address exceptional items totalling £38.4 million. This includes an inherited overspend from the previous Administration of £17 million. These figures have been confirmed by external experts.
- 1.4. This Administration is determined to get the Council's finances in order and be open and transparent in all its decision making processes. We have appointed a new Chief Executive and senior management team with an excellent track record. The formation of new cross-cutting Directorates will enable us to modernise services through a programme of transformation and improvement, ensuring that we deliver the best possible outcomes for our residents. In partnership with the Local Government Association we are at the forefront of developing a new approach to sector-led improvement. We have established an Improvement Board which has agreed a robust Improvement Plan with the aim of moving Wirral forward to become a high-performing Council. We are committed to working with our partners and across parties to meet our challenges.
- 1.5. External validation of our plans to address areas of weakness has been provided by a Corporate Peer Challenge of the Council which took place between 29th October and 1st November 2012. The Team concluded that:

'The Council has a good grasp of the scale and urgency of the challenges it is facing. You recognise the significant financial challenges will continue to increase as time elapses and that immediate and decisive measures to address them are required. We think the overall strategy you are working to, including the plans for organisational improvement and budget reduction, is appropriate given the challenges you face. Put simply we think you have a good awareness of the issues and an appropriate plan of action.'
- 1.6. This budget will help to deliver financial stability for this Council, dealing with the challenges we face head on. We have a duty to make tough decisions and to get our own house in order. We will ensure that public money is

safeguarded, properly accounted for and used efficiently and effectively. A detailed report on the Council's financial position is being prepared by Eugene Sullivan, former Chief Executive of the National Audit Commission. We will publish this report and are determined to learn the lessons from the key findings.

- 1.7. This budget is being set against the background of a system of local government funding which, in our view, is grossly unfair. It cannot be right that authorities like Wirral, which have areas of high deprivation, have had their funding cut by £151 per head of population since 2010, whereas Councils in relatively affluent areas such as North Dorset are being required to find a cut of only £2 per head of population. The coalition government has cut Wirral Council's funding by a total of £64 million since 2010. This includes a key specific grant – the Area Cost Adjustment, worth £37 million, which provided funding to help address deprivation. The impact of removing specific grants from Councils in the most deprived areas is clearly spelt out by the Audit Commission in their report, 'Tough Times 2012' (see paragraph 31).
 - 1.8. The scale of government cuts to Wirral Council's budget is also evident in an analysis of changes in revenue spending power 2013-14 which showed that of the 47 local authorities which are members of the Special Interest Group of Metropolitan Authorities outside London (SIGOMA), Wirral has had the biggest cut (2.62%) compared to the average cut (1.76%).
 - 1.9 This Administration has made a number of representations to government regarding the Council's budget. The Leader of the Council has written to the Secretary of State for Communities and Local Government and, together with the other Party Leaders, the Leader has met with a minister from DCLG. Some flexibility has been agreed with regard to capitalisation to fund our severance scheme. Wirral has contributed to lobbying activity led by SIGOMA. We have also supported the 'Come Together' Campaign organised by Council Leaders from the Core Cities and Faith Leaders who have launched an e-petition which calls on the government to apply the cuts more fairly across the country, protecting those most in need, and making sure those in wealthy parts of the country pay their fair share. We will continue to lobby government to give Wirral a fair deal.
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2. NEW CORPORATE PLAN

- 2.1 We have developed a new three-year Corporate Plan which we have recommended for adoption by Council. This sets out a vision for Wirral and contains the key principles and priorities which will underpin the Plan. Our budget proposals will flow from three policy priorities and three guiding principles set out in the Corporate Plan:

Policy Priorities

- **Protecting the most vulnerable in our Borough**
- **Driving growth in our economy**
- **Tackling health inequalities**

Guiding Principles

- **We will spend less on the cost of running the Council**
- **Those with the broadest shoulders must bear the greatest burden**
- **Every effort will be made to mitigate the impact of savings on front-line services**

3. CONSULTATION

- 3.1 Our priorities and budget proposals have been informed by the 'What Really Matters' consultation, the largest such consultation ever undertaken by Wirral Council, both in terms of reach and scope. This involved a two-stage consultation process: engaging the community firstly in debating the principles the Council should explore to develop the budget options and then further debate around those options. This is the first time that the Council has published all budget options and sought the views of residents well in advance of finalising the budget.

- 3.2 The main route for resident involvement was via a questionnaire which was available on-line and also in hard copy. In addition, the engagement team attended around 250 community events where residents gave their views on the budget. Stage one received almost 7000 responses. Stage two achieved 6522 responses. In addition, an extensive programme of staff consultation was delivered and since November 2012 over 20 meetings have taken place with the Trade Unions. In addition, a number of petitions, emails and letters have been received regarding budget options. Cabinet is grateful to all those who took part in the consultation.

4. TRANSFORMATIONAL CHANGE

- 4.1 Given the scale of reductions in funding by central government, we will put in place over the next three years a radical programme of transformational change to replace the traditional model where Councils deliver most services directly. This will require us to build on the excellent work we have done in recent years with key partners such as the NHS, the police service, the fire authority and the voluntary, community and faith sectors. We are looking closely at the experience of Community Budget pilots and have a programme of visits to other authorities which operate trusts, mutuals, social enterprises and co-operatives. We are the lead authority in Merseyside for developing a plan for sharing services with other Councils and will continue our positive

discussions with Cheshire West and Chester Council with the aim of realising further savings over the coming months.

4.2 As part of our savings for 2013/14 we have entered into an agreement with Liverpool City Council to share our internal audit service and we are talking to other authorities about sharing other services. We have developed an exciting plan to involve local Friends Groups, The Reader Organisation and other similar organisations in a number of libraries and we are looking at opportunities for developing social enterprises from the work done by people with learning disabilities.

4.3 We will continue to provide the resources necessary to provide training opportunities to ensure Members have all the skills necessary to lead this new way of working and to fulfil the role of 'community champions' in our new neighbourhood working arrangements.

5. LABOUR'S PLEDGE TO OUR STAFF

5.1 Our employees are the Council's most valuable assets and we want to protect frontline and low paid workers as far as possible. We are one of only a small number of Councils nationally to introduce the Living Wage as a minimum pay level for our staff.

5.2 Last year, one of the opposition aims was to reduce the amount of money the Council spent on Trade Unions. We believe that a business case can be made for good industrial relations: the Trade Unions play an important role in representing staff and helping the Council to achieve efficiencies. We will continue to support this work however, in conjunction with the Trade Unions, during the course of the next financial year we intend to review the funding for full time Trade Union Officials to ensure we are achieving the best value for money.

5.3 We have adopted a severance multiplier of 1.8, a reduction from the current multiplier of 2.2 but it is far above the basic, statutory entitlement. It is important to us as Councillors, to try and secure something above the statutory level for those employees leaving the authority. Although times are tough we have taken time to consider the best way to try and soften the blow of redundancy for employees as much as possible.

5.4 Although we are having to make significant changes to the way we do our business, our employees are key to the success of providing good quality services for local communities and we will continue to try to mitigate the impact of the cuts being forced upon us.

5.5 We will continue to work with Voluntary Community Action Wirral (VCAW) to support the creation of social enterprises. We will also provide our staff with the necessary skills and training to take over the running of Council services through the creation of mutuals.

BUDGET PROPOSALS

6. Transformation and Resources

- 6.1 Our proposals in this area are designed to ensure that the Council is able to achieve the significant financial savings required while still providing the structures, mechanisms and resilience we need to ensure we improve the way we do business.
- 6.2 This budget will bring about major savings in our buildings, marketing, information technology and what we spend on our senior management. We will also improve the value for money we achieve for goods and services through major changes to our procurement systems.
- 6.3 We believe that it is important to reduce the cost of democracy, while still ensuring that elected members have support in place to fulfil their essential role in our local communities. We therefore propose to save £275,000 by holding elections once every four years, and reviewing the number of meetings and committees held to both reduce administration costs and to enable Members to focus on what really matters to local people.
- 6.4 We are also taking steps to eliminate waste across the Council, ensuring that every penny of Council resources is targeted at improving our residents' quality of life. We will save around £20,000 by ceasing production of a glossy brochure and newsletter which previous Administrations opted to mail to every resident, at great expense. We believe this is an unnecessary extravagance and that it is not a responsible use of scarce Council resources.
- 6.5 We have also instructed Officers to rapidly explore innovative models of delivering back office services with our neighbouring Councils, with internal audit, procurement and information technology services likely to be the first to realise savings. We have worked hard with the Trade Unions to achieve savings in staff Terms and Conditions minimising the affect on contractual conditions and over the next year we are committed to working with them to identify further efficiencies.
- 6.6 We will continue to provide advice and support to event organisers in the borough, but will no longer provide funding to events. We will not renew the Tranmere Rovers Football Club sponsorship agreement but we will continue to support the excellent work the Club does in both local Schools and the wider Community across Wirral.
- 6.7 We recognise the vital work which is done by our partners in the voluntary, community and faith sectors and, while we will no longer provide funding through our Area Forum programme, we will reinvest £200,000 of this to kick-start work on our innovative proposal for a new model of Neighbourhood Working.
- 6.8 Welfare Reform will have far reaching consequences. We propose to delete vacant posts that are no longer required in the Revenues and Benefits team as the new Universal Credit is implemented. However, we will also mitigate against the impact of benefit cuts by investing £100,000 in information and advice services for Wirral residents, which will help signpost them to the support available in their local area and ensure that agencies are alerted to families at risk of financial crisis. Central Government have also transferred £237, 000 of Housing Benefit Administration costs to us that we have had no choice but to make provision for. We have also had to deal with a cut of 10% or £3.2million in the funding we previously received from central government for administering council tax benefit.

6.9 In order to protect our libraries from closure we will deliver the service more efficiently by further integrating One Stop Shop services into libraries. We will bring our libraries in line with other Council services by closing them during those times when they are rarely used, during Christmas and New Year. Crucially, we have instructed Officers to accelerate discussions with the Reader Organisation and Friends Groups to explore opportunities for alternative delivery of this valuable service in the future.

6.10 Consultation is ongoing with the Trade Unions. Cabinet recommend the following changes to Terms and Conditions to achieve £3.8 million of savings be agreed and recommended to Budget Council on the 5th March 2013.

- All employees to take 5 days unpaid leave. This will be reviewed after three years.
- All voluntary overtime, additional hours and casual work to be paid at plain time.
- Review and revise criteria for car allowance scheme, reduce essential user lump sum and move to HMRC mileage rate for all.
- Implementation of an increment freeze for all employees for one year.
- Removal of disturbance, relocation and telephone allowance.

6.11 In addition we will work together with the Trade Unions to review current working arrangements to maximise the efficiency and cost effectiveness of services including annualised hours during this financial year which could mitigate the need for ongoing savings.

TRANSFORMATION AND RESOURCES	2013/14 £000s	2014-16 £000s	TOTAL £000s
Reducing Council Management	5000	0	5000
Reducing the numbers of Agency workers	500	0	500
Service Restructures	905	642	1547
Trade Union funding	- 270	0	-270
Reducing the Cost of Democracy	100	175	275
The Mayor of Wirral	50	0	50
Procurement	320	9000	9320
Treasury Management	1700	0	1700
Information Technology Service	210	90	300
Better Use of Buildings	100	458	558
Transforming Business Support	500	2000	2500
Revenues and Benefits	550	0	550
Marketing and Public Relations	167	0	167
Tranmere Rovers Sponsorship	135	0	135
Power Supplies - Contract Saving	11	0	11

TRANSFORMATION AND RESOURCES	2013/14 £000s	2014-16 £000s	TOTAL £000s
Reduction in External Audit Fees	140	0	140
Workforce Conditions of Service	3800	0	3800
Area Forum Funding	391	0	391
Libraries and One Stop Shops	391	583	974
Shared Services Development	0	1400	1400
Council Tax Increase	2600	0	2600
Council Tax: Discounts and Exemptions	2284	0	2284
Council Tax: Court Costs	2429	0	2429
Council Tax: Discretionary Relief	0	320	320
Transformation and Resources Total	22013	14668	36681

7 Families and wellbeing

7.1 Increasing demand for our services adds to the unprecedented financial challenge we face. Our recommendations address this, while ensuring we are able to focus on our duty to serve and protect the most vulnerable in our communities. We will “think family”, while working towards our goal of delivering services in ways which are easy to access, focus on the front line, eliminate duplication and reduce back office costs.

7.2 We are committed to providing and commissioning the best and most appropriate levels of care and support possible, involving our partners throughout the voluntary, community and faith sector and we will further integrate our work with that of the NHS to improve residents’ experience of support services. These recommendations are in line with our policy of delivering more personalised services, to enable residents to stay independent for as long as they can. We believe it is right to review the support we provide to Carers to ensure we secure effective services for them whilst enabling short breaks and other services to be part of the cared for person’s budget rather than the carer.

7.3 We have had to think radically about the options for savings given the scale of the budget cuts and the options therefore include some proposals to reduce the universal services provided in our Children’s Centres. This Administration will ensure that our Children’s Services are focused on those children most in need, and we will therefore protect core Sure Start services within our most deprived areas to support our most vulnerable and disadvantaged families. We will maintain all of our Children’s Centres and Satellite Centres attached to Schools will be taken over by the Schools.

7.4 The work of our staff to safeguard Wirral’s most vulnerable children is vital. We have therefore made a provision that will be targeted at hard to recruit and retain front line child protection social workers.

7.5 Previous Administrations have not ensured that the growth in demand for services for vulnerable children and families is met with appropriate levels of funding. We are therefore investing in the following critical areas:

Funding increased demand (Children and Young People)	2013/14 £000
Independent Reviewing Officers	90
Additional Social Worker capacity in Wallasey District	315
Social Workers in Schools	75
Family Justice Review	100
Staying Put Policy	100
Increase in Foster care demand	500
Youth Justice Board	50
	<u>Total</u>
	<u>1230</u>

This growth is included in the £39million target

In addition, we will ensure that appropriate funding is provided to help meet the costs of demographic growth in the numbers of vulnerable adults that is not being met by central government.

Funding increased demand (Adult Social Care)	2013/14 £000
Young Adults with Learning Disabilities	944
Older People	1773
Fees for Residential and Nursing Care	1000
	<u>Total</u>
	<u>3717</u>

This growth is included in the £39million target.

- 7.6 We will continue to provide support to the Birkenhead Foundation Trust Springboard project, which is currently receiving national recognition for its work to establish new ways of working to tackle intergenerational poverty involving communities and volunteers. The project will engage with young women in the earliest stage of pregnancy to provide support focussed on raising aspirations for them and their children. A further £100,000 will be commissioned based on priorities identified by Wirral's Child Poverty Working Group.
- 7.7 We are proud of our excellent schools and will work with them to ensure that children continue to benefit from the best possible start in life. We do believe however that it is right to target resources where they are most needed and for schools to make an appropriate contribution for the services they receive from the Council.
- 7.8 We will consolidate our youth service to operate out of the four main hubs across the borough, and retain four Satellite youth Clubs and outreach provision until the new Youth Zone opens working hard to ensure that these

services are targeted at those young people who are most in need. Funding for the excellent Wirral Youth Theatre will continue.

7.9 We believe it is vital to ensure increasingly limited resources are invested wisely. Our recommendation to charge more for non-residential services brings Wirral in line with other local authorities and we propose to re-tender contracts for extra care housing to ensure we are getting value for money while ensuring quality is maintained.

7.10 We will reduce the costs of transporting children and adults to school, day centres and other facilities by focussing provision on those in the greatest need. We are reviewing the pilot of a Community Card in St Helens, which has reduced the cost of transport significantly and enhanced personal choice. Business plans have been developed to ensure that Oaklands Outdoor Education Centre and the Schools Music Service will be self financing in the future.

7.11 The quality of some of our physical provision is simply not good enough. We propose to rationalise both our respite and day care services but will do so in close consultation with service users and their families, putting their interests at the heart of all we do. At the same time we will offer people more choice to use their personal budgets in the way that they choose.

7.12 We will focus specialist Child and Adolescent Mental Health services on those who require it most. We are determined to ensure that no young person who needs this service should be forced to do without it. We also believe that this service could be rationalised, and improved, through targeting its efforts at those most in need.

FAMILIES AND WELLBEING	2013/14 £000s	2014-16 £000s	TOTAL £000s
Education Psychology Service	80	0	80
Schools Budget	250	2500	2750
School Improvement and Income from Schools	160	0	160
Careers, Education and Advice	700	300	1000
Housing Benefits - Maximisation of Grant	2000	0	2000
Community Meals	169	31	200
Charging for Non Residential Services	880	0	880
Targeted Support through NHS Contracts	1828	2383	4211
Extra Care Housing	300	300	600
Residential and Respite Care	160	160	320
Day Care and Day Services Transformation	750	1250	2000
Review of Support for Carers	250	0	250
Assistive Technology	150	150	300
Transport Policies	250	1082	1332
Area Teams for Family Support	200	0	200

FAMILIES AND WELLBEING	2013/14 £000s	2014-16 £000s	TOTAL £000s
Schools Music Service	21	0	21
Oaklands Outdoor Education Centre	23	0	23
Foundation Learning	121	12	133
Commissioning of Parenting Services	700	200	900
Review of VCF Sector Grants	705	115	820
Review of Residential Care for Learning Disabilities	300	0	300
Review of Equipment Service	100	0	100
Review of Emergency Duty	0	100	100
Youth and Play Services	687	300	987
Youth Challenge	200	200	400
Children's Centres and Sure Start	1576	596	2172
Short Breaks for Children with Disabilities	150	150	300
Child and Adolescent Mental Health Service	250	0	250
Families and Wellbeing Total	12960	9829	22789

8 Regeneration and Environment

- 8.1 Wirral has enormous potential for economic regeneration – opportunities such as Wirral Waters, the International Trade Centre and the launch of a world class golf resort are of international significance. The size of our budget pressures are such that we will need to review our business support and reduce available business grants, however we are entirely confident that we will continue to create more jobs and attract investment through increasingly targeted activity.
- 8.2 We will continue to ensure that Wirral accesses external funding opportunities, including the new European Regional Development Fund Business Support programme and continues to work with UK Trade and Investment to attract investment locally from overseas companies.
- 8.3 We recognise the importance of developing the skills of our young people to prepare them for work. We will therefore continue to invest in our apprenticeship programme through funding the cost of apprenticeship training through the Liverpool City Region model. This funding will be matched with contributions from the National Apprenticeship Service.
- 8.4 Decent housing is crucial to residents' quality of life. We will continue to work with Registered Social landlords and Private Sector landlords to maximise the number and range of quality homes for rent. We will continue our programmes to restructure the Housing Market and work with House Builders to increase the number of new homes built in Wirral. We will prioritise the remaining Housing Market Renewal funding to provide priority affordable housing in our most deprived areas.

- 8.5 In accordance with our guiding principle of focussing resources on those who are most in need, we propose to target the handy person scheme to support those who have recently been discharged from hospital. The Home Insulation scheme will be reduced and future work will be targeted at tackling fuel poverty and energy efficiency projects such as the Green Deal.
- 8.6 We know that the quality of the local environment matters to local people, however we simply cannot afford to deliver certain services in the same universal way. We will better target street cleansing in the future and increase the charge for the optional ERIC service and introduce an 'opt in' service for garden waste. In addition we propose to charge for pre-planning advice to developers in the future.
- 8.7 We believe it is important that all residents pay their share and that it is unfair to charge different rates for car parking across Wirral. We therefore propose to standardise charges in car parks at the current rate for Birkenhead car parks, reducing the all day charge for on-street long stay bays in Birkenhead to £2.50 and to introduce competitive annual and season permits rates. We will also reduce office, maintenance and operational expenditure across the service.
- 8.8 We have no choice in the future but to target investment at where it is most needed. We therefore propose to rationalise street lighting maintenance and reduce street lighting where to do so does not present a risk. In addition we will reduce pro-active highway maintenance work – again ensuring that our primary focus is on the safety of our residents.
- 8.9 We will invest in enhancing road safety around our schools and will put in place road safety improvements, including for the following schools within the Council's four constituency areas; Egremont Primary, in Wallasey, Ladymount Primary and Pensby Primary in Wirral West, Oxton St Saviours Primary in Birkenhead and Raeburn Primary in Wirral South.
- 8.10 We have also listened to our many residents who place huge value on our parks and open spaces. Two separate options were proposed in this area; to reduce the maintenance frequency across some open spaces, and to remove the maintenance on some parks and bowling greens. Feedback from parks groups, bowling teams and residents have made it clear that while they would accept a reduction in maintenance frequencies, the removal of maintenance across many of our parks and open spaces would bring too great an impact at this time. We agree with this view, and therefore recommend that while the reduction in parks maintenance should be accepted, the removal of maintenance should not.
- 8.11 We believe that the budget option proposed for the Council Kennels/Dog Warden Service that the service should join the Merseyside Consortium should not be progressed at this time. The Friends of Birkenhead Kennels have submitted to the Council an alternative budget savings proposal and therefore we recommend that the decision to accept this budget option is delayed and the Friends of Birkenhead Kennels be requested to submit more detailed proposals for consideration.
- 8.12 The dog fouling team will be organised to align with the new Constituency Committees, with an enforcement Officer dedicated to each of the Constituencies. We also instruct the Council's Marketing Team to bring forward a campaign to target irresponsible dog owners to effect behavioural change.

REGENERATION AND ENVIRONMENT	2013/14 £000s	2014-16 £000s	TOTAL £000s
Pre-Planning Advice	10	0	10
Home Insulation	926	0	926
Pest Control	30	0	30
Invest Wirral	352	0	352
Car Parking	281	0	281
Garden Waste Collection	582	569	1151
Household Waste Collection	80	0	80
Apprentice Programme	420	0	420
Handyperson Scheme	209	0	209
Trading Standards	71	0	71
Highway Maintenance	588	0	588
Street Cleansing	1000	-250	750
Biffa Contract Break	0	600	600
School Waste	180	0	180
Street Lighting	265	0	265
Highway Drainage	106	0	106
Reduction in Parks Maintenance	450	0	450
Housing Support for BME Communities	111	0	111
Supporting People	0	2000	2000
Dog Fouling Enforcement	97	0	97
Regeneration General Running Costs	0	40	40
Modernisation of Leisure	429	0	429

Regeneration and Environment Total	6187	2959	9146
TOTAL SAVINGS	41160	27456	68616

8.13 The exceptional items, referenced at paragraph 1.3 at £38.4m of savings, that are additional to three year target of £109m, are to be funded by balances, released earmarked reserves, capital receipts and decisions taken at the November 2012 Cabinet in relation to the efficiency fund and the local council tax scheme. The Council will continue its freeze on all non essential spending.

8.14 The total savings proposed in this budget for 2013/14 amounts to £41.2 million with £27.5 million also proposed for the years 2014-2016. This means

that we still have £40.3 million to find to achieve our overall target of £109 million by 2016.

- 8.15 We request officers to bring forward a report to Cabinet no later than May 2013 in order to outline an approach for identifying further budget savings. This is as part of our commitment to be proactive in identifying the savings that we must make.

9. Council Tax

- 9.1 This budget resolution makes provision for increased demand for services for vulnerable children and adults, the reduction in our Housing Administration Grant and contract uplifts, demand that should rightly be recognised in our settlement from Central Government. This equates to an unfunded increase of in excess of £5 million for the year 2013/14 that we have to meet ourselves.
- 9.2 The Government's offer of a grant of £1.3 million to freeze the Council Tax in 2013/ is a one off derisory offer that does not meet this pressure and that would not be included in our base budget. This means that in 2015/16 when the grant ends we will have to find additional cuts to replace the grant.
- 9.3 Under the Government's regulations the Council is allowed to increase Council Tax by 2%. Cabinet feels that increasing Council Tax by 2% in 2013/14 is the only responsible option before us. This would equate to a 1.6% increase in the Wirral Council element and is significantly below the Consumer Price Index which currently stands at 2.7% and the Retail Price Index which currently stands at 3.3%. This follows a two year freeze on Council Tax.
- 9.4 This Budget Resolution recommends an overall Council tax increase of £25.06 on a band D basis.
- 9.5 This represents an increase on Band D from £1,253.20 p to £1,278.64p. This represents an increase of 48p per week. The majority of Wirral residents will pay less than this as most properties are below Band D.
- 9.6 Wirral Council's element of this is 1.6% with increases in levies accounting for the rest of the difference. The increase in overall council tax is 2%.
- 9.7 Precepts relating to police and fire services are still to be announced. The impact of any change to precepts will require adding to these figures.

10. Recommendation

- 10.1 That the budget proposals as set out in this resolution be agreed and recommended for approval to Budget Council on the 5th March 2013, and that Council notes this budget includes an allocation of £2 million to address any slippage that may occur in the delivery of identified savings. This figure has reduced significantly from the original early estimate of £5 million to £2 million due to management action, including the deletion of vacant posts and more effective management of savings.
- 10.3 We will work together with the Trade Unions to review current working arrangements to maximise the efficiency and cost effectiveness of services including annualised hours during this financial year which could mitigate the need for ongoing savings.

- 10.4 That officers are requested to bring forward a report to Cabinet no later than May 2013 which will outline the approach for identifying budget savings that the Council must make in 2014/15 and 2015/16.
- 10.5 That Council continues to lobby government to review the way it allocates funding to local Councils with a view to ensuring that any cuts are distributed in a way which is fair and equitable.

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**WIRRAL COUNCIL
SUMMARY OF GENERAL FUND ESTIMATES**

	BASE ESTIMATE 2012/13 £	CURRENT ESTIMATE 2012/13 £	BASE ESTIMATE 2013/14 £
EXPENDITURE			
Departmental budgets	264,078,000	264,755,000	272,072,300
Potential Overspends	0	7,909,000	0
Merseytravel	29,060,000	29,060,000	29,497,000
Local Pay Review	217,900	217,900	217,900
Funding for Low Paid pay increase	30,000	30,000	30,000
EVR / VS Scheme 2012 savings	(290,500)	(290,500)	0
Council Tax Re-imburement	3,990,000	0	0
TOTAL EXPENDITURE	297,085,400	301,681,400	301,817,200
INCOME			
Revenue Support Grant	(471,100)	(471,100)	0
National Non Domestic Rate	145,208,200	145,208,200	0
Start Up Funding Assessment			
Revenue Support Grant	0	0	106,968,000
Business Rates Baseline	0	0	31,424,000
Business Rates Top Up	0	0	39,739,000
Council Tax Freeze Grant	6,572,800	6,572,800	0
New Homes Bonus Grant	1,000,500	1,000,500	2,119,500
Local Services Support Grant	804,400	804,400	45,000
Collection Fund Surplus	1,455,100	1,455,100	0
Contribution from balances	9,604,500	14,200,500	10,163,900
TOTAL INCOME	164,174,400	168,770,400	190,459,400
Local Council Tax Requirement	132,911,000	132,911,000	111,357,800
Less Council Tax Support allocation for calculating Alternative Notional Amount	(24,163,900)	(24,163,900)	0
Adjusted Council Tax Requirement	108,747,100	108,747,100	111,357,800
STATEMENT OF GENERAL BALANCE			
General Balance at 1 April	18,405,300	18,405,300	23,800,000
Adjustment (following 2011/12 outturn)	0	2,412,000	0
Budgeted contribution	(9,604,500)	(14,200,500)	(4,163,900)
Provision for slippage	0		(2,000,000)
Change management implementation fund	0	0	(4,000,000)
Contribution from Reserves and Provisions	0	17,183,200	
GENERAL BALANCE AT 31 MARCH	8,800,800	23,800,000	13,636,100

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APPENDIX 3

WIRRAL COUNCIL - BUDGET PROJECTIONS 2013/16

Financial Year	BUDGET PROJECTIONS			CHANGE ANALYSIS		
	Projected Net Exp £000	Projected Funding £000	Cumulative Difference £000	Spending Increases £000	Grant Reduced £000	Total £000
2012/13	287,481	287,481				
2013/14	325,573	273,064	52,509	38,092	14,417	52,509
2014/15	354,873	259,480	95,393	29,300	13,584	42,884
2015/16	369,173	246,967	122,206	14,300	12,513	26,813
Reduction in Specific Government Grants				-20,400	+20,400	
				<u>61,292</u>	<u>60,914</u>	<u>122,206</u>

Note: Figures include an estimate for the 2% additional reduction in Government Grant from 2014/15 being £2.7 million 2014/15 and £2.5 million 2015/16 per Autumn Statement on 5 December 2012.

ANALYSIS OF THE CHANGES

	2013/14 £000	2014/15 £000	2015/16 £000	TOTAL £000
Cost increases				
Pay - Inflation/pension costs	2,000	4,200	2,000	8,200
Price inflation	2,300	2,400	3,400	8,100
Efficiency Fund	2,000	2,000	2,000	6,000
Growth	1,097	1,000	1,000	3,097
Net Demographic Growth	4,000	2,000	2,000	8,000
Streetscene Contract	100	0	0	100
Pacific Road Theatre	600	0	0	600
Levies – Waste / Merseytravel	624	0	0	624
Capital Financing	800	1,700	1,700	4,200
Base Budget correction	<u>21,700</u>	<u>0</u>	<u>0</u>	<u>21,700</u>
	35,221	13,300	12,100	60,621
Savings				
Income inflation	0	0	0	0
Change Programme savings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0	0
Cessation of spends				
One-off policy options	-4,943	0	0	-4,943
One-off cost C/Tax reimbursement	<u>-3,990</u>	<u>0</u>	<u>0</u>	<u>-3,990</u>
	-8,933	0	0	-8,933
Funding cessation				
One off Funding - Reserves	<u>9,604</u>	<u>0</u>	<u>0</u>	<u>9,604</u>
SPENDING INCREASE	<u>35,892</u>	<u>13,300</u>	<u>12,100</u>	<u>61,292</u>
Reduction in Government Grants				
General Grants	-14,417	-13,584	-12,513	-40,514
Various Specific Grants	<u>-2,200</u>	<u>-16,000</u>	<u>-2,200</u>	<u>-20,400</u>
REDUCTION IN GRANTS	<u>-16,617</u>	<u>-29,584</u>	<u>-14,713</u>	<u>-60,914</u>

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WIRRAL BOROUGH COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT	CAPITAL PROGRAMME AND FINANCING 2013-2016
WARD(S) AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1. This report provides Cabinet with Capital Programme bids for 2013/16 for consideration and referral to Council for approval. It also includes the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.
- 1.2. The report also refers to schemes carried forward into 2013/16 from the current 2012-13 capital programme, as detailed in the Capital Programme Monitoring Report for Period 8 (January 24th Cabinet).
- 1.3. The size and shape of the Capital Programme will be dictated by the Government's announcements on supported programmes and, affordability. The Council's 2013-16 revenue budgets will severely limit the scope for unsupported capital expenditure (that generates revenue costs) to schemes that generate immediate revenue savings.
- 1.4. Also, Capital Receipts will be consumed by Redundancy costs, and, initially, will be unavailable to support the Capital Programme, as has been the case in the past. There is a dearth of new capital receipts in 2013-14 – only a net £0.5m – so the option of releasing schemes that are held up, funded by new capital receipts, is very limited.
- 1.5. Schemes that would otherwise proceed, but can't, due to a shortage of revenue funds and Capital Receipts, are corralled into a section for release when revenue funding or/and, capital receipts, become available. The guiding thought is that such schemes will be deferred for a least a year.

2 BACKGROUND AND KEY ISSUES

- 2.1 The Background information on the architecture of the capital programme, is set out at Annex 1.

2.2 We now turn to the key issues. The initial proposed programme is front loaded, reflecting the delay in Government announcements for the latter years. The initial programme for 2013-16 amounts to just over £66m – it is set out at [Annex 2](#) - of which, £25.7m is unsupported expenditure. This is 39% of the programme and would generate a revenue cost of £2.6m by 2016. This is illustrated in the following two tables:

Table 1: Initial proposed capital programme - current and new bids

1	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	25.837	9.963	1.500	37.300
New bids	17.817	7.801	3.354	28.972
Total	43.654	17.764	4.854	66.272

2	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	6.169	3.805	1.500	11.474
New bids	7.941	4.284	1.997	14.222
Total	14.11	8.089	3.497	25.696
% Unsupported of total programme	32.3	45.5	72.0	38.8
Revenue cost , cumulative £m		1.411	2.220	2.570

2.3 To arrive at the proposed programme, we will build it up in steps. Of necessity, the financial position of the Council drives the choices, the downside of which is that careful prioritisation, which exercise has been undertaken, is put to one side for a year. The starting point is a radical approach, which excludes all unsupported expenditure. This produces the following minimal programme of £40.6m.

Table 2: Proposed capital programme (ie excluding all unsupported)

3	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	19.668	6.158	0.000	25.826
New bids, supported only	9.876	3.517	1.357	14.750
Total	29.544	9.675	1.357	40.576

2.4 However, some of the supported new bids have accompanying unsupported funding and use of capital receipts. Allowing this, would produce the following capital programme of £49.1m:

Table 3: Proposed capital programme (includ accompanying unsupported etc)

4	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	21.235	6.158	0.000	27.393
New bids, supported only plus	13.776	5.617	2.357	21.750
Total	35.011	11.775	2.357	49.143

2.5 In addition, there are two categories of scheme that have the ability to minimise the revenue cost of unsupported borrowing. They are:

- invest to save schemes of £2m - the schemes could only proceed if they fulfilled the spend-to-save criteria previously agreed by the Cabinet; and,
- schemes to generate capital receipts. The proposed sales are estimated to generate £7.7m, for a cost of £1.2m, resulting in a net gain of £6.5m. Unfortunately, £6m of the net gain falls into 2014-15, and is no help for 2013-14.

The programme would then increase to £52.3m, and result in the final proposed capital programme for 2013-14 and latter years, as summarised below and set out at [Annex 8](#):

Table 4: Proposed capital programme (as 4 plus unsupported, invest to save and releasing redundant assets)

5	2013-14	2014-15	2015-16	Totals
	£m	£m	£m	£m
Current capital programme	21.235	6.158	0.000	27.393
New bids, supported only plus	13.776	5.617	2.357	21.750
New bids, invest to save	1.400	0.300	0.300	2.000
New bids, assets	1.053	0.120	0.000	1.173
	<u>37.464</u>	<u>12.195</u>	<u>2.657</u>	<u>52.316</u>

- 2.6 It is proposed that the remaining unsupported schemes, amounting to £14.0m, are deferred until the revenue position of the Council improves. They split into existing schemes, at £9.9m, and new schemes, at £4.1m. They are detailed at [Annex 9](#); in summary, just under half of the total occurs in 2013-14, and would be deferred for a year.

Table 5: Unsupported schemes, not proceeded with in 2013-14 £m

	2013-14	2014-15	2015-16	Totals
DASS	0	0	0	0
Finance	0	0	0	0
CYP	0.680	0.700	0	1.380
Law, HR & Asset Management	1.025	1.500	1.500	4.025
Regeneration	2.080	1.250	0.300	3.630
Technical Services	2.405	2.119	0.397	4.921
Total	<u>6.190</u>	<u>5.569</u>	<u>2.197</u>	<u>13.956</u>

3 RELEVANT RISKS

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

4 OTHER OPTIONS CONSIDERED

- 4.1 Each Business Case includes an assessment of the alternative options with the conclusion that a submission for inclusion in the capital programme is the preferred option.

5 CONSULTATION

- 5.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising directly out of this report.

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

- 7.1 The Capital Programme commitments from 2012-13, will be subject to the same affordability criteria, as new bids. Consequently, it is important that residents are updated as quickly as possible on the possible delay to schemes that appeared to be about to be delivered.
- 7.2 As in the previous bidding processes, a scoring and ranking system was deployed, to identify the most important schemes – this is set out at [Annex 3](#). A minimum score was also applied. The table at [Annex 4](#) illustrates the effect of setting a cut off using a score of 280 (although all schemes were included in the initial programme). The figures show the cumulative borrowing requirement as each bid's funding need is added to the schedule. The total requirement is reduced from £31.5m to £22.5m, if the cut off is used. A lower score will reduce the outlay further but care is needed not to split schemes which are interdependent, as is the case with Foxfield School's development which requires the schools demolition (bid 4 and 39).
- 7.3 in normal circumstances, Cabinet would be likely to have other considerations they may wish to apply to include or exclude bids. The scores, after all, are intended as a guide rather than an absolute selection criteria. Unfortunately, the Council's financial position over-rides the scoring system for 2013-14. A consequence is the application to Government to use capital receipts to fund reductions in staffing, and so, immediately realise the full revenue savings.
- 7.4 [Annex 5](#) details the approved schemes and funding carried over from the 2012/15 Capital programme.
- 7.5 [Annex 6](#) details the new schemes submitted for consideration for the capital programme 2013 - 2016. Ignoring capital receipts, these require a total of £31.5m of unsupported borrowing which would bring about an increase of £3.15m in revenue costs.
- 7.6 The funding for the capital programme is summarised below. There is a particular departmental assumption to explore – the funding of the Parks investment programme in 2014-15 is from £2.5m of Capital Receipts that Parks have to swiftly identify and implement by April 2014.

Table 6: How the programme is financed.

Funding type:	2013-14	2014-15	2015-16	Totals
	£000's	£000's	£000's	£000's
Unsupported Borrowing	7,920	2,520	1,300	11,740
Capital Receipts	3,121	2,838	1,000	6,959
Revenue / Reserves	888	0	0	888
Education Grants	8,786	1,607	357	10,750
Integrated Transport	1,155	1,155	0	2,310
Local Sust Transport	676	676	0	1,352
Local Transport	2,864	2,699	0	5,563
Other Grants	12,054	700	0	12,754
Total	37,464	12,195	2,657	52,316

PRUDENTIAL INDICATORS

7.7 In considering the programme for 2013/16 and ignoring the potential for capital receipts to part fund the programme, Cabinet is advised that:-

- a The existing commitments require additional borrowing of around £10 million for 2013/14 as illustrated in Annex 5.
- b To accommodate all the bids detailed in Annex 6 would increase the potential level of borrowing by £18.7 million in 2013/14, £9.1 million in 2014/15 and £3.6 million in 2015/16 and the effect on the year Increase in borrowing Revenue costs (cumulative) would be:-
 - 2013/14 an increase of £1.87 million
 - 2014/15 a further increase of £0.90 million
 - 2015/16 a further increase of £0.36 million
- c If the decision is taken to spend in excess of the level of identified resources then this would require increased use of borrowing which incurs annual revenue costs at the rate of £100,000 per £1 million of capital expenditure. In considering the impact upon Council Tax levels each 1% rise in Council Tax equates to £1.3 million of increased expenditure.

8 LEGAL IMPLICATIONS

8.1 There are none arising directly out of this report.

9 EQUALITIES IMPLICATIONS

9.1 An Equality Impact Assessment (EIA) is attached at [Annex 7](#)

10 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly out of this report.

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12 RECOMMENDATIONS

- 12.1 That the 2013-16 capital programme, set out at Table 4 and detailed at [Annex 8](#), is agreed and referred to Council for approval.
- 12.2 That 'spend to save' and 'schemes to generate capital receipts' are reviewed in detail, prior to being specifically approved by Cabinet for implementation.
- 12.3 That the capital financing requirements are reflected in the projected revenue budget for 2013-14 and the 2013-16 MTFS (Medium Term Financial Strategy).
- 12.4 That the Prudential Indicators be noted and reported to Cabinet as part of the Treasury Management Strategy.
- 12.5 That proposals for improved planning, implementation and monitoring are reported for consideration by Cabinet in March 2013.

13 REASONS FOR RECOMMENDATIONS

- 13.1 The purpose of the Capital Programme is to enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 13.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the capital programme investment.
- 13.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to determine Prudential Indicators on an annual basis. Prudential Indicators must be calculated in accordance with the Prudential Code.

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APPENDICES

- **Annex 1** Capital “technical details” and definitions
- **Annex 2** Initial Capital programme 2013-16, by programme & funding
- **Annex 3** Capital Investment Programme Prioritisation Evaluation Criteria.
- **Annex 4** Ranked new schemes
- **Annex 5** Current Capital Programme Commitments for 2013/16.
- **Annex 6** Capital Programme Submissions for Approval.
- **Annex 7** Equality Impact Assessment
- **Annex 8** Recommended Capital Programme 2013-16
- **Annex 9** Deferred Unsupported

REFERENCE MATERIAL

Prudential Code for Capital Finance in Local Authorities, CIPFA 2009.

SUBJECT HISTORY

Council meeting and report matter	Date
Cabinet- Capital Monitoring Report 2012/13 – Period 3	6 Sep 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 5	18 Oct 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 6	8 Nov 2012
Cabinet- Capital Programme Review	29 Nov 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 7	20 Dec 2012
Cabinet- Capital Monitoring Report 2012/13 – Period 8	2013
Cabinet- Capital Monitoring Report 2012/13 – Period 9	2013

Annex 1 Capital “technical details” and definitions

1 CAPITAL PROGRAMME

- 1.1 The Capital Programme is a list of investment schemes to be undertaken over the medium term which help the Council achieve its objectives. It is aligned to Council plans and strategies, including the Medium Term Financial Strategy and the Corporate Plan. It is reviewed, updated and considered by Council each December and informs the annual budget setting process.
- 1.2 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure incurred on the creation, purchase or enhancement of a tangible asset required over the long term to carry out the activities of an organisation. Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue. The Local Government Act 2003 amended the definition to allow expenditure on computer software and on the making of loans or grants for capital expenditure by another body to be treated as the capital expenditure of a local authority.
- 1.3 In preparing the programme for 2013/16 the process was reviewed by Executive Team on 8 November 2012 and bids were invited from each department and then considered by the Capital Working Group.
- 1.4 All submissions for inclusion in the Capital Programme required the completion of a Business Case. This details how the proposed project meets Council objectives, how it will be managed, including resource implications and the outcomes expected. Schemes are then assessed against the prioritisation criteria to inform the recommendations for inclusion in the programme.
- 1.5 The criteria are included at Appendix A whilst Appendix B details the currently approved capital programme slippage into 2013/14 and Appendix C outlines the bids for consideration for the Capital Programme 2013/16.

2 CAPITAL FINANCING

- 2.1 Over recent years the capital funding available to Local Authorities has reduced significantly. The Government no longer offers new supported borrowing allocations and major grant funding streams have been significantly reduced, including the Housing Market Renewal and Transport programmes.
- 2.2 Other, previously specific, grant funding streams are no longer ring-fenced in a move which has seen Authorities obtain greater autonomy over the funding of capital projects but at a much reduced level.
- 2.3 Local Authorities continue to have the ability to augment capital funding under the Prudential Code whereby additional expenditure on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management Policy of which the key is the revenue cost.

2.4 Capital spend can be funded by borrowing, use of capital grants, capital receipts, from revenue or other contributions which are each discussed below.

2.4.1 *Borrowing*

- The Prudential Capital Finance system allows local authorities to self-finance borrowing for capital expenditure without Government consent. This facilitates the use of borrowing for capital projects, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.
- As a guide, borrowing incurs a revenue cost of approximately 10% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost.
- The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for repaying debts incurred on capital projects. When the MRP regime changed on 31 March 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.
- The Council has determined that the most prudent method of earmarking revenues to repay unsupported borrowing is by matching the debt repaid each year to the life of the asset which the borrowing helped to finance. As an example, if the Council borrowed £5 million to build a new asset with a life of 20 years then revenue costs would be £0.25 million each year for 20 years plus the interest cost of the borrowing.

2.4.2 *Government Grants*

- These are specific to schemes and are therefore allocated in accordance with the terms of the grant approval, primarily in the areas of education and regeneration. As outlined above the numbers and amounts of such capital grants received has reduced significantly.
- The Government reviewed grant arrangements as part of the Spending Review 2010. Since then there has been significantly less ring-fencing of capital grants which has increased freedoms and flexibilities over use but overall the level of grants available has reduced.

2.4.3 *Capital Receipts*

- Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.
- The use of receipts has been estimated at £3 million per year. This reflects the likely timing of such receipts and the latest projections of sites either available or which could become available over the period.

2.4.4 *Revenue / Other Contributions*

- The Prudential Code allows for the use of additional revenue resources within agreed parameters. However, the requirements of Financial Reporting Standard 15 have lead to schemes and funding previously included within the capital programme having to be transferred to revenue.

- Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools.

3 MONITORING of spend

- 3.1 Cabinet receive monthly monitoring reports on the progress of the Capital Programme and its funding.

Annex 2 Initial Capital Programme, by programme & funding source

Total Initial Capital programme	2013-16										2014-15										2015-16										Total 2013-16									
	2013-14										2014-15										2015-16										Total 2013-16									
	Unsuppor	Capital	Revenue	Education	Integrate	Local	Sus	Local	Other	Total	Unsuppor	Capital	Revenue	Education	Integrate	Local	Sus	Local	Other	Total	Unsuppor	Capital	Revenue	Education	Integrate	Local	Sus	Local	Other	Total	Unsuppor	Capital	Revenue	Education	Integrate	Local	Sus	Local	Other	Total
Borrowing	Receipts	Reserves	Grants	Transport	Transport	Transport	Transport	Grants	£000	Borrowing	Receipts	Reserves	Grants	Transport	Transport	Transport	Transport	Grants	£000	Borrowing	Receipts	Reserves	Grants	Transport	Transport	Transport	Transport	Grants	£000	Borrowing	Receipts	Reserves	Grants	Transport	Transport	Transport	Transport	Grants	£000	
Summary	1,400	0	0	0	0	0	0	0	1,400	300	0	0	0	0	0	0	0	0	300	300	0	0	0	0	0	0	0	0	300	2,000	0	0	0	0	0	0	0	0	2,000	
Invest to save or core efficiency	1,400	0	0	0	0	0	0	0	1,400	300	0	0	0	0	0	0	0	0	300	300	0	0	0	0	0	0	0	0	300	2,000	0	0	0	0	0	0	0	0	2,000	
Bids that release redundant council assets	1,053	0	0	0	0	0	0	0	1,053	120	0	0	0	0	0	0	0	0	120	120	0	0	0	0	0	0	0	0	120	1,173	0	0	0	0	0	0	0	0	1,173	
DASS	3,000	0	0	0	0	0	0	0	8,025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0	0	0	0	8,025	
Finance	0	0	210	0	0	0	0	0	210	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	210	0	0	0	0	0	0	210	
CYP	1,747	433	0	8,786	0	0	0	0	10,966	2,800	0	0	1,607	0	0	0	0	0	4,407	1,000	0	0	357	0	0	0	0	0	1,357	5,547	433	0	10,750	0	0	0	0	0	16,730	
Law, HR & Asset Management	1,025	0	315	0	0	0	0	0	1,340	1,500	0	0	1,340	0	0	0	0	0	1,500	1,500	0	0	0	0	0	0	0	0	1,500	4,025	0	315	0	0	0	0	0	0	4,340	
Regeneration	3,480	250	300	0	0	0	0	0	4,029	1,250	300	0	0	0	0	0	0	0	2,550	300	0	0	0	0	0	0	0	0	300	5,030	550	300	0	0	0	0	0	0	4,729	
Technical Services	2,405	2,438	63	0	1,155	676	2,864	0	9,801	2,119	2,538	0	0	1,155	676	2,699	0	9,167	397	1,000	0	0	0	0	0	0	0	1,397	4,921	5,976	63	0	2,310	1,352	5,563	0	20,185			
Total	14,110	3,121	888	8,786	1,155	676	2,864	12,054	43,654	8,089	2,838	0	1,607	1,155	676	2,699	700	17,764	3,497	1,000	0	357	0	0	0	0	0	4,854	25,696	6,959	888	10,750	2,310	1,352	5,563	12,754	66,272			

Annex 3 – Capital Investment Programme Prioritisation Evaluation Criteria

Factors to be used to appraise and assess bids for the capital programme 2013-2016				
Investment Title		Dept		Date
A: Direct links to Council Themes (30%)		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A * B)
1	Your economy		6	
2	Your neighbourhood		6	
3	Your council		6	
4	Your family: children and young people		6	
5.	Your family: adults		6	
B: Outcomes (30%)				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		5	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		15	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		10	
C: Finance (40%)				
1	Business case demonstrates achievable and realistic revenue savings.		10	
2	Attracts noticeable outside funding		15	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
Total weighted score – maximum 500				
Scored by: Name			Position	
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				

Annex 4 Ranked new schemes

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
20	Empty Property Intervention	389	0.360	0.120	0.120	0.120	0.360
18	Integrated Childrens' System	375	1.000	1.120	0.120	0.120	1.360
16	Energy Efficiency Initiatives	365	0.166	1.230	0.148	0.148	1.526
17	Install solar power	365	0.261	1.491	0.148	0.148	1.787
36	LD Extra Care Housing Scheme	361	3.000	4.491	0.148	0.148	4.787
39	Foxfield School Development	347	0.500	4.491	0.648	0.148	5.287
40	Arrove park changing facilities	341	1.490	4.991	1.448	0.338	6.777
6	School remodelling	340	2.800	5.791	2.448	1.338	9.577
19	Housing Renewal Programme	340	2.195	6.599	3.245	1.928	11.772
7	Somerville Primary School:	339	0.800	6.799	3.845	1.928	12.572
34	Maritime business park	333	0.400	7.199	3.845	1.928	12.972
1	Adaptations and disabled Facilities	331	2.100	7.899	4.545	2.628	15.072
5	Demolition of Stanley Special School	316	0.275	8.174	4.545	2.628	15.347
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	8.374	4.545	2.628	15.547
27	plant and equipment for parks maintenance	314	2.400	10.774	4.545	2.628	17.947
37	Replacement of Parks vehicles	314	0.364	11.138	4.545	2.628	18.311
21	Healthy Homes intervention	309	0.360	11.258	4.665	2.748	18.671
15	Voltage Optimisation:	302	0.151	11.409	4.665	2.748	18.822
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	11.787	4.665	2.748	19.200
24	Birkenhead Tennis Court	291	0.097	11.877	4.672	2.748	19.297
3	Demolition of former Rock Ferry High School	290	0.400	12.277	4.672	2.748	19.697
33	Road Safety Improvements	286	0.250	12.527	4.672	2.748	19.947
4	Demolition of Foxfield Special School	284	0.120	12.527	4.792	2.748	20.067
25	Park depot rationalisation	284	2.500	13.027	6.592	2.948	22.567
Cut-off level							
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	13.857	6.592	2.948	23.397
13	Wallasey Town Hall – Window frame renewal	264	1.200	15.002	6.647	2.948	24.597
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	15.491	7.156	2.948	25.595
23	Life expired street lighting	254	0.950	16.441	7.156	2.948	26.545

Ref	Bid	Score out of 500	Capital required £m	Cumulative Capital Required 2013/14 £m	Cumulative Capital Required 2014/15 £m	Cumulative Capital Required 2015/16 £m	Total Cumulative Capital Required £m
10	Business Investment Grant	252	0.900	16.741	7.456	3.248	27.445
22	Cosy Homes heating	249	0.600	16.941	7.656	3.448	28.045
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	17.021	8.356	3.448	28.825
9	Woodslee Primary School	246	0.600	17.621	8.356	3.448	29.425
29	Landican Cemetery	240	0.100	17.671	8.406	3.448	29.525
14	Wallasey Town Hall – Heating system alterations	233	0.300	17.956	8.421	3.448	29.825
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	18.456	8.921	3.448	30.825
38	Birkenhead Park Drainage	208	0.352	18.694	8.978	3.505	31.177
28	Frankby Cemetery	207	0.330	18.724	9.128	3.655	31.507

ANNEX 5: APPROVED CAPITAL PROGRAMME 2013/14

1. The capital programme monitoring report elsewhere on the Cabinet Agenda provides the following details of the commitments for 2013/16.

Scheme	2013/14 Programme £m	2014/15 Programme £m
Law, HR & Asset Management Capital Programme		
Cultural Services Assets	4.000	-
The Priory	0.025	-
Rock Ferry Centre	0.315	-
Wallasey Town Hall	0.835	0.027
Adult Social Services Capital Programme		
Transformation of Day Service	0.625	-
Integrated IT	1.400	-
Children and Young People Capital Programme		
Aiming Higher for Disabled Children	0.240	-
Condition/Modernisation	4.500	-
Formula Capital Grant	2.000	-
- Pensby Primary School	1.510	-
Wirral Youth Zone	1.000	-
Finance Capital Programme		
West Kirby and Conway Centre OSSs	0.210	-
Regeneration, Housing & Planning Capital Programme		
Think Big Investment Fund	0.300	0.300
Improvements to Stock	0.950	0.950
Disabled Facilities – Adaptations	2.929	1.000
Wirral Healthy Homes	0.105	-
Cosy Homes Heating	0.250	-
Empty Property Interventions	0.125	-
Hoylake	0.600	-
New Brighton	0.600	-
Integrated Transport Programme		
Road Safety	1.155	1.155
Local Sustainable Transport Fund	0.676	0.675
Maintenance Programme		
Street Lighting	0.200	-
Bridges	0.250	-
Highways Maintenance	2.864	2.670
Capitalised Highways Maintenance	1.000	1.000
Coast Protection	0.047	0.055
Other		
Parks Plant and Equipment	2.317	-
Leisure Equipment	0.063	-
Totals	31.091	7.862

ANNEX 5: APPROVED CAPITAL PROGRAMME 2013/14

2. The capital programme monitoring report also details how these commitments for 2013/16 will be funded as shown in the following table.

Commitments from the Current Capital Programme	2013-14 £m	2014-15 £m	Totals £m
Expenditure	31,091	7,862	38,953
Funded by:			
Unsupported Borrowing	9,904	-	9,904
Grant – Education	8,250	-	8,250
Grant – Integrated Transport	1,155	1,155	2,310
Grant – Transport Local	2,864	2,699	5,563
Grant – Local Sustainable Transport Fund	0.676	676	1,352
Grants – Other	4,354	0.700	5,054
Capital Receipts brought forward	3,000	2,632	5,632
Revenue Contributions	0.888	-	0.888
Total Financing	31,091	7,862	38,953

3. The capital programme monitoring report elsewhere on the Cabinet Agenda also provided details of the revenue effects of the unsupported borrowing from these commitments and the following table details this:-

Revenue Commitments	2013-14 £m	2014-15 £m	Totals £m
Unsupported Borrowing already committed from the current capital programme	9,904	-	9,904
Cumulative Annual Revenue repayment costs		0.990	0.990

ANNEX 6: Capital Programme Submissions for Approval.

uped so that bids with a similar theme are shown together and listed in order of their score. The table shows the score, total capital outlay involved, grant funding and net capital funding that the Council will be required to find. This net funding is then shown for 2013 to 2016 to evaluate the profile of each scheme. Cumulative net funding is shown in each group to give the impact of approving the schemes in order of their score.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
A: INVEST TO SAVE OR CORE SERVICE EFFICIENCY AND IMPROVEMENT BIDS										
20	Empty Property Intervention	389	0.360	-	0.360	0.120	0.120	0.120	0.360	Increases New Housing Bonus and Council Tax.
18	Replacement of the Integrated Children's System (in conjunction with the adult care system already funded by £1.5m grant)	375	1.000	-	1.000	1.000	-	-	1.360	Social Care service efficiencies and improvements in both Adults and Children's services.
16	Energy Efficiency Initiatives: Birkenhead Library, Cheshire Lines, Conway Building, Europa Pools, Floral Pavilion, Hamilton Building, The Oval, Wallasey Town Hall and Wirral Tennis Centre.	365	0.166	-	0.166	0.110	0.028	0.028	1.526	0.070
17	Install solar power to ten buildings including: Treasury Building, Williamson Art Gallery, Green Lane Pavilions, Heswall Library, Landican Cemetery, Rock Ferry One Stop Shop, Upton Library, Wallasey Town Hall	365	0.261	-	0.261	0.261	-	-	1.787	0.040
26	Extend use of Central Management System to further 575 Streetlights	314	0.200	-	0.200	0.200	-	-	1.987	0.040

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
15	Voltage Optimisation: install equipment at the Treasury, Wirral Tennis Centre, Leasowe Leisure Centre and Europa Pools.	302	0.151	-	0.151	0.151	-	-	2.138	0.032
13	Wallasey Town Hall – Window frame renewal	264	1.200	-	1.200	1.145	0.055	-	3.338	Some but not significant
23	Replace or re-furbish 1,000 Life-expired street lights.	254	0.950	-	0.950	0.950	-	-	4.288	Not quantified
14	Wallasey Town Hall – Heating system alterations	233	0.300	-	0.300	0.285	0.015	-	4.588	Some but not significant
TOTALS FOR GROUP			4.588	-	4.588	4.222	0.218	0.148		
B: BIDS THAT RELEASES REDUNDANT COUNCIL ASSETS										
5	Demolition of Stanley Special School, planning requirement	316	0.275	-	0.275	0.275	-	-	0.275	Some but not quantifiable
11	Demolition of Bebington Town Hall and Liscard Municipal.	297	0.378	-	0.378	0.378	-	-	0.653	0.190
3	Demolition of former Rock Ferry High School	290	0.400	-	0.400	0.400	-	-	1.053	Some but not quantifiable
4	Demolition of Foxfield Special School (Also allows Bid 39 to proceed - Foxfield School contribution to Priority School Building Programme)	284	0.120	-	0.120	-	0.120	-	1.173	Some but not quantifiable
12	Relocate Seacombe Library within Wallasey Town Hall.	266	0.830	-	0.830	0.830	-	-	2.003	0.030
TOTALS FOR GROUP			2.003	-	2.003	1.883	0.120	2.003		

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
C: SCHOOLS DEVELOPMENT PROGRAMME										
39	Foxfield School contribution to Priority School Building Programme (requires Bid 4 – Demolition of Foxfield School)	347	0.500	-	0.500	-	0.500	-	0.500	
6	School remodelling & additional classrooms due to changes in pupil numbers across the CYP estate	340	3.800	1.000	2.800	0.800	1.000	1.000	3.300	
7	Somerville Primary School: Mobile replacement scheme and internal refurbishment & remodelling	339	1.800	1.000	0.800	0.200	0.600	-	4.100	
8	Woodchurch Rd Primary School: Provision of dedicated Foundation 2 classrooms with direct external learning environment.	246	0.780	-	0.780	0.080	0.700	-	4.880	Some but not quantifiable
9	Woods lee Primary School: Foundation class-base replacement & internal refurbishment & remodelling	246	0.600	-	0.600	0.600	-	-	5.480	
TOTALS FOR SCHOOLS DEVELOPMENT PROGRAMME			7.480	2.000	5.480	1.680	2.800	1.000		
D: PARKS, CULTURAL SERVICES AND ROADS										
40	Arrowe park changing facilities	341	1.490	-	1.490	0.500	0.800	0.190	1.490	
27	Replacement of obsolete plant and equipment for parks maintenance	314	2.400	-	2.400	2.400	-	-	3.890	
37	Replacement of Parks vehicles	314	0.364	-	0.364	0.364	-	-	4.254	
24	Birkenhead Tennis Court	291	0.097	-	0.097	0.090	0.007	-	4.351	

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
33	Road Safety Improvements to reduce the number of pedestrians and cyclists killed or seriously injured at Bolton Road / New Chester Road Roundabout (A41).	286	0.250	-	0.250	0.250	-	-	4.601	
25	Park depot rationalisation	284	2.500	-	2.500	0.500	1.800	0.200	7.101	
32	Preventative Maintenance to Non-Principal Classified Roads based on condition improvement and casualty reduction.	256	0.998	-	0.998	0.489	0.509	-	8.099	
29	To carry out improvements to the Cemetery that will enhance the cemetery infrastructure and landscape and increase opportunities for income generation.	240	0.100	-	0.100	0.050	0.050	-	8.199	
30	Preventative Maintenance to Unclassified and Residential Streets	233	1.000	-	1.000	0.500	0.500	-	9.199	
38	Birkenhead Park Drainage	208	0.352	-	0.352	0.238	0.057	0.057	9.551	
28	To extend Frankby Cemetery in order to provide additional sections for Full Burials, Cremated remains and a meadow section, before the current provision runs out	207	0.330	-	0.330	0.030	0.150	0.150	9.881	
TOTALS FOR PARKS, CULTURAL SERVICES AND ROADS			9.881	-	9.881	5.411	3.873	0.597		
E: REGENERATON										
19	Housing Renewal Programme	340	2.695	0.500	2.195	0.808	0.797	0.590		
34	Maritime business park	333	2.800	2.400	0.400	0.400	-	-	2.195	

ANNEX 6: Capital Programme Submissions for Approval.

Bid Ref	Bid Description	Score out of 500	Total outlay £M	Total Grant Funding	Total Net funding required £m	Net Funding Profile £m			Cumulative Net Funding Required in each Group £m	Revenue budget reduction £m
						2013/14	2014/15	2015/16		
1	Adaptations and disabled Facilities Grant Programme	331	6.900	4.800	2.100	0.700	0.700	0.700	2.595	
21	Healthy Homes intervention	309	0.360	-	0.360	0.120	0.120	0.120	4.695	
10	Business Investment Grant	252	0.900	-	0.900	0.300	0.300	0.300	5.055	
22	Cosy Homes heating	249	0.600	-	0.600	0.200	0.200	0.200	5.955	
TOTALS FOR REGENERATON			14.255	7.700	6.555	2.528	2.117	1.910		
F: SOCIAL SERVICES										
36	LD Extra Care Housing Scheme	361	9.000	6.000	3.000	3.000	-	-		
GRAND TOTALS			47.207	15.700	31.507	18.724	9.128	3.655		

ANNEX 7: Equalities Impact Assessment

Section 1: Your details:

EIA lead Officer: Tom Sault

Email address: tomsault@wirral.gov.uk

Head of Section: Tom Sault

Chief Officer: Peter Timmins

Department: Finance

Date: 7 January 2013

Section 2: What Council proposal is being assessed? Capital Programme 2013 -2016

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 24 January 2013

ANNEX 7: Equalities Impact Assessment

Please add hyperlink to where your EIA is/will be published on the Council's website
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

.....

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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 for publishing)

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

ANNEX 7: Equalities Impact Assessment

- 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 publishing) email it to equalitywatch@wirral.gov.uk for publishing)

ANNEX 7: Equalities Impact Assessment

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
All groups	Budgetary overspends will result in requirement to reduce expenditure in year with consequences on communities and staff. Rational decision making to tackle issues will enhance good relations and minimise negative impacts	Budgetary control including regular monitoring, freeze procedures and budgetary reviews will assist in limiting impact	Peter Timmins	On Going	Budgetary overspends would require funding from resources
All groups	Reduction in expenditure from freeze proposals could impact on services delivered to communities	Freeze process includes exemptions for critical service areas. Process allows for business case to be submitted to exempt expenditure from freeze	Peter Timmins	On Going	Freeze proposals will assist enabling control of expenditure

ANNEX 7: Equalities Impact Assessment

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

Monthly monitoring report to Cabinet. This will include recommendations for approval of spending freeze decisions

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

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

Budgetary forecast information

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

Yes / No – (please delete as appropriate) No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why: Urgent decisions required to tackle budgetary position. Freeze proposals undergo review process and involve officers and members

ANNEX 7: Equalities Impact Assessment

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

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

Before you complete your consultation, please email your preliminary EIA to 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 for re-publishing.

Annex 8**Recommended Capital Programme****Summary**

	2013-14	2014-15	2015-16	Totals
	£000's	£000's	£000's	£000's
Invest to save or core efficiency	1,400	300	300	2,000
Bids that release redundant council assets	1,053	120	0	1,173
DASS	11,025	0	0	11,025
Finance	210	0	0	210
CYP	10,286	3,707	1,357	15,350
Law, HR & Asset Management	315	0	0	315
Regeneration	5,979	1,000	0	6,979
Technical Services	7,196	7,068	1,000	15,264
Total	37,464	12,195	2,657	52,316

Invest to save or core efficiency

Replace Integrated Childrens System (additional to adult care)

	1,000	0	0	1,000
Energy Schemes	400	300	300	1,000
	1,400	300	300	2,000

Bids that release redundant council assets

Demolish Stanley Special school	275	0	0	275
Demolish Bebington Town Hall and Liscard Municipal	378	0	0	378
Demolish former Rock Ferry High school	400	0	0	400
Demolish Foxfield Special school	0	120	0	120
	1,053	120	0	1,173

DASS

Transformation of Day Service	625	0	0	625
Integrated IT	1,400	0	0	1,400
LD Extra Care Housing	9,000	0	0	9,000
	11,025	0	0	11,025

Finance

West Kirby and Conway Centre OSSs	210	0	0	210
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CYP

Aiming Higher for Disabled Children	240	0	0	240
Condition/Modernisation	4,500	0	0	4,500
Formula Capital Grant	2,000	0	0	2,000
Pensby Primary School	1,510	0	0	1,510
Wirral Youth Zone	1,000	0	0	1,000

Schools Development Programme

Foxfield school - contribution to Priority school	0	1,000	0	1,000
School remodelling and additional classrooms	586	1,357	0	1,943
Somerville Primary school mobile replacement	450	1,350	0	1,800
	10,286	3,707	1,357	15,350

Law, HR & Asset Management

Rock Ferry Centre	315	0	0	315
	315	0	0	315

Annex 8 continued

Recommended Capital Programme

	2013-14 £000's	2014-15 £000's	2015-16 £000's	Totals £000's
Regeneration				
Disabled Facilities – Adaptations	2,929	1,000	0	3,929
Cosy Homes Heating	250	0	0	250
Maritime Business Park	2,800	0	0	2,800
	<u>5,979</u>	<u>1,000</u>	<u>0</u>	<u>6,979</u>
Technical Services				
Road Safety	1,155	1,155	0	2,310
Local Sustainable Transport	676	676	0	1,352
Highways Maintenance	2,864	2,699	0	5,563
Parks Plant and Equipment	1,498	628	0	2,126
Leisure Equipment	63	0	0	63
Parks, Cultural Services and Roads				
Parks vehicles replacement	440	600	0	1,040
Park depot rationalisation	500	1,310	1000	2,810
	<u>7,196</u>	<u>7,068</u>	<u>1000</u>	<u>15,264</u>
	<u>37,464</u>	<u>12,195</u>	<u>2657</u>	<u>52,316</u>

Funding type:	2013-14 £000's	2014-15 £000's	2015-16 £000's	Totals £000's
Unsupported Borrowing	7,920	2,520	1,300	11,740
Capital Receipts	3,121	2,838	1,000	6,959
Revenue / Reserves	888	0	0	888
Education Grants	8,786	1,607	357	10,750
Integrated Transport	1,155	1,155	0	2,310
Local Sust Transport	676	676	0	1,352
Local Transport	2,864	2,699	0	5,563
Other Grants	12,054	700	0	12,754
Total	<u>37,464</u>	<u>12,195</u>	<u>2,657</u>	<u>52,316</u>

Annex 9	Deferred Unsupported			Total
	2013-14	2014-15	2015-16	Totals
Summary	£000's	£000's	£000's	£000's
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP	680	700	0	1,380
Law, HR & Asset Management	1,025	1,500	1,500	4,025
Regeneration	2,080	1,250	300	3,630
Technical Services	2,405	2,119	397	4,921
Total	6,190	5,569	2,197	13,956
Detail				
Invest to save or core efficiency	0	0	0	0
Bids that release redundant council assets	0	0	0	0
DASS	0	0	0	0
Finance	0	0	0	0
CYP				
Schools Development Programme				
Woodchurch Rd primary Foundn 2 classrooms	80	700	0	780
Woodslee Primary school	600	0	0	600
	680	700	0	1,380
Law, HR & Asset Management				
Cultural Services Assets	1,000	1,500	1500	4,000
The Priory	25	0	0	25
	1,025	1,500	1500	4,025
Regeneration				
Think Big Investment Fund	300	300	0	600
Improvements to Stock	950	950	0	1,900
Wirral Healthy Homes	105	0	0	105
Empty Property Interventions	125	0	0	125
Hoylake	600	0	0	600
	2,080	1,250	300	3,630
Technical Services				
Street Lighting	200	0	0	200
Bridges	250	0	0	250
Capitalised Highways Maintenance	1,000	1,000	0	2,000
Coast Protection	47	55	0	102
Parks, Cultural Services and Roads				
Arrowe Park changing facilities	500	800	0	1,300
Birkenhead tennis court	90	7	0	97
Cemetery infrastructure and landscaping	50	50	0	100
Birkenhead Park drainage	238	57	0	295
Frankby cemetery extension	30	150	0	180
	2,405	2,119	397	4,921
Funding type:				
Unsupported Borrowing	6,190	5,569	2197	13,956

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WIRRAL COUNCIL

CABINET

18 FEBRUARY 2013

SUBJECT:	SCHOOLS BUDGET 2013/14
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF CHILDRENS SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

This report recommends the approval of a Schools Budget for 2013/14 of £236,732,400 for maintained schools and academies in Wirral. In addition the funding of a further £250,000 of Schools Planned Programmed Maintenance from Dedicated Schools Grant (DSG). The report includes some minor changes to the Early Years Single Funding Formula. Reports on these areas were presented to the Schools Forum on 23rd January 2013.

2.0 RECOMMENDATION

2.1 Taking account of the views of the Schools Forum that:

- The DSG funded Schools Budget for maintained schools and academies is approved at the sum of £236,732,400.
- The headroom of £333,400 be allocated within the formula to all schools.
- The High Needs Contingency totalling £880,200 is agreed.
- A further £250,000 of PPM included in the Schools Budget is funded from DSG.
- The contributions to combined budgets are approved.
- The changes to the Early Years Single Funding Formula are agreed.

3.0 REASONS FOR RECOMMENDATION/S

3.1 The Council is required to set a Schools Budget for 2013/14.

4.0 BACKGROUND AND KEY ISSUES

4.1 Schools Budget 2013/14

The Schools Funding Allocations were issued by the Department for Education on 19th December 2012. The basis of the Dedicated Schools Grant (DSG) continues to be the "Spend Plus" methodology introduced in 2006; however the format and presentation has been changed by the DfE to show four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other

4.2 Pupil Premium

The Pupil Premium provides funding for deprived pupils in addition to DSG. Now in its third year, the rate will be set at £900 for each pupil that has been eligible for free school meals at any point in the last six years (increased from £623 in 2012-13). A premium is also paid in respect of Looked After Children (£900) and Service Children (£300)

Illustrative data based on 2012 gives a total Pupil Premium for 2013-14 for all schools and academies of £13.2m, an increase of £4.1m compared to the previous year.

4.3 Dedicated Schools Grant (DSG)

4.3.1 As the first part of the DfE's plans to reform school funding, DSG is now made up of four unringfenced blocks. These funding blocks have been based on each authority's Schools Budget as agreed in 2012-13 and in the case of the Schools Block and the Early Years Block are updated for changes in pupil numbers. Pupil numbers for the Schools Block have now changed to use those recorded in the October 2012 census (rather than the January 2013 count), whereas Early Years Funding will be a combination of January 2013 and January 2014. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2014. However, grant used for the purposes of the 2013-14 Schools Budget will use the indicative figures.

The High Needs Block is based on the identified spend in 2012-13, no pupil data is used. Additional funding has been provided for the Wirral Hospital School through a national top slice of DSG and there has been an adjustment for high needs pupils and places that are supported by other authorities.

The Blocks are summarised as follows:

	Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1.	Schools Block	41,343	4,547.11	187,991,000
2.	Early Years Block	2,905	3,816.57	11,087,000
3.	High Needs Block	-	-	31,773,000
4.	Other Block	-	-	3,285,000
			Total	<u>234,136,000</u>

4.3.2 Schools Block

This funding covers the delegated budgets to mainstream schools and academies (totalling £183m in the appendix attached).

In addition the block funds a number of budgets that are managed centrally on behalf of schools such as admissions, carbon reduction and PPM. In line with national guidance and with the exception of central budgets for Licences and PFI these have not been increased and in relation to the contributions to combined budgets have decreased. The change in licence costs is due to the introduction by the DfE of a national scheme.

4.3.3 Early Years Block

This Block funds the costs of Early Years Education for 3 and 4 year old children in schools, nurseries and private voluntary and independent providers. Most of this funding is directed through the Early Years Single Funding Formula (EYSFF). The baseline pupil numbers and grant allocation has been corrected for the 2012-13 census error.

4.3.4 High Needs Block

The make up of this block is complex and includes many changes:

- WASP will have a delegated school budget from the start of the financial year.
- Special schools (pre-16), school bases and independent non-maintained `special schools will receive a base level funding of £10,000 per place. Place numbers have been agreed in advance with the Education Funding Agency (EFA).
- Equivalent place funding for post 16 SEN provision in special schools will be funded through the national funding formula allocation for all 6th form students. Pupil numbers are based on the October 2012 census.
- Alternative Provision Bases and WASP will be funded at £8,000 per place. Although the number of places will reduce in 2013-14 as a result of the base at Rock Ferry Primary closing, the overall funding received by the council has not reduced for this change.
- The delegation to mainstream schools for pre 16 SEN has been increased to £6,000 (previously the first 5 units were valued at £5,665).
- Additional funding over and above that provided for places will be paid in the form of “top ups”. These will be provided on a per pupil basis. The top up is to be based on the agreed assessed needs of pupils and will be paid by the “commissioner” responsible; this may be Wirral Children’s Services, a school or another Local Authority.
- Arrangements to recover place costs for students from Other Local Authorities will cease.
- The Hospital School budget will be funded separately.
- The high needs budget will include (from August 2013) the costs of all education and training for post 16 specialist and LLDD provision (top ups), this will include colleges and private providers. Funding previously received for part of this provision (in the SEN Block Grant) has been replaced by DSG.

4.3.5 Other Block

This funding is in respect of Free Education for 2 year olds. Parents whose children would meet the eligibility criteria for Free School Meals and Looked After Children will have a statutory entitlement for 15 hours Early Years Education from September 2013. This grant is not based on census data, but uses a proxy (children in schools aged 4 to 6 who are eligible for Free School Meals). Overall funding for this 2 year old provision has been top sliced from the Early Intervention Grant.

4.4 Academies

Currently there are 14 out of 22 secondary schools who have become Academies, with another 2 anticipated. Academies are independent from the local authority and

are funded directly from the EFA. Regulations require Wirral to continue to calculate their budgets. From 2013-14 budgets for Academies (and all schools) will include central costs such as maternity, behaviour and contingency budgets that were previously paid separately to Academies as School LACSEG.

The estimated grant reduction for Wirral is £57.5m including £0.5m for those budgets which may now be delegated to all schools.

4.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2013-14, protecting schools from formula changes and changes in pupil data. This is an important element of schools funding given the major changes that are being introduced to the formula. The MFG rate remains at minus 1.5%.

It is likely that the MFG will continue for some time and will be part of the future funding reforms.

4.6 Inflation

No direct provision is included within the budget for pay awards. At this stage none have been finalised, although there continues to be ongoing dialogues with pay review bodies about a 1% pay award (teachers from September 2013) . Without additional funding any costs would need to be met from existing school budgets and the headroom that has been identified.

There is no general provision for price inflation, although costs for rates within the schools budget have been increased and the central PFI budget continues to reflect RPI increases.

4.7 Changes in Delegated Schools Expenditure

4.7.1 Primary and Secondary school changes include:

- Net Falling Rolls £562,200. The estimated secondary numbers (11-15) have reduced from 17,565 to 17,225 (a 2% reduction). This is almost matched by an increase in primary numbers from 23,886 to 24,201. The overall reduction in the ISB arises from secondary funding per pupil being higher than primary schools.
- The inclusion of Academy budgets totalling £57.5m
- Additional delegation of services supporting schools £2,233,300. These budgets were previously held centrally
- An additional cost arising from ending the abatement of rates in the local funding formula for secondary 6th forms and primary nurseries £166,600
- Transfer of school SEN Base Top Ups £1,054,000.
- Funding for the induction of newly qualified teachers £58,000
- Headroom £333,400. Headroom is growth within the budget, which at a time of flat cash settlements is unexpected. It arises because there is a difference between pupil funding within the ISB and the overall pupil funding received through DSG. This difference is favourable since there is a rising primary roll and a falling secondary roll.

4.7.2 Special School Changes include:

- Additional delegation for support services of £316,900
- The transfer of £5,917,300 to SEN pupil top ups.
- The reduction of £753,300 in respect of 113 places in 6th form. This will be paid through the 6th Form National Formula from August 2013.
- The direct funding of the Hospital School within DSG.

4.7.3 Early Years

The main change within this budget is to include funding for 2 year olds. An allocation of £2,313,400 for statutory place funding has been received (the equivalent allocation in 2011-12 was £969,000) In addition £908,200 will be paid for Trajectory Funding. The latter amount is intended to increase provision beyond the statutory FSM level in preparation for the expansion of entitlement to 40% of 2 year olds from 2014. The rapid expansion in this area is being discussed in the Early Years Schools Forum Working Group.

4.7.4 WASP

The budget of £640,000 is in respect of 80 places (costing £8,000 per place). The remainder of the existing budget (reduced by 1.5%) is included within SEN top ups.

4.8 Changes in Central Schools Expenditure

SEN Top Ups

The funding for SEN Top Ups is a new area within the budget and is part of the overall national reform of school funding. The proposed Top Up budget is in excess of £16.6m and broken down in the table below.

SEN Top Ups 2013-14

	£
Statements	
Early Years	292,200
Primary	1,508,400
Secondary (including 6th Forms)	2,360,000
Exceptional Need	373,000
Other	381,800
Special Schools (and 6th Forms)	5,917,300
Independent Non Maintained Special Schools	2,993,100
Home Teaching	248,600
WASP	397,600
SEN units - resourced and alternative provision	884,400
Further Education, 6th Form College and other providers	393,300
Contingency	880,200
Total	16,629,900

SEN costs include additional provision which has been identified as part of the budget review for:

- **Statements.** Early Years costs will increase by £150,000 reflecting costs within Private Voluntary and Independent providers. This increase is offset by reductions in other statementing areas.

- **Independent Special Schools.** There is an expected growth in places to 89 and additional costs of £512,000.
- **Further Education and 6th Form College.** There is provision for 130 places from August 2013. The part year top up is calculated using £2,800 per pupil.
- **Contingency.** The contingency identified of £880,200 is significant. However, some or all may be required to cover the potential costs of:
 - o Additional FE and college numbers exceeding 130. A bid was submitted to the EFA for growth, however overall numbers (including maintained special schools) were capped at 322 which is an increase of 24% on the numbers in 2011. The original bid submitted was for 332 ie 10 more places.
 - o Additional top ups. £2,800 per student is potentially a low estimate of the costs that may be incurred.
 - o Raising of the participation age
 - o Any mismatch between places identified and places taken up.

The remaining centrally held budgets cover:

- Equal Pay and harmonisation back pay (£450,000)
- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£326,000)
- the cost of licences for copyright and music in all schools and academies (resulting from a national agreement) (£101,300)
- School Admissions (£456,000)
- the Carbon Reduction scheme (£260,300)
- Planned Programmed Maintenance (PPM £649,000) and the PFI Affordability Gap (£2,397,400). The calculation for PFI costs takes account of the December RPI of 3.1% and the inclusion within the Children and Young people's budget of PFI costs for City Learning Centres.
- Contributions to combined budgets as shown below:

Combined Budget Summary	£
Discretionary Rate Relief top up	270,000
School Improvement	359,900
LSCB Contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
School Emoluments Wellbeing and Staff Surveys	44,600
Clinical Waste Disposal	11,600
Governors Forum	2,200
PFI Support Team	61,800
Use of School Swimming Baths	19,800
LACES	185,500
Total	2,499,600

The equivalent budget in 2012-13 was £2,815,400

The budgets held for Contingency, Special Staff (maternity and trade union duties), the School Library Service, Insurance (Governors Aided), Behaviour Support and the Minority Ethnic Achievement Service (MEAS) have been delegated to schools and

total £2,397,100. Members of the Schools Forum agreed to de-delegate the above budgets for Primary and Secondary Schools (with the exception of MEAS and insurance for secondary schools).

The costs of School Milk and Advanced Skills Teachers (£523,600) have also been delegated.

4.9 Insurance and Energy Costs

School Insurance charges are estimated to increase in 2013-14 by 12% on average, although some charges will be higher and some lower depending on risk and claims history. The overall increases are the result of higher costs for both Liability and Property Insurance (property claims have increased significantly in the past year).

Increases for energy costs are estimated to be 3% in the coming year, although the overall amount will depend on tariffs and contract renewals later in the year.

5.0 School Funding Formula Changes for the Early Years Single Funding Formula (EYSFF)

2 Year Old Early Education

A new Early Years Formula was introduced in April 2011 to fund the Free Entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups.

This entitlement is now being expanded from September 2013 to cover a targeted provision within 2 year olds. Any 2 year old child in a family meeting the criteria used to establish school aged eligibility for Free School Meals or any 2 year old child that is looked after by the local authority will be entitled to a free 15 hour place. The estimated number of eligible children for Wirral is 834.

Wirral will receive £2,313,366 in 2013-14 together with additional "Trajectory" funding of £908,165. This will expand provision beyond the statutory level and prepare for an entitlement based on 40% of 2 year olds in 2014-15. This grant could fund a further 330 children for a full year.

A Schools Forum Working Party met in early January to consider this area. Arrangements are being put in place to advise providers, seek information about additional capacity and to promote the 2 year old scheme. Further meetings of this group are planned, where responses from providers and the use of a Capital Allocation of £614,624 to help deliver this programme will be considered.

The payments to providers must in future be made through the Early Years Single Funding Formula. Guidelines recommend that a single rate is used with no supplements. The current rate paid is £4.85, taking account of a higher staff to pupil ratio and it is recommended that this continues to be used in the future.

5.2 Amendments to the EYSFF

The current formula contains a number of supplements for Nursery Schools. This includes an additional amount to continue funding the level of grants previously

received by the schools. In 2013-14 the formula needs to be amended to remove this element as has happened with mainstream schools. The amounts concerned total £114,200 and should be transferred to the Headteacher and Harmonisation Lump Sum element paid to Nursery Schools.

Overall the formula is delivering less funding to the 3 nursery schools than previously. Whilst there is a protection element in the formula, when this reduces next year to 80% of the budget set in 2010-11, the schools are indicating that there is a budget shortfall of between £30,000 and £60,000.

2013-14 is the final year of the protection scheme. It is proposed that for this year the reduction from 85% to 80% is not implemented. This change will increase costs by £62,000. It is anticipated that this will be met from within the existing Early Years Budget.

6.0 RELEVANT RISKS

6.1 These formula changes enable Early Years budgets and funding budgets to be distributed taking account of DFE regulations.

7.0 OTHER OPTIONS CONSIDERED

7.1 None

8.0 CONSULTATION

8.1 Consultation has taken place with the School Forum.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1 All Providers of Early Years Education are paid using a single funding formula.

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

10.1 The financial implications are described in the report. IT, staffing and asset implications may arise from changes in pupil numbers and the level of funding.

11.0 LEGAL IMPLICATIONS

11.1 There are none arising from this report.

12.0 EQUALITIES IMPLICATIONS

12.1 There are none arising from this report.

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

13.0 CARBON REDUCTION IMPLICATIONS

13.1 There are none arising from this report. It should be noted that schools will incur carbon reduction charges in 2013/14.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 There are none arising from this report.

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REFERENCE MATERIAL

School Funding Allocations 19th December 2012.

SUBJECT HISTORY

Council Meeting	Date
Wirral Schools Forum Pupil Premium Schools Budget Report 2013-14 Early Years Update	23 January 2013
Proposals for Changes to the Local Funding Formula for Schools	18 th October 2012

SCHOOLS BUDGET 2013-14

Appendix 1

SUMMARY

	Base Estimate 2013-14
	£000
Dedicated Schools Grant	<u>234,136</u>
Schools Budget Base Expenditure	194,366
Add back 2012-13 Academy Baseline	<u>36,804</u>
	231,170
Change in ISB Costs	
Net falling rolls	(562)
School Rates increases and ceasing abatement	187
Induction of NQT's	63
Delegation of central costs to schools	2,012
Headroom - growth	333
Early Years for 2 year olds	<u>3,222</u>
	5,255
Changes in SEN / High Costs :	
Early Years inclusive practice	150
Other statements and support	(175)
Independent Schools	512
SEN equipment	14
Adjustments with Other Local Authorities (net)	(45)
Post 16 provision in Further Education	314
SEN Contingency	880
SEN Block grant transferred into DSG	1,416
Post 16 places funded through the National funding Formula	(873)
Other changes in central costs:	
Delegation of central costs to schools	(2,012)
Transfer PFI costs re City Learning Centres	(117)
Increase (inflation) re PFI contracts	217
Other	<u>27</u>
	307
Total Schools Expenditure	<u><u>236,732</u></u>
Net Schools Budget	2,596

EDUCATION - SCHOOLS

Appendix 2

	Base Estimate 2012/13	Base Estimate 2013/14
Individual Schools Budget		
Primary Schools	91,613,500	93,001,100
Secondary Schools	55,024,800	89,584,700
Special Schools	16,250,600	8,776,400
SEN Bases		2,768,000
WASP		640,000
Wirral Hospital School		1,097,000
Early Years	10,174,600	13,396,600
Individual Schools Budget Total	173,063,500	209,263,800
Central School Costs		
Early Years	523,100	567,600
Admissions	456,000	456,000
School closure / retirement costs	326,000	326,000
Licences & Subscriptions	54,700	101,300
Carbon Reduction	260,300	260,300
Schools Forum	10,600	10,600
School Harmonisation Costs	450,000	450,000
Contribution to Combined Budgets	2,815,400	2,499,600
PPM	649,000	649,000
PFI affordability gap	2,296,100	2,397,400
Costs delegated to schools		
Library Service	209,700	
Insurances	65,400	
M E A S	286,400	
School Specific Contingencies	372,800	
Special Staff Costs	769,400	
Milk & Meals	224,000	
High Needs Pupils		
SEN top Ups		11,714,500
Statements	4,857,100	4,915,400
Support For SEN	2,235,900	2,292,700
Indep Special School Fees	2,945,600	770,000
Wirral Alternative Schools Programme	1,053,400	
Education Out Of School	248,600	
OLEA	134,900	
Special School Transport	58,200	58,200
Non Delegated School Costs Total	21,302,600	27,468,600
Dedicated Schools Grant Total	-191,621,000	-234,136,000
Grand Total	2,745,100	2,596,400

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WIRRAL COUNCIL

BUDGET CABINET

18 FEBRUARY 2013

SUBJECT:	CARBON BUDGET 2012/13
WARD/S AFFECTED:	ALL
REPORT OF:	LAW HR & ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BRIAN KENNY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 2012/13 (Appendix A); the revisions that are required to meet Corporate Goals; and propose the Carbon Budget for 2013/14, 2014/15 and 2015/16.
- 1.2 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to prepare carbon budgets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget.
- 1.3 The Carbon Budget is not a statutory requirement but is Wirral's only method of managing CO₂ emissions in order to reduce our carbon footprint by delivering the Carbon Budget as stated in the Corporate Plan.
- 1.4 The carbon budget is not financial but meeting the annual targets will have an impact on costs. Reductions in carbon emissions are achieved by reducing energy use and there are financial savings that will be made from the avoided costs of energy and CRCEES allowances.
- 1.5 This report does not contain exempt information.

2.0 BACKGROUND AND KEY ISSUES

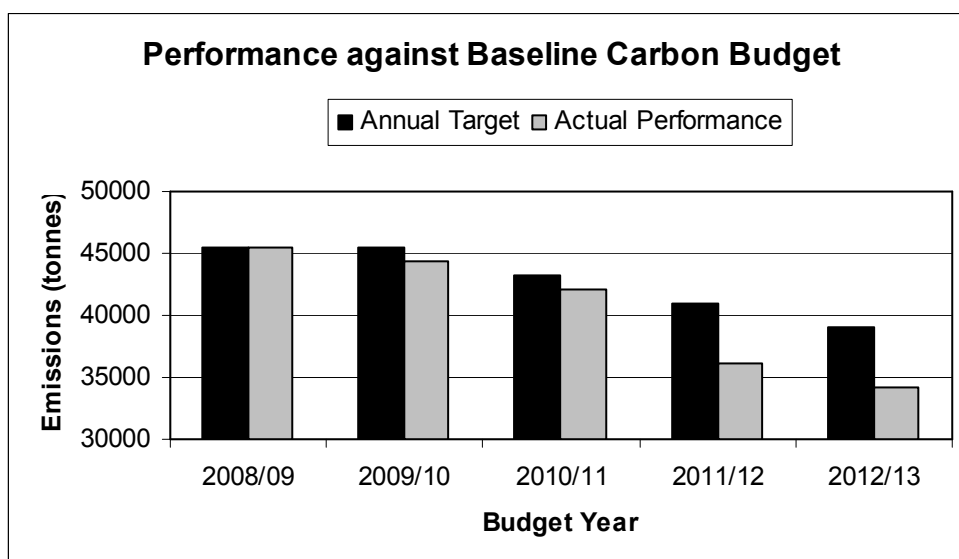
2.1 Background

- 2.1.1 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to:
 - Establish the Council's carbon footprint and quantify tonnes of CO₂ emitted as a direct result of Council operations for 2010 onwards;
 - Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
 - Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.

- 2.1.2 Since the Carbon Budget was approved by Cabinet on 22 February 2010 (Minute 335 refers) the method of apportioning emissions between Departments has altered to reflect the Asset List by service responsible for a site or building. Total emissions were not affected. This will alter further as the Asset List is updated to reflect organisational changes that are taking place.
- 2.1.3 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.
- 2.1.4 The Sustainability Unit, that is part of the Asset Management team, calculates the carbon emission figures for a twelve month period every six months. This information is used to compile a performance report for the previous financial year ending 31 March and is used to encourage Departments to meet their carbon target and so aid the carbon management process. For the purposes of reporting on the carbon budget, the most recent carbon reporting period is used. In this case it is the reporting period from 1 October 2011 to 30 September 2012.
- 2.1.5 The Carbon Budget is made up of two parts:
- The Corporate Target which is based on the average annual reduction that is needed to meet the goal of reducing carbon emissions by 60% by 2025.
 - Departmental Performance which is calculated from actual energy consumption. Annual Departmental targets are modified to reflect changes in the Council's estate and underperformance in previous years.

2.2 Corporate Target

- 2.2.1 The Council has a corporate target of reducing emissions of CO₂ by 60% by 2025. The first carbon footprint was calculated for the 2008/09 financial year as 45,481 tonnes CO₂. This is the baseline figure on which corporate targets are based. In order to achieve the reduction within the required timescale, an average year on year reduction of approximately 5% is required in order to achieve a 2025/26 carbon footprint of 18,192 tonnes CO₂.
- 2.2.2 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010. To date, the rate at which emissions have been reducing has exceeded that which is required to meet the 60% reduction target by 2025.



2.2.3 The first Carbon Budget set targets up to and including 2012/13. It is necessary to confirm targets for the next 3 years in order to maintain a framework and maintain focus on meeting the 2025 emissions reduction target.

2.2.4 The current target for 2012/13 is 38,994 tonnes CO₂. Applying the average 5% per annum reduction to meet the 2025/26 60% carbon emissions reduction target means that the Corporate targets for the following 3 financial years are:

Financial Year	Corporate Carbon Target (tonnes CO ₂)
2013/14	37,044
2014/15	35,192
2015/16	33,432

2.2.5 Wirral's calculated carbon footprint for the period 1 October 2011 to 30 September 2012 is 34,314 tonnes (Appendix A). If this does not change due to adverse weather or other factors (e.g. property acquisitions or major losses of plant efficiency), the corporate performance targets will be met for the current financial year 2012/13 and for the next two financial years.

2.2.6 It is acknowledged that the Council is undergoing significant changes and will continue to do so over the next three years at least. In spite of these changes there is no reason why the corporate carbon footprint targets cannot be retained in a form that clearly leads towards reaching the 2025 goal as included in the Corporate Plan.

2.3 Departmental Performance

2.3.1 Members directed that the Carbon Budget progress be presented on a departmental level and reported to Cabinet. At present, the Council is going through a process of restructuring. Organisational changes are in progress and are not yet recorded on the Asset List. The Carbon Budget will be updated to align to the emerging structure as soon as possible.

- 2.3.2 As an interim measure, in compliance with Members' instruction, targets and performance figures are included as Appendix A to align with the old structure as recorded on the Asset List. Taking account of the performance over the year 1 October 2011 to 30 September 2012, total emissions are calculated to be 4.14% higher than the 2012/13 performance target.
- 2.3.3 Actual emissions for 1 October 2011 to 30 September are 5,760 tonnes lower than those reported for the same period on 20 February 2012, but 1,358 tonnes below the target for the full 2012/13 financial year. Recently completed projects, community asset transfers and planned sale of assets realised before 31 March 2013 will contribute to reducing the present shortfall.
- 2.3.4 It is recommended that the Departmental targets determined by the performance calculation method consistent with previous years be approved for the 2013/14 financial year on the understanding that the carbon budget method will be subject to review following organisational changes and a potential further reduction in staff numbers and assets.
- 2.3.5 The Carbon Budget process will be further developed in light of anticipated changes to the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) and organisational needs. This process has been delayed as detailed guidance on CRCEES changes is not yet available.

2.4 Current Initiatives

- 2.4.1 Cabinet of 14 December 2009 directed the annual Carbon Budget report include progress against measures and projects to reduce energy use and carbon emissions. The current financial pressures mean that some proposed work may not go ahead in which case the planned carbon reductions will not be realised. However, it is relevant to demonstrate that the Council is planning to meet long term goals:
- Capital Funding bids for which carbon implications have been calculated represent a potential reduction of 922 tonnes CO₂. These bids are subject to consideration and decision in the context of the Council's financial position and the affordability of a capital programme. Financial pressures mean that it may not be possible to progress these projects at present and the carbon savings would not therefore be achieved. If this is the case these schemes could be revisited in future years.
 - Planned Asset transfers and sales could reduce the carbon footprint by 1,109 tonnes CO₂. The emissions reductions achieved will depend on the completion of the transfers.
 - The impact of the recently completed pool hall ventilation improvements carried out at Europa Pools will be 348 tonnes CO₂ based on the design calculations. The installation has only recently been commissioned and verification is not yet possible.
 - The Sustainability Unit is working with Service Departments to assess the carbon impacts of other projects, initiatives and service reviews that are in progress. These include, but are not limited to Streetlight dimming, Parks and Countryside, printer rationalisation, boiler replacement and the CYPD Capital Programme.
- 2.4.2 The Sustainability Unit scheduled quarterly attendance at each Department's Departmental Management Team (DMT) meetings in order to assist and advise management teams on how to meet their Carbon Targets without compromising

service delivery. This programme will be continued and integrated with the ISO 50001 as the new organisational structure develops.

- 2.4.3 Progress on reducing the Council's Carbon Footprint was reported to the Sustainable Communities Overview and Scrutiny Committee for the 29 January 2013 meeting.
- 2.4.4 It was agreed on 31 July 2012 to proceed with the development of an energy and carbon management framework that will comply with ISO 50001 (Energy management systems). This will clarify roles and responsibilities and give clear directions to achieve the structural carbon savings required. The system will be tailored to the Council's changing needs in order to drive down emissions, control costs and reduce risks. The development of the system has been delayed due to structural reorganisation but will proceed at the earliest opportunity.
- 2.4.5 Training sessions for Energy Champions and Building Attendants/Caretakers have continued and aim to improve the flow of information back to Management on issues around maintenance of equipment and plant and identified energy inefficiencies and waste. Local or strategic solutions may be required to address the issues raised and the appropriate approaches will be determined through the Asset Review Board.
- 2.4.6 DMT's have been reminded that access to individual building energy information is available via the energy database web access. This facility provides energy and carbon emission information that can be used to manage performance. Access to this information is accepted as good energy management practice and will become critical if the Council decides to adopt a Corporate Landlord/Tenant approach to its estate.
- 2.4.7 DMT's have been provided with a series of actions on improving energy efficiency to communicate to their staff.
- 2.4.8 Departments have been requested to report carbon reduction implications due to projects and actions they have planned to the Sustainability Unit. Guidance on completing Section 10 of the report template has been circulated. Response has been inconsistent. If section 10 of the standard report template 'Carbon Reduction Implications', is properly completed, this process should be simple and straightforward.
- 2.4.9 The Carbon Budget is not the only emissions reporting mechanism. Wirral Council also reports emissions for the Carbon Reduction Energy Efficiency Scheme (CRCEES), and the Annual Greenhouse Gas Emission reports. Each reporting scheme differs in scope, emissions covered and measure reported. The CRCEES is the Government scheme that is the most closely regulated.
- 2.4.10 The Government has issued a report of the consultation on the simplification of the CRCEES. The scheme's managing agents, the Environment Agency were due to issue updated guidance in January 2013 but this has not yet been received. Once the guidance is received and its impact assessed, the Carbon Budget process will be reviewed in order that the reporting streams are brought closer together. This will make better use of officer time.

3.0 RELEVANT RISKS

- 3.1 The greatest risk is not meeting the required corporate targets set out in the carbon budget. Failure to meet targets will mean that energy costs and CRCEES charges could increase.
- 3.2 There is a risk that individual departments may not meet their targets. The Sustainability Unit will continue working with Management and staff over the restructuring period to help meet the carbon reduction targets and reduce this risk which also carries financial implications.
- 3.3 The absence of an effective carbon management system to deliver the Carbon Budget increases the risk of not meeting the targets as detailed in the Corporate Plan. The agreed introduction of an ISO 50001 compliant energy management system will reduce this risk.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Regular reporting on the Carbon Budget on a departmental basis is based on the Council Resolution passed on 14 December 2009. The only other option is to do nothing which is not a reasonable alternative as it would increase the risk of increasing financial costs of the CRCEES and energy through the absence of any form of management.

5.0 CONSULTATION

- 5.1 The Sustainability Unit scheduled quarterly attendance at Departmental Management Team (DMT) meetings to consult, assist and inform Management on how to achieve their carbon targets. Organisational changes have meant that some meetings have been cancelled. The Sustainability Unit will engage with the renewed structure as it develops in order to help ensure targets are understood and met.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 The setting of the Council's Carbon Budget has no direct implications for voluntary, community and faith groups.

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

- 7.1 There are no direct financial implications arising from this report as it considers CO₂ emissions alone. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost.
- 7.2 The table below shows the estimated financial impact of reducing emissions reported for CRCEES by 5% a year from a 2010/11 baseline in order to illustrate the magnitude of the saving associated with that scale of emissions reduction. The calculations assume that energy unit prices remain fixed at 2.5p/kWh for gas and 12p/kWh for electricity and that the CRCEES allowance charge remains at £12/tonneCO₂. It is also assumed that the ratio of gas to electricity consumption is stable. No account is taken of inflation. CRCEES emissions differ from those reported for the Carbon Budget

because of the regulations covering their submission so the figures below are only indicative of the scale.

Financial Year	Projected cost saving at current rates from 2010/11 baseline			
	CRC	Electricity	Gas	TOTAL
2013/14	£21,865	£226,822	£111,313	£360,000
2014/15	£20,772	£215,481	£105,748	£342,001
2015/16	£19,733	£204,707	£100,460	£324,900
TOTAL	£62,370	£647,010	£317,521	£1,026,901

- 7.3 There are no IT implications arising directly from this report. However, it should be noted that IT systems and infrastructure contribute directly to emissions as they use energy.
- 7.4 There are no staffing implications arising directly from this report but it should be noted that employees' efficient and effective use of energy is vital to improving performance.
- 7.5 The rationalisation of the Council's estate will greatly assist in the delivery of the Carbon Budget. Reducing energy consumption and improving efficiency of its use will also help to control energy costs.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no direct legal implications arising from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 The potential impact of the proposal has been reviewed with regard to equality and it is concluded that there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 Reducing Wirral's carbon footprint has been identified in the Corporate Plan as one of the priorities for the next three years in the Corporate Plan. Meeting Carbon Budget targets as set out in this report will reduce Wirral's Carbon footprint and contribute to meeting the long term goal.
- 10.2 The Carbon Budget Performance Table included as Appendix A shows that the Council is currently meeting annual targets to reduce emissions at a rate necessary to meet the Corporate goal of reducing emissions by 60% by 2025.
- 10.3 Actions and activities that have been fully assessed by the Sustainability Unit suggest the Council could reduce CO₂ emissions by approximately 2,379 tonnes which would positively assist in meeting future emissions targets. However, financial pressures could mean that some projects cannot proceed in the short term and that the carbon reductions associated with them will not be achieved.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 The disposal of Council owned properties could have planning implications.

11.2 Any future applications for planning permission would be assessed for compliance with the statutory development plan, which currently comprises: the Wirral Unitary Development Plan (saved by direction of the Secretary of State on 28 September 2007) and the North West of England Regional Spatial Strategy to 2021 (September 2008); the Council's emerging Core Strategy; and national planning policies.

12.0 RECOMMENDATION/S

12.1 It is recommended that:

12.2 Progress towards the 2012/13 target included in Appendix A be noted.

12.3 The Carbon Budget for 2013/14 included in Appendix A be approved.

12.4 The current Carbon Budget method is applied until the impacts of the simplification of the CRCEES are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of the simplification process.

12.5 Corporate targets for 2013/14, 2014/15 and 2015/16 proposed in Section 2.2.4 of this report be approved.

12.6 Managers are directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standard report template. Impacts must be reported to the Sustainability Unit to support the carbon management process.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To set a Carbon Budget that will help the Council to meet local and national emissions targets, assist in the management and operation of the CRCEES and contribute to reducing energy consumption and costs.

13.2 To allow a review of the Carbon Budget method that will permit improvements to be implemented that will ensure it complements other mandatory schemes and removes duplication of effort.

13.3 Approval of interim target figures provides a performance measure aimed at achieving the long term corporate carbon reduction goal.

13.4 Reporting of carbon impact implications will support the carbon management process and reduce costs.

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APPENDICES

Appendix A – Carbon Budget Performance Table for Local Authority Buildings

REFERENCE MATERIAL

Delegated report "Development of an externally accredited ISO 50001 Energy Management System for carbon management" – (31 July 2012).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010
Cabinet	25 November 2010
Cabinet	21 February 2011
Budget Council	1 March 2011
Cabinet	14 April 2011
Budget Cabinet	21 February 2012

Appendix A - Carbon Budget Performance Table for Local Authority Buildings

Baseline Carbon Footprint (2008/09): 45,481 tonnes

Responsible Department	*2012/13 CO ₂ Emissions Target (tonnes)	**Actual Emissions Oct 11 to Sept 2012 (tonnes)	Required Saving by 31 March 2013 (tonnes)	*2013/14 CO ₂ Emissions Target (tonnes)	Reduction required to meet 2013/14 CO ₂ Emissions Target (tonnes)
ADULT SOCIAL SERVICES	1,433	1,282	0	1,362	71
SCHOOLS	10,830	10,846	16	10,273	557
CYPD	1,404	962	0	1,334	70
CORPORATE SERVICES	0	0		0	0
LHR & AM	3,903	3,947	44	3,663	240
FINANCE	697	667	0	662	35
TECHNICAL SERVICES	14,509	16,430	1,921	11,863	2,646
TOTAL	32,776	34,134	1,358	29,157	3,619

* When the first Carbon Budget was agreed, targets were set for the three years 2010/11, 2011/12 and 2012/13. Targets for 2013/14 onwards are subject to approval by Budget Cabinet but have been calculated to meet long term corporate goals. Annual targets are revised at each six monthly update when available data is reviewed to compensate for: underperformance; changes in the Council's estate and meet corporate carbon emissions reduction goals. The targets above take these updates into account.

**The last full twelve month period for which data is available.

WIRRAL COUNCIL

COUNCIL

5 MARCH 2013

SUBJECT	COUNCIL TAX 2013/14
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the statutory calculations in respect of setting the Council Tax as contained in this report, to set the total amount of Council Tax for the financial year 2013/14 for the different categories of dwellings, and to determine that the Council's basic amount of council tax for the financial year 2013/14 is not excessive such that referendum is not necessary.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In setting its council tax the Council is required to have regard to the various determinations set out in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The principal amendment conferred by the Localism Act is the requirement to calculate a council tax requirement and not a budget requirement as previously.

The Statutory Calculations and Resolution

- 2.2 The statutory calculations associated with each Council Tax increase are set out below and the Council is now invited to approve.
- 2.3 It be noted that in accordance with section 31B of the Local Government Finance Act 1992 (as amended), that the Interim Director of Finance on 24/01/2013 calculated the Council Tax Base 2013/14 for the whole of the properties in its area as 87,116.4 (Item T in the statutory formula).
- 2.4 That the following amounts be calculated and approved by the Council for the year 2013/14 in accordance with sections 32-36 of the Local Government Finance Act 1992 (as amended) ("the Act");
- a) £111,357,800 being the amount calculated in accordance with section 31A (4) of the Act (amended) as the Council Tax Requirement for 2013/14 (item R in the statutory formula). This amount (d) is determined as being the difference between:
 - i. £812,403,700 this being the aggregate of the amounts calculated in accordance with section 31A (2) of the Act (as amended), i.e. the

aggregate of the amounts that the Council estimates that will be charged to a revenue account for the year in performing its functions, that are required to be set aside for contingencies and reserves and required to be transferred from its general fund to its collection fund in the year and

ii. £701,045,900 this being the amount calculated in accordance with section 31A (3) of the Act (as amended), i.e. the aggregate of the amounts of income that the Council estimates will be credited to a revenue account for the year in accordance with proper practices, the amount of reserves that are estimated to be used to provide for the items referred to in paragraph 3(a) above, and required to be transferred from its collection fund to its general fund in the year.

b) £1,278.26 being the amount calculated in accordance with section 31B (1) of the Act (amended) as the Basic Amount of Council Tax for 2013/14. This amount being calculated as item R in paragraph 2.4(a) above divided by item T in paragraph 2.3 above.

c) that in accordance with section 36(1) of the Act that the following amounts are calculated for each valuation band in the area:

A	B	C	D	E	F	G	H
£852.17 *	£994.20 *	£1,136.23 *	£1,278.26 *	£1,562.32 *	£1,846.38 *	£2,130.43 *	£2,556.52 *

2.5 These amounts being the amounts given by multiplying the amount calculated as the basic amount of council tax by the number which in the proportion set out in section 5(1) of the Act is applicable to dwellings in a particular valuation band which is applicable to dwellings listed in valuation band D.

2.6 To note that the Police and Crime Commission for Merseyside and the Merseyside Fire and Rescue Service have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Police and Crime Commission for Merseyside - AWAITED

A	B	C	D	E	F	G	H
£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**

Merseyside Fire and Rescue Service - AWAITED

A	B	C	D	E	F	G	H
£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**

2.7 That having calculated the amounts at 2.4(c) and 2.6 above that the Council in accordance with section 30 (2) of the Act hereby sets the following amounts

as the total amount of council tax for the year 2013/14 for each of the categories of dwellings shown below.

Total Council Tax for Wirral

A	B	C	D	E	F	G	H
£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**	£***.**

- 2.7 It be determined that the amount set in 2.4(c) above as the Council's basic amount of council tax for 2013/14 is not excessive in accordance with the principles determined by the Secretary of State under section 52ZC of the Act (as amended) and that no referendum to approve the basic amount of council tax is required.

3.0 RELEVANT RISKS

- 3.1 Risks will be assessed as part of the process. There is also a risk based approach to the budget and the resultant Reserves requirement, has been reported to the Cabinet.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Government have introduced a Council Tax Referendum requirement if the Council Tax increase is determined as excessive. This has limited the Council Tax increase to 2.00%, prior to the effect of the precepts and therefore ruled out alternative increase amounts above this percentage.
- 4.2 The acceptance of the Council Tax Freeze Grant would have generated £1.3 million in receipts. This is considerably less than the amount raised by increasing Council Tax by 2%. The freeze grant would also not be within the base budget going forward.

5.0 CONSULTATION

- 5.1 None.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

7.0 RESOURCE IMPLICATIONS

- 7.1 The report sets the Council Tax amounts for 2013/14.

8.0 LEGAL IMPLICATIONS

- 8.1 In setting its council tax the Council is required to have regard to the various determinations set out in the Local Government Finance Act, 1992 as amended by the Localism Act, 2011.

9.0 EQUALITIES IMPLICATIONS

9.1 The Council have a statutory duty in carrying out its functions, to have due regard to its equality obligations. When taking budget decisions, Members must be aware of the duty and consider potential impacts upon various groups affected. Setting the Council Tax forms part of the Budget process and the Medium Term Financial Strategy.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None.

12.0 RECOMMENDATIONS

12.1 The Council determines a Council Tax for 2013/14 and that the associated statutory calculations for that level of Council Tax as set out in this report be duly approved and adopted.

13.0 REASON FOR RECOMMENDATION

13.1 This report supports the medium term financial planning process. Both the General Fund Budget 2013/14 and the Medium Term Financial Strategy will be presented to this meeting.

REPORT AUTHOR: Peter Timmins
Interim Director of Finance
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Email: petertimmins@wirral.gov.uk

SUBJECT HISTORY

Council Meeting	Date
Cabinet	18 February 2013

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details: Peter Timmins

EIA lead Officer: Peter Timmins

Email address: petertimmins@wirral.gov.uk

Chief Officer: Peter Timmins

Department: Finance

Date: 5th March 2013

**Section 2: What Council proposal is being assessed?
Council Tax****Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?**

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

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 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 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

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

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

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

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

Yes / No – (please delete as appropriate)

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 for publishing)

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

Before you complete your consultation, please email your preliminary EIA to 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 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 via your Chief Officer?
- d) Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?

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EMPLOYMENT AND APPOINTMENTS COMMITTEE

14 February 2013

66 PAY POLICY STATEMENT 2013/2014

The Acting Director of Law, HR and Asset Management submitted a report, in accordance with The Localism Act 2011, which required Councils to determine and publish annual pay policy statements.

The requirements of the Act included:

- The Pay Policy statement to be approved by The Full Council, in advance of the financial year to which it relates.
- The Pay Policy Statement to be published on the Council website.

The Pay Policy Statement was required to set out the Council's policies relating to the following:

- Chief Officer remuneration, including salary, allowances, and enhancements at termination.
- Remuneration of its lowest paid employees.
- The relationship between Chief Officer remuneration and that of other employees.

The proposed Pay Policy Statement 2013/14 included a revised pay structure to take account of the Living Wage increase (November 2012). The revised pay structure would ensure that all Council employees were paid at a rate equal to or higher than the Living Wage hourly rate of £7.45.

With regard to the Living Wage, the Leader of the Council, encouraged the Head of HR and Organisational Development to seek formal accreditation from the Living Wage Foundation for the Council to become a 'Living Wage Employer'.

Resolved - That this Committee:

- (1) Recommends to Council, for approval, the Council's Pay Policy Statement 2013/14;**
- (2) Notes the increase of the Living Wage, effective from 1 November 2012.**
- (3) Notes the responsibility of the Employment and Appointments Committee to ensure the provisions set out in the Pay Policy are applied consistently throughout the Council, and recommend any amendments to the Council.**

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WIRRAL COUNCIL

EMPLOYMENT AND APPOINTMENTS COMMITTEE

14 FEBRUARY 2013

SUBJECT:	PAY POLICY STATEMENT 2013/14
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	EXECUTIVE MEMBER CORPORATE RESOURCES
KEY DECISION?	YES

1. EXECUTIVE SUMMARY

1.1. The purpose of this report is for the Employment and Appointments Committee to note The Council's Pay Policy Statement for the financial year 2013/14.

2. BACKGROUND AND KEY ISSUES

2.1. The Localism Act received Royal Assent on 15 November 2011. Chapter 8 of the Act refers to 'Pay Accountability' and sets out the requirements for Councils to determine and publish annual pay policy statements. The requirements of The Localism Act include:

- The Pay Policy statement to be approved by The Full Council, in advance of the financial year to which it relates.
- The Pay Policy Statement to be published on the Council website.

2.2. The Pay Policy Statement is required to set out the Council's policies relating to the following:

- Chief Officer remuneration, including salary, allowances, and enhancements at termination.
- Remuneration of its lowest paid employees.
- The relationship between Chief Officer remuneration and that of other employees.

3. THE PAY POLICY STATEMENT

3.1. The Pay Policy Statement 2013/14 is attached at Appendix One for the consideration of the Employment and Appointments Committee.

3.2. The Pay Policy can be amended by resolution. This includes in-year amendments.

4. THE LIVING WAGE

4.1. The introduction of the Living Wage was approved by Full Council on 1 March 2012 as part of the Council's Pay Policy Statement 2012/13.

4.2. The proposed Pay Policy Statement 2013/14 includes a revised pay structure to take account of the Living Wage increase (November 2012). The revised pay structure will

ensure that all Council employees are paid at a rate equal to or higher than the Living Wage hourly rate of £7.45.

4.3. The implementation of the Living Wage increase will make the following changes to the Council's pay structure:

- The entry level grade: scp 9 at Band A will change from £7.20 an hour (£13,516 per annum) to £7.45 an hour, equivalent to £13,985 per annum.
- Scp 10 at Band B will change from £7.39 an hour (£13,874 per annum), to the locally agreed rate of £7.64, equivalent to £14,360 per annum.

The current salary rates and the proposed salary rates are attached at Appendix Two and Appendix Three respectively.

5. CHIEF OFFICER GRADING STRUCTURE

5.1. The Council's grading structure for Chief Officers has been amended to take account of the salary for the Director of Public Health and the Strategic Director grade. The Chief Officer grade titles have been re-designated as follows:

Chief Officer grade title:	Re-designated to:
Chief Executive (CE)	Chief Executive (CE)
Deputy Chief Executive	Strategic Director (SD)
Chief Officer	Director 1 (D1)
New	Director 2 (D2)
Deputy Chief Officer (DCO3)	Head of Service 1 (HS1)
Deputy Chief Officer (DCO3a)	Head of Service 2 (HS2)

5.2. The Chief Officer grading structure is attached at Appendix Four.

6. RELEVANT RISKS

6.1. The Council is required to prepare and approve its Pay Policy Statement 2013/14 before 31 March 2013. The Council will be at risk of not meeting the requirements of The Localism Act 2011 if this is not achieved.

7. OTHER OPTIONS CONSIDERED

7.1. No other options were considered as The Pay Policy Statement is a requirement of The Localism Act 2011.

7.2. The Council is committed to being a Living Wage employer.

8. CONSULTATION

8.1. The Trade Unions have been invited to comment on The Council's Pay Policy Statement 2013/14, including the revised pay structure.

9. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

9.1. None

10. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

10.1. The cost of introducing The Living Wage is £18,000 including on-costs. This will built into departmental budgets under the provision for pay growth.

10.2. The changes to the Chief Officer grading structure were included in the Senior Management Restructure, approved by Cabinet on 20 December 2012.

11. LEGAL IMPLICATIONS

11.1. The Council is required to meet the requirements of The Localism Act 2011.

12. EQUALITIES IMPLICATIONS

12.1. The EIA is attached, and is available at:

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

13. CARBON REDUCTION IMPLICATIONS

13.1. Not applicable for this report.

14. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1. Not applicable for this report.

15. RECOMMENDATION/S

15.1. It is recommended that The Employment and Appointments Committee:

- Review the appropriateness of the Council's Pay Policy Statement 2013/14, and recommend its approval to Full Council.
- Note the increase of The Living Wage, effective 1 November 2012.
- Note the responsibility of The Employment and Appointments Committee to ensure the provisions set out in the Pay Policy are applied consistently throughout the Council, and recommend any amendments to The Full Council.

16. REASON/S FOR RECOMMENDATION/S

16.1. The Council is required by Section 38 of The Localism Act 2011 to prepare a Pay Policy Statement for each financial year.

16.2. The draft statutory guidance on The Localism Act 2011 recommends that a Committee be given responsibility to coordinate a collective review of the appropriateness of the Pay Policy Statement at least annually, and to make a recommendation to The Full Council.

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APPENDICES

Appendix One: The Pay Policy Statement 2013/14
Appendix Two: The Current Salary Rates
Appendix Three: The Proposed Salary Rates (Living Wage increase, effective 1 November 2012)
Appendix Four: The Chief Officer Grading Structure

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Council	1 March 2012
Employment and Appointments Committee	28 February 2012
Cabinet	21 July 2011

WIRRAL COUNCIL

PAY POLICY STATEMENT

2013 – 2014

REF
R

1. Introduction and Purpose

- 1.1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay in accordance with the requirements of Section 38 of the Localism Act 2011.
- 1.2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying:
 - The methods by which salaries of all employees are determined;
 - The detail and level of remuneration of its most senior staff i.e. ‘Chief Officers’, as defined by the relevant legislation;
 - The Employment and Appointments Committee responsibility for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the Full Council.
- 1.3. The Council will consult with the relevant Trade Unions in relation to this Pay Policy, before the Policy is considered by Full Council.
- 1.4. Once approved by the Full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31 March each year.
- 1.5. The Council may, by resolution, amend this Pay Policy, including after the beginning of the financial year to which it relates.

2. Other legislation relevant to pay and remuneration

- 2.1. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 2.2. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. Pay Structure

- 3.1. The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its (non teaching) workforce. The Council’s grading structure is attached at Appendix One.

- 3.2. The grading structure for Bands A to H (up to spinal column point (scp 34) was implemented as part of the Council's Job Evaluation process in August 2008, using the National Joint Council for Local Government Services (NJC) Job Evaluation Scheme.
- 3.3. The current salary rates came into effect on 1 April 2009. There has been no national annual pay award to any group of staff since April 2009.
- 3.4. Where a nationally negotiated pay spine does not apply, the Council will determine the salary rate through local negotiation.
- 3.5. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example through any agreed annual pay increases negotiated with joint trade unions.
- 3.6. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 3.7. In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of the national pay bargaining arrangements, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required within a fair, transparent and equality proofed framework.

3.8. Variations to pay grade

- 3.8.1. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.
- 3.8.2. Any temporary supplement to the salary scale for the grade is approved in accordance with The Council's Honoraria Policy, or any applicable market rate supplement policies.

3.9. Job Evaluation

- 3.9.1. The Council has completed stage one of Job Evaluation, which includes up to scp 34: £28,636.
- 3.9.2. The Council has completed stage two of Job Evaluation, which includes Schools based employees, up to scp 34.
- 3.9.3. Stage one and two have been undertaken using the NJC Job Evaluation Scheme.

3.9.4. Implementation of stage three and four of Job Evaluation is currently paused and will be reviewed in 2013-14.

3.10. The Living Wage

3.10.1. Living Wage rates are based on Minimum Income Standards methodology and seek to take account of real living costs for essential goods and services. The Living Wage rate for outside London increased to £7.45 per hour in November 2012.

3.10.2. Through the Wirral's Pay Policy Statement, the Council is committed to paying the Living Wage. The provision for the Living Wage will be kept under review.

3.10.3. From 1 November 2012, the Council will set Band A at scp 9 at a locally agreed rate of £7.45 an hour (equivalent to £13,985 per annum), and Band B at scp 10, at a locally agreed rate of £7.64 (equivalent to £14,360 per annum), as shown at Appendix One.

3.11. New Appointments

3.11.1. New appointments will normally be made at the minimum scp of the relevant pay scale for the grade. Where the candidate is already on or above the minimum scp of the relevant pay scale, the appointment will normally be made at the same scp.

3.11.2. The appointment salary can be varied in exceptional circumstances with the approval of The Head of Human Resources and Organisational Development.

3.12. Progression through pay grades

3.12.1. An employee's progression through the increments of a particular pay grade are linked to length of service. Increments are awarded on 1 April each year, or for new appointments between 1 October and 31 March, six months from start date.

3.12.2. The arrangements and factors considered in determining an individual's progression through different pay grade are determined by experience, skills and qualifications as set out in the relevant Job Description.

4. Senior Management Remuneration

4.1. For the purposes of this statement, senior management means 'Chief Officers' as defined within the Localism Act. The posts falling within the statutory definition are set out in '*The Code of Recommended Practice for Local Authorities on Data Transparency ('the data transparency code')*'.

- 4.2. The Council's grading structure for Chief Officers is attached at Appendix Two, and includes:

Chief Executive

The salary falls within a range of 5 incremental points between £121,807, rising to a maximum of £135,341.

Strategic Director

The salary package of posts designated as Strategic Director, fall within a salary range of 5 incremental points between £109,626 to a maximum of £121,807.

Director 1

The salary package of posts designated as Director 1 fall within a range of 5 incremental points between £101,564 rising to a maximum of £112,849.

Director 2

The salary package of posts designated as Director 2 fall within a range of 5 incremental points between £80,316 rising to a maximum of £89,240.

Head of Service 1

The salary package of posts designated as Head of Service 1, fall within a range of 5 incremental points between £76,173 rising to a maximum of £84,637.

Head of Service 2

The salary package of posts designated as Head of Service 2, fall within a range of 5 incremental points between £66,017 rising to a maximum of £76,173.

5. Recruitment of Chief Officers

- 5.1. The Council's policy and procedures with regard to recruitment of Chief Officers is set out in Part Four of The Council's Constitution. The appointment of Chief Officers and Deputy Chief Officers is delegated to The Employment and Appointments Committee as set out in Part Three of The Council's Constitution.
- 5.2. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Selection and Redeployment Policies as approved by Council.
- 5.3. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.
- 5.4. In line with guidance under The Localism Act, proposed appointments to posts with remuneration exceeding £100, 000 will be subject to a vote at Full Council.

6. Additions to Salary

- 6.1. With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets.
- 6.2. To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's applies the relevant national conditions of service for additional remuneration (e.g. honoraria, ex gratia, 'acting up'), unless this has been locally negotiated, e.g. The Harmonisation Agreement, implemented in August 2008.
- 6.3. In addition to basic salary, the following posts receive additional pay as set out below:

Post / Tier of post	Payment details
Chief Executive or nominated Chief Officer (currently Director of Law, HR and Asset Management)	Returning Officer duties: <ul style="list-style-type: none">• National statutory amount for Parliamentary/National Elections.• Locally determined amount in accordance with national guidance for Local Government Elections.
All eligible employees	Allowances in accordance with the Council's terms and conditions.
Eligible Social Workers	Approved recruitment and retention allowances.

7. Pension Contributions

- 7.1. The employer's pension contribution is required to be published under S7 of the Accounts and Audit Regulations 2011.
- 7.2. Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee.
- 7.3. The rate of contribution is set by Actuaries advising Merseyside Pension Fund and reviewed every three years in order to ensure the scheme is appropriately funded. The current rate and deficit is equal to 18.3%.

8. Payments on Termination

- 8.1. The Council's approach to statutory and discretionary payments on termination of employment for all employees, including Chief Officers, prior to reaching normal retirement age, is set out within the Council's Retirement Policy.
- 8.2. The Council will keep its Enhanced Discretionary Severance Scheme under review. Any changes, as approved by the Employment and Appointments Committee are published in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) regulations 2006.

9. Lowest Paid Employees

- 9.1. The lowest paid persons employed by the Council are employed on full time (36 hours) equivalent salaries in accordance with spinal column points 9 (Band A) of the Council's grading structure (locally agreed). The grading structure takes account of the Living Wage hourly rate (see section 3 above). As at 1 November 2012, this is £13,985 per annum, subject to local pay award.
- 9.2. The Council employs Apprentices which are not considered within the definition of 'lowest paid employees' as they are employed under a training contract, starting at minimum wage, with pay progression routes available.
- 9.3. The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
- 9.4. The current pay levels within the Council define the multiple between the average full time equivalent (FTE) earnings and the Chief Executive as 1: 5.86.
- 9.5. The current pay levels within the Council define the multiple between the lowest paid employee full time equivalent (FTE) earnings and average Chief Officer earnings as 1: 6.08.
- 9.6. The current pay levels within the Council define the multiple between the average FTE earnings and the average of Chief Officer earnings as 1: 3.68.
- 9.7. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable local Authorities.

10. Accountability and Decision Making

- 10.1. In accordance with The Constitution of the Council, The Employment and Appointments Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

11. Re-employment / Re-engagement of Employees

- 11.1. The Council will not re-employ any former employees that have left the Council with an enhanced retirement package or under the Voluntary Severance Scheme, except in exceptional circumstances and with the approval of The Head of Human Resources and Organisational Development and The Chief Executive.

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LIVING WAGE SALARY RATES
(WITH EFFECT FROM 1.11.2012)

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36 Hourly
9	A	£13,985	6,992.50	1,165.42	268.21	7.4502
10	B	£14,360	7,180.00	1,196.67	275.40	7.6499
11		£14,733	7,366.50	1,227.75	282.55	7.8486
12	C	£15,039	7,519.50	1,253.25	288.42	8.0116
13		£15,444	7,722.00	1,287.00	296.19	8.2274
14		£15,725	7,862.50	1,310.42	301.58	8.3771
15	D	£16,054	8,027.00	1,337.83	307.88	8.5524
16		£16,440	8,220.00	1,370.00	315.29	8.7580
17		£16,830	8,415.00	1,402.50	322.77	8.9658
18	E	£17,161	8,580.50	1,430.08	329.12	9.1421
19		£17,302	8,901.00	1,483.50	341.41	9.4836
20		£18,453	9,226.50	1,537.75	353.89	9.8304
21		£19,126	9,563.00	1,593.83	366.80	10.1889
22	F	£19,621	9,810.50	1,635.08	376.29	10.4526
23		£20,198	10,099.00	1,683.17	387.36	10.7600
24		£20,858	10,429.00	1,738.17	400.02	11.1116
25		£21,519	10,759.50	1,793.25	412.69	11.4637
26	G	£22,221	11,110.50	1,851.75	426.16	11.8377
27		£22,958	11,479.00	1,913.17	440.29	12.2303
28		£23,708	11,854.00	1,975.67	454.67	12.6298
29		£24,646	12,323.00	2,053.83	472.66	13.1295
30		£25,472	12,736.00	2,122.67	488.50	13.5696
31	H	£26,276	13,138.00	2,189.67	503.92	13.9979
32		£27,052	13,526.00	2,254.33	518.81	14.4113
33		£27,849	13,924.50	2,320.75	534.09	14.8358
34		£28,636	14,318.00	2,386.33	549.18	15.2551
35		PO1	£29,236	14,618.00	2,436.33	560.69
36	PO2	£30,011	15,005.50	2,500.92	575.55	15.9876
37	PO3	£30,851	15,425.50	2,570.92	591.66	16.4351
38	PO4	£31,754	15,877.00	2,646.17	608.98	16.9161
39	PO5	£32,800	16,400.00	2,733.33	629.04	17.4734
40	PO6	£33,661	16,830.50	2,805.08	645.55	17.9320
41	PO7	£34,549	17,274.50	2,879.08	662.58	18.4051
42	PO8	£35,430	17,715.00	2,952.50	679.48	18.8744
43	PO9	£36,313	18,156.50	3,026.08	696.41	19.3448
44	PO10	£37,206	18,603.00	3,100.50	713.54	19.8205
45	PO11	£38,042	19,021.00	3,170.17	729.57	20.2659
46	PO12	£38,961	19,480.50	3,246.75	747.20	20.7555
47	PO13	£39,855	19,927.50	3,321.25	764.34	21.2317
48	PO14	£40,741	20,370.50	3,395.08	781.33	21.7037
49	EPO1	£41,616	20,808.00	3,468.00	798.12	22.1699
50	EPO2	£42,320	21,160.00	3,526.67	811.62	22.5449
51	EPO3	£43,038	21,519.00	3,586.50	825.39	22.9274
52	EPO4	£43,900	21,950.00	3,658.33	841.92	23.3866
53	EPO5	£44,752	22,376.00	3,729.33	858.26	23.8405
54	EPO6	£45,552	22,776.00	3,796.00	873.60	24.2667
55	EPO7	£46,423	23,211.50	3,868.58	890.30	24.7307
56	EPO8	£47,297	23,648.50	3,941.42	907.07	25.1963
57	EPO9	£48,088	24,044.00	4,007.33	922.24	25.6177
58	EPO10	£48,979	24,489.50	4,081.58	939.32	26.0923
59	EPO11	£49,827	24,913.50	4,152.25	955.59	26.5441
60	EPO12	£50,667	25,333.50	4,222.25	971.70	26.9916
61	EPO13	£51,515	25,757.50	4,292.92	987.96	27.4433
62	EPO14	£52,361	26,180.50	4,363.42	1004.18	27.8940
63	EPO15	£53,209	26,604.50	4,434.08	1020.45	28.3457
64	EPO16	£54,057	27,028.50	4,504.75	1036.71	28.7975
65	EPO17	£54,901	27,450.50	4,575.08	1052.90	29.2471
66	EPO18	£55,739	27,869.50	4,644.92	1068.97	29.6935
67	EPO19	£56,591	28,295.50	4,715.92	1085.31	30.1474
68	EPO20	£57,437	28,718.50	4,786.42	1101.53	30.5981
69	EPO21	£58,278	29,139.00	4,856.50	1117.66	31.0461
70	EPO22	£59,130	29,565.00	4,927.50	1134.00	31.5000
71	EPO23	£60,017	30,008.50	5,001.42	1151.01	31.9725
72	EPO24	£60,917	30,458.50	5,076.42	1168.27	32.4520
73	EPO25	£61,826	30,913.00	5,152.17	1185.70	32.9362
74		£62,761	31,380.50	5,230.08	1203.64	33.4343

New Chief Officer Grade/Salaries

	Chief Executive (CE)	Strategic Director (SD)	Director 1 (D1)	Director 2 (D2)	Head of Service 1 (HS1)	Head of Service 2 (HS2)
Salary Range						
01	121,807	109,626	101,564	80,316	76,173	66,017
02	125,190	112,671	104,385	82,547	78,289	67,850
03	128,573	115,716	107,206	84,778	80,405	69,684
04	131,957	118,761	110,027	87,009	82,521	71,518
05	135,341	121,807	112,849	89,240	84,637	73,352

**LIVING WAGE SALARY RATES
(WITH EFFECT FROM 1.04.2012)**

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36 Hourly	
9	A	£13,516	6,758.00	1,126.33	259.21	7.2003	
10	B	£13,874	6,937.00	1,156.17	266.08	7.3910	
11		£14,733	7,366.50	1,227.75	282.55	7.8486	
12	C	£15,039	7,519.50	1,253.25	288.42	8.0116	
13		£15,444	7,722.00	1,287.00	296.19	8.2274	
14		£15,725	7,862.50	1,310.42	301.58	8.3771	
15	D	£16,054	8,027.00	1,337.83	307.88	8.5524	
16		£16,440	8,220.00	1,370.00	315.29	8.7580	
17		£16,830	8,415.00	1,402.50	322.77	8.9658	
18	E	£17,161	8,580.50	1,430.08	329.12	9.1421	
19		£17,802	8,901.00	1,483.50	341.41	9.4836	
20		£18,453	9,226.50	1,537.75	353.89	9.8304	
21		£19,126	9,563.00	1,593.83	366.80	10.1889	
22	F	£19,621	9,810.50	1,635.08	376.29	10.4526	
23		£20,198	10,099.00	1,683.17	387.36	10.7600	
24		£20,858	10,429.00	1,738.17	400.02	11.1116	
25		£21,519	10,759.50	1,793.25	412.69	11.4637	
26	G	£22,221	11,110.50	1,851.75	426.16	11.8377	
27		£22,958	11,479.00	1,913.17	440.29	12.2303	
28		£23,708	11,854.00	1,975.67	454.67	12.6298	
29		£24,646	12,323.00	2,053.83	472.66	13.1295	
30		£25,472	12,736.00	2,122.67	488.50	13.5696	
31	H	£26,276	13,138.00	2,189.67	503.92	13.9979	
32		£27,052	13,526.00	2,254.33	518.81	14.4113	
33		£27,849	13,924.50	2,320.75	534.09	14.8358	
34		£28,636	14,318.00	2,386.33	549.18	15.2551	
35		PO1	£29,236	14,618.00	2,436.33	560.69	15.5747
36		PO2	£30,011	15,005.50	2,500.92	575.55	15.9876
37		PO3	£30,851	15,425.50	2,570.92	591.66	16.4351
38		PO4	£31,754	15,877.00	2,646.17	608.98	16.9161
39		PO5	£32,800	16,400.00	2,733.33	629.04	17.4734
40		PO6	£33,661	16,830.50	2,805.08	645.55	17.9320
41	PO7	£34,549	17,274.50	2,879.08	662.58	18.4051	
42	PO8	£35,430	17,715.00	2,952.50	679.48	18.8744	
43	PO9	£36,313	18,156.50	3,026.08	696.41	19.3448	
44	PO10	£37,206	18,603.00	3,100.50	713.54	19.8205	
45	PO11	£38,042	19,021.00	3,170.17	729.57	20.2659	
46	PO12	£38,961	19,480.50	3,246.75	747.20	20.7555	
47	PO13	£39,855	19,927.50	3,321.25	764.34	21.2317	
48	PO14	£40,741	20,370.50	3,395.08	781.33	21.7037	
49	EPO1	£41,616	20,808.00	3,468.00	798.12	22.1699	
50	EPO2	£42,320	21,160.00	3,526.67	811.62	22.5449	
51	EPO3	£43,038	21,519.00	3,586.50	825.39	22.9274	
52	EPO4	£43,900	21,950.00	3,658.33	841.92	23.3866	
53	EPO5	£44,752	22,376.00	3,729.33	858.26	23.8405	
54	EPO6	£45,552	22,776.00	3,796.00	873.60	24.2667	
55	EPO7	£46,423	23,211.50	3,868.58	890.30	24.7307	
56	EPO8	£47,297	23,648.50	3,941.42	907.07	25.1963	
57	EPO9	£48,088	24,044.00	4,007.33	922.24	25.6177	
58	EPO10	£48,979	24,489.50	4,081.58	939.32	26.0923	
59	EPO11	£49,827	24,913.50	4,152.25	955.59	26.5441	
60	EPO12	£50,667	25,333.50	4,222.25	971.70	26.9916	
61	EPO13	£51,515	25,757.50	4,292.92	987.96	27.4433	
62	EPO14	£52,361	26,180.50	4,363.42	1004.18	27.8940	
63	EPO15	£53,209	26,604.50	4,434.08	1020.45	28.3457	
64	EPO16	£54,057	27,028.50	4,504.75	1036.71	28.7975	
65	EPO17	£54,901	27,450.50	4,575.08	1052.90	29.2471	
66	EPO18	£55,739	27,869.50	4,644.92	1068.97	29.6935	
67	EPO19	£56,591	28,295.50	4,715.92	1085.31	30.1474	
68	EPO20	£57,437	28,718.50	4,786.42	1101.53	30.5981	
69	EPO21	£58,278	29,139.00	4,856.50	1117.66	31.0461	
70	EPO22	£59,130	29,565.00	4,927.50	1134.00	31.5000	
71	EPO23	£60,017	30,008.50	5,001.42	1151.01	31.9725	
72	EPO24	£60,917	30,458.50	5,076.42	1168.27	32.4520	
73	EPO25	£61,826	30,913.00	5,152.17	1185.70	32.9362	
74		£62,761	31,380.50	5,230.08	1203.64	33.4343	

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**LIVING WAGE SALARY RATES
(WITH EFFECT FROM 1.11.2012)**

SCP	Band	Full Time Salary	Job Share Salary	Monthly	Weekly	36 Hourly	
9	A	£13,985	6,992.50	1,165.42	268.21	7.4502	
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11		£14,733	7,366.50	1,227.75	282.55	7.8486	
12	C	£15,039	7,519.50	1,253.25	288.42	8.0116	
13		£15,444	7,722.00	1,287.00	296.19	8.2274	
14		£15,725	7,862.50	1,310.42	301.58	8.3771	
15	D	£16,054	8,027.00	1,337.83	307.88	8.5524	
16		£16,440	8,220.00	1,370.00	315.29	8.7580	
17		£16,830	8,415.00	1,402.50	322.77	8.9658	
18	E	£17,161	8,580.50	1,430.08	329.12	9.1421	
19		£17,802	8,901.00	1,483.50	341.41	9.4836	
20		£18,453	9,226.50	1,537.75	353.89	9.8304	
21		£19,126	9,563.00	1,593.83	366.80	10.1889	
22	F	£19,621	9,810.50	1,635.08	376.29	10.4526	
23		£20,198	10,099.00	1,683.17	387.36	10.7600	
24		£20,858	10,429.00	1,738.17	400.02	11.1116	
25		£21,519	10,759.50	1,793.25	412.69	11.4637	
26	G	£22,221	11,110.50	1,851.75	426.16	11.8377	
27		£22,958	11,479.00	1,913.17	440.29	12.2303	
28		£23,708	11,854.00	1,975.67	454.67	12.6298	
29		£24,466	12,323.00	2,053.83	472.66	13.1295	
30		£25,472	12,736.00	2,122.67	488.50	13.5696	
31	H	£26,276	13,138.00	2,189.67	503.92	13.9979	
32		£27,052	13,526.00	2,254.33	518.81	14.4113	
33		£27,849	13,924.50	2,320.75	534.09	14.8358	
34		£28,636	14,318.00	2,386.33	549.18	15.2551	
35		PO1	£29,236	14,618.00	2,436.33	560.69	15.5747
36		PO2	£30,011	15,005.50	2,500.92	575.55	15.9876
37		PO3	£30,851	15,425.50	2,570.92	591.66	16.4351
38		PO4	£31,754	15,877.00	2,646.17	608.98	16.9161
39		PO5	£32,800	16,400.00	2,733.33	629.04	17.4734
40		PO6	£33,661	16,830.50	2,805.08	645.55	17.9320
41	PO7	£34,549	17,274.50	2,879.08	662.58	18.4051	
42	PO8	£35,430	17,715.00	2,952.50	679.48	18.8744	
43	PO9	£36,313	18,156.50	3,026.08	696.41	19.3448	
44	PO10	£37,206	18,603.00	3,100.50	713.54	19.8205	
45	PO11	£38,042	19,021.00	3,170.17	729.57	20.2659	
46	PO12	£38,961	19,480.50	3,246.75	747.20	20.7555	
47	PO13	£39,855	19,927.50	3,321.25	764.34	21.2317	
48	PO14	£40,741	20,370.50	3,395.08	781.33	21.7037	
49	EPO1	£41,616	20,808.00	3,468.00	798.12	22.1699	
50	EPO2	£42,320	21,160.00	3,526.67	811.62	22.5449	
51	EPO3	£43,038	21,519.00	3,586.50	825.39	22.9274	
52	EPO4	£43,900	21,950.00	3,658.33	841.92	23.3866	
53	EPO5	£44,752	22,376.00	3,729.33	858.26	23.8405	
54	EPO6	£45,552	22,776.00	3,796.00	873.60	24.2667	
55	EPO7	£46,423	23,211.50	3,868.58	890.30	24.7307	
56	EPO8	£47,297	23,648.50	3,941.42	907.07	25.1963	
57	EPO9	£48,088	24,044.00	4,007.33	922.24	25.6177	
58	EPO10	£48,979	24,489.50	4,081.58	939.32	26.0923	
59	EPO11	£49,827	24,913.50	4,152.25	955.59	26.5441	
60	EPO12	£50,667	25,333.50	4,222.25	971.70	26.9916	
61	EPO13	£51,515	25,757.50	4,292.92	987.96	27.4433	
62	EPO14	£52,361	26,180.50	4,363.42	1004.18	27.8940	
63	EPO15	£53,209	26,604.50	4,434.08	1020.45	28.3457	
64	EPO16	£54,057	27,028.50	4,504.75	1036.71	28.7975	
65	EPO17	£54,901	27,450.50	4,575.08	1052.90	29.2471	
66	EPO18	£55,739	27,869.50	4,644.92	1068.97	29.6935	
67	EPO19	£56,591	28,295.50	4,715.92	1085.31	30.1474	
68	EPO20	£57,437	28,718.50	4,786.42	1101.53	30.5981	
69	EPO21	£58,278	29,139.00	4,856.50	1117.66	31.0461	
70	EPO22	£59,130	29,565.00	4,927.50	1134.00	31.5000	
71	EPO23	£60,017	30,008.50	5,001.42	1151.01	31.9725	
72	EPO24	£60,917	30,458.50	5,076.42	1168.27	32.4520	
73	EPO25	£61,826	30,913.00	5,152.17	1185.70	32.9362	
74		£62,761	31,380.50	5,230.08	1203.64	33.4343	

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New Chief Officer Grade/Salaries

	Chief Executive (CE)	Strategic Director (SD)	Director 1 (D1)	Director 2 (D2)	Head of Service 1 (HS1)	Head of Service 2 (HS2)
Salary Range						
01	121,807	109,626	101,564	80,316	76,173	66,017
02	125,190	112,671	104,385	82,547	78,289	67,850
03	128,573	115,716	107,206	84,778	80,405	69,684
04	131,957	118,761	110,027	87,009	82,521	71,518
05	135,341	121,807	112,849	89,240	84,637	73,352

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Cabinet

18 February 2013

210 THE DEVOLUTION OF MAJOR TRANSPORT SCHEMES FUNDING AND THE DEPARTMENT FOR TRANSPORT ASSURANCE FRAMEWORK

A report by the Interim Director of Technical Services informed that in the next spending review the Department for Transport (DfT) was proposing to devolve funding for major transport schemes to local areas. This necessitated the establishment of a Local Transport Body (LTB) to oversee the process, guided by an Assurance Framework, which was to be agreed by the DfT in respect of the governance and management arrangements of the LTB.

Councillor H Smith introduced the report and informed that the DfT had proposed a significant change in the way major transport scheme funding was to be allocated. Currently Central Government had to approve all schemes over £5m. The Government was proposing that from 2015 local transport bodies were established, essentially to take over the decision making role of the DfT with regard to major scheme funding, and would be able to decide how to spend the money on priorities that best suited their local needs, without Whitehall approval. The City Region Cabinet, the Local Enterprise Partnership (LEP) and the Integrated Transport Authority had agreed that the LTB would cover the established City Region geography. The Cabinet noted that £35.5million, with a contingency of +/- 33%, had been allocated to the Liverpool City Region (LCR) LTB over a four year period from 2015/16.

The Interim Director's report set out the requirements that the DfT had made with regard to the devolution process, as although it was devolving funding decisions to the LTB, it still required established DfT processes and methodologies to be followed.

The Interim Director's report asked the Cabinet to note the progress made to date on the development of the LTB, and consider and endorse the draft Assurance Framework because this Assurance Framework was required in order for the LTB to be formally constituted and to establish its powers. This document had to be submitted to the DfT by the end of February 2013, and therefore, due to the short timescales, agreement was being sought for the Chief Executive to be granted delegated authority to oversee this process and approve its submission.

Appendix 1 to the report set out the draft of the Assurance Framework. Councillor Smith directed Members to Section 5.2 of the report which summarised the main points. Councillor Smith informed that this Framework was the subject of report across all City Region networks and constituent local authorities/organisations.

Councillor Smith reported that the LCR Cabinet had agreed, in principle, that the LTB would be composed of the Leaders and the Mayor of Liverpool City Council, the Chair of the ITA and the Chair of the LEP. Wirral Council had been asked to nominate representatives and the Cabinet was asked to consider the nomination of the Leader of the Council as Wirral's representative, and the Streetscene and Transport Services Portfolio Holder as the deputy, for appointment to the LTB. Any nominations must be referred to Council for endorsement or otherwise.

Councillor Smith also reported that the LTB would be advised via a Senior Officer body called the Transport Advisory Group. This Group had already started work on a transparent methodology against which to score candidate schemes. Appendix 4 to the Interim Director's report detailed the prioritisation methodology and Councillor Smith asked the Cabinet to endorse this approach. It was noted that there would also be a wider stakeholder Group to provide input into this process.

The Cabinet was informed that the Council would also need to sign up to a legally binding agreement with Merseytravel regarding the establishment of the LTB as it would be acting as the accountable body.

The Cabinet noted that a prioritised list of major schemes for the City Region must be submitted to the DfT in July 2013. Post July, a shorter list of schemes would be developed and brought forward for approval by the LTB, with schemes being delivered from April 2015 onwards. Officers were asked to provide follow up information on the issues covered at appropriate intervals.

Councillor P Davies reported that the Interim Director of Technical Services, Chris McCarthy was attending his last Cabinet meeting as he was leaving the employment of the Council shortly. He thanked Mr McCarty for all of his hard work, for helping to get the Council through some challenging times and wished him well for the future.

RESOLVED: That

- (1) the progress to date in the development of the LTB be noted;**
- (2) the Council be recommended to endorse the nomination of the Leader of the Council as Wirral's representative and the Cabinet Member for Streetscene and Transport Services as a deputy on the LTB at its next meeting;**
- (3) the draft Assurance Framework and its associated principles, as set out in Appendix 1 of the report, be endorsed ahead of its submission to the DfT;**
- (4) the Chief Executive be granted delegated authority to oversee minor, editorial processes to the draft Assurance Framework (based on issues arising from the approvals process within partner organisations) and its submission to the Department for Transport by the end of February 2013 be approved;**
- (5) the approach with regard to the scheme prioritisation methodology be endorsed;**
- (6) the Interim Director of Technical Services, in conjunction with the Acting Director of Law, HR and Asset Management/Interim Head of Legal and Member Services be authorised to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB; and**
- (7) follow-up information on the above issues be provided for the Cabinet, at appropriate intervals.**

WIRRAL COUNCIL

CABINET - 18TH FEBRUARY 2013

COUNCIL - 5TH MARCH 2013

SUBJECT:	THE DEVOLUTION OF MAJOR TRANSPORT SCHEMES FUNDING AND THE DEPARTMENT FOR TRANSPORT ASSURANCE FRAMEWORK
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF TECHNICAL SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR HARRY SMITH STREETSCENE AND TRANSPORT SERVICES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 In the next spending review the Department for Transport (DfT) are proposing to devolve funding for major transport schemes to local areas. This necessitates the establishment of a Local Transport Body (LTB) to oversee the process, guided by an Assurance Framework, which is to be agreed with the DfT in respect of the governance and management arrangements of the LTB.
- 1.2 The purpose of this report is to ask Members to consider and endorse the draft Assurance Framework. This is required in order for the LTB to be formally constituted and to establish its powers. Merseytravel has consulted the Council and other City Region partners on the Assurance Framework and Elected Member nominations onto the LTB.
- 1.3 The report also requests Cabinet delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February.
- 1.4 The report also asks Members to authorise the Interim Director of Technical Services, in conjunction with the Acting Director of Law/Head of Legal Services to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB, in order to formalise Wirral's role as a member of the LTB.
- 1.5 The Liverpool City Region (LCR) Cabinet has agreed, in principle, that the LTB will be composed of members of the Liverpool City Region (LCR) Cabinet (i.e. Leaders and the Mayor of Liverpool), the Chair of the Integrated Transport Authority (ITA), and the Chair of the LCR Local Enterprise Partnership (LEP). This report therefore asks Members to consider the nomination of Wirral's representative, and deputy, for appointment to the Local Transport Body.
- 1.6 The report also asks Members to endorse the approach with the scheme prioritisation methodology.

2.0 BACKGROUND

- 2.1. In the next spending review period, the DfT are proposing to devolve funding for major transport schemes to local areas. This will necessitate the establishment of a new body called a LTB to oversee the process, guided by an assurance framework that must be agreed with the DfT in respect of the governance and management arrangements of the LTB.
- 2.2. The LTB will ultimately assume the role previously undertaken by the DfT in relation to funding decisions that affect major transport schemes. Whilst the DfT will devolve funding decisions to the LTB, it still requires established DfT processes and methodologies to be followed. It is anticipated that the LTB will have an increasing role in strategic transport matters going forward.
- 2.3. The deadlines set by the DfT, in the lead up to the next spending review period are as follows;
 - February 2013: the LTB must submit their assurance frameworks to the DfT;
 - July 2013: the LTB must submit their prioritised list of major schemes to the DfT;
 - Post July 2013: short listed schemes to be developed and brought forward by promoters for approval by the LTB; and
 - April 2015 onwards: schemes to be delivered using the devolved funds.
- 2.4. Merseytravel has consulted Wirral Council to seek political approval to the Assurance Framework and to formally nominate an Elected Member onto the LTB.

3.0 PROGRESS TO DATE

- 3.1. To date it has been agreed by the LCR Cabinet, the Integrated Transport Authority (ITA) and the LCR LEP that the LTB will cover the established LCR geography.
- 3.2. Across City Region partners, it has also been agreed in principle that the LTB will be composed of the following:-
 - Members of the Liverpool City Region Cabinet (i.e. Leaders and the Mayor of Liverpool);
 - The Chair of the Integrated Transport Authority; and
 - The Chair of the LCR LEP.
- 3.3. It is expected that the Local Authority Leaders and the Mayor will be supported in the process by transport/regeneration portfolio holders from each of the local authorities, who will advise on relevant issues, processes and recommendations.
- 3.4. It is also proposed that the LTB will be chaired by the Chair of the Integrated Transport Authority, and Merseytravel will act as the accountable body. Senior officers from the districts and Merseytravel will advise the LTB via a body called the Transport Advisory Group (TAG). This group has already started to work on a transparent methodology against which to score candidate schemes ahead of the July deadline.
- 3.5. In addition a wider stakeholder group will be established to provide input into the prioritisation process from wider partners such as bus operators, local interest groups and bodies such as the Highways Agency and Network Rail.

4.0. APPOINTMENT OF MEMBERS

- 4.1. Procedurally, and in order to constitute the LTB, the issues discussed in Section 3 above need to be formalised. As such there is a need for relevant members from each of the constituent authorities to be formally appointed onto the Local Transport Body, as this is a new, external body with decision making powers over strategic funding issues.
- 4.2. As part of wider discussions across the City Region, it has been proposed that the membership of the LTB will be Members of the City Region Cabinet (i.e. Leaders and Mayor of Liverpool), the Chair of the ITA and the Chair of the LCR LEP. It is proposed that Leaders of each authority will be supported by the relevant Portfolio Holders.
- 4.3. As such Members may wish to consider the nomination of the Leader of the Council as Wirral's representative and the Portfolio Holder for Streetscene and Transport Services as deputy.

5.0 DRAFT ASSURANCE FRAMEWORK

- 5.1. Detailed guidance on the content of the Assurance Framework was received from the Department for Transport in late November 2012. The draft Assurance Framework for the LCR follows this structure and is set out within Appendix 1 to this report for endorsement by Members.
- 5.2. The significant issues set out within the draft Assurance Framework include:-
 - (a) details of the proposed composition of the LTB, together with its support, administrative and accountable body arrangements;
 - (b) the proposal that the LTB will operate as a partnership with each of its members appointed formally by each of its constituent members, rather than in a more complex arrangement e.g. as a company limited by guarantee;
 - (c) the proposal that £3 million would be an appropriate major scheme threshold for the LCR so that major schemes are strategic in scale and over and above schemes funded through mainstream integrated transport block monies;
 - (d) the proposal that a minimum local contribution of 10% should be required from scheme promoters and that the LTB's funding contributions to a project should be capped contributions; and
 - (e) proposals to address the transparency, technical and audit requirements stipulated by the DfT, such as the proposals to make all meetings of the LTB fully public, and the need to arrange external audits of the process of the LTB for managing and appraising major schemes.
- 5.3. The draft Assurance Framework is being reported across all main city region networks and constituent local authorities/organisations, in order to secure agreement from partners that will make up the LTB.
- 5.4. Members are asked to endorse the document and delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February.

6.0. THE SCHEME PRIORITISATION METHODOLOGY

- 6.1. To support the process of prioritising candidate schemes ahead of the July 2013 deadline it was recognised from the outset, and in line with DfT advice, that a clear, transparent and robust methodology should be developed in order to do this.
- 6.2. LCR Officers from the TAG have developed a draft methodology for the prioritisation of schemes, so as to provide a means of capturing information on, and scoring candidate schemes.
- 6.3. This methodology would involve a 'gateway' stage for candidate schemes (in line with DfT guidance), followed by a transparent scoring system for schemes that pass the gateway test. It is proposed that there would be a 50% weighting to economic growth considerations, 25% weighting for the financial case and a 25% health and wellbeing weighting.
- 6.4. External support is being sought by Merseytravel to assist with this process to ensure impartiality and ensure there are no conflicts of interest. The scoring system will also enable the LTB to make objective decisions in a consistent way.
- 6.5. Whilst this methodology does not need to be formally submitted to the DfT as part of the Assurance Framework, it does need to be referenced within it. Officers are currently working with City Region partners through the TAG to further refine this draft methodology. The diagram in Appendix 4 attached to this report details the prioritisation methodology.

7.0. RELEVANT RISKS

- 7.1. Failure to submit the Assurance Framework by the end of February may lead to the DfT considering that the City Region are not in a suitable position to be responsible for the devolved major scheme funds.
- 7.2. Failure to nominate a representative to the LTB may lead to the LTB not being able to be formally constituted which will lead to delays in the Local Transport Body being able to carry out the responsibilities required of it by the DfT.

8.0. OTHER OPTIONS CONSIDERED

- 8.1. There are no other options to consider as the DfT have issued guidance to authorities regarding their proposals to devolve funding and as such authorities must meet the minimum requirements set out in the guidance.

9.0. CONSULTATION

- 9.1. There is no requirement to consult at this stage but within the development and appraisal process for major schemes there is a need to engage.

10.0. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 10.1. There are no implications for voluntary, community and faith groups.

11.0. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 11.1. The DfT published indicative funding allocations for each LTB on the 23 January 2013. The Liverpool City Region's LTB has been allocated £35.5 million with a contingency of +/-33% for the 4 year period between 2015 and 2019.
- 11.2. A Senior Officer from Traffic and Transportation will represent Wirral Council on the Transport Advisory Group. This group will support and provide advice to the LTB.

12.0. LEGAL IMPLICATIONS

- 12.1. The LTB will be a formally constituted body with Merseytravel acting as the accountable body. The body will therefore be managed in accordance with established local authority practices and procedures. All meetings of the LTB will be held in public and all agendas, papers and minutes will be in the public domain.
- 12.2. It is proposed that a legal agreement based on the principles set out with the Assurance Framework will be developed between the accountable body and each of the constituent authorities.

13.0. EQUALITIES IMPLICATIONS

- 13.1. There are no direct equalities implications at this stage. There may be implications associated with schemes that come forward as part of the process but at this stage these are unknown. Separate equality impact assessments will be undertaken by scheme promoters and will be reported at a later date. The draft methodology does include criteria relating to social and distributional impacts of proposed schemes, which will address a number of equality considerations, particularly socio-economic issues.

14.0 CARBON REDUCTION IMPLICATIONS

- 14.1. There are no carbon reduction implications at this time, but Health and Well being considerations, including carbon and environmental factors, form 25% of the weighting for the schemes within the draft methodology. This will provide a means of assessing the merits of the schemes based on their environmental implications. Full business cases will also be required which will need to satisfy EU regulations and DfT guidance to the assessment of environmental implications.

15.0. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 15.1. There are no planning or community safety implications at this time, but links with regeneration and development proposals are explored as part of the scoring within the draft methodology.

16.0 RECOMMENDATION/S

- 16.1. Cabinet is requested to:
 - (1) Note the progress to date in the development of the LTB;
 - (2) Endorse the nomination of the Leader of the Council as Wirral's representative on the LTB;
 - (3) Endorse the nomination of the Cabinet Member for Streetscene & Transport Services as a deputy for Wirral's representative on the LTB;

- (4) Endorse the draft Assurance Framework and its associated principles, as set out in Appendix 1 of this report, ahead of its submission to the DfT;
- (5) Delegate authority to the Chief Executive to oversee minor, editorial changes to the draft Assurance Framework (based on issues arising from the approvals processes within partner organisations) and approve its submission to the Department for Transport by the end of February;
- (6) Endorse the approach with regard to the scheme prioritisation methodology;
- (7) Authorise the Interim Director of Technical Services, in conjunction with the Acting Director of Law/Head of Legal Services to sign up to a legally binding agreement with Merseytravel as the accountable body for the LTB;
- (8) Refer the nominations for Wirral's representative and deputy representative on the LTB to Council for ratification; and
- (9) Receive follow-up information on the above issues, at appropriate intervals.

15.0 REASON/S FOR RECOMMENDATION/S

- 15.1. To ensure that Wirral Council, as a member of the Liverpool City Region, complies with the requirements of the DfT with regard to the devolution of funds for major transport projects.

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APPENDICES

Appendix 1 - Draft Liverpool City Region Assurance Framework
Appendix 2 – Draft Terms of Reference for the Liverpool City Region Local Transport Body
Appendix 3 - The structure of the Local Transport Body and its support arrangements
Appendix 4 - Schematic of prioritisation methodology

REFERENCE MATERIAL

DfT Guidance for Local Transport Bodies (November 2012)

www.gov.uk/government/publications/guidance-for-local-transport-bodies

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

DEVOLVING TRANSPORT MAJOR SCHEME FUNDING

LIVERPOOL CITY REGION ASSURANCE FRAMEWORK

DRAFT - January 2013

1. Introduction

- 1.1 The Liverpool City Region (LCR) welcomes DfT's devolution of funds for transport major schemes in the next spending review period. The newly established Liverpool City Region Local Transport Body (LTB) is pleased to set out its proposals in this assurance framework. This outlines the city region's governance arrangements in respect of major scheme funds, together with its management and decision-making arrangements.
- 1.2 The LCR is committed to maximising the opportunities afforded by the devolution of major transport schemes. Indeed, this issue formed a key 'ask' of government in the recent Liverpool City Region Deal, agreed with the Cabinet Office in the summer of 2012.
- 1.3 The LCR has developed its proposals around the governance of the devolution process via the Liverpool City Region Cabinet (involving all city region local authorities), the Liverpool City Region Local Enterprise Partnership and the Merseyside Integrated Transport Authority. The approach has thus been inclusive and co-ordinated.
- 1.4 This assurance framework and the governance arrangements set out within it have been considered and approved by the following bodies:-

Organisation	Approval date
The LCR Local Enterprise Partnership	xxx
The Liverpool City Region Cabinet	xxx
The Merseyside Integrated Transport Authority	xxx
Shadow Liverpool City Region Local Transport Body	xxx

- 1.5 The assurance framework reflects the Department for Transport's guidelines and recommendations and is commended to officials and to Ministers.

2. The Local Transport Body

- 2.1 The Local Transport Body (LTB) will be known as the Liverpool City Region Local Transport Body. Its Terms of Reference are set out within Appendix 2.
- 2.2 The LTB will cover the established Liverpool City Region geography, which is coterminous with the established boundaries of the LCR Local Enterprise Partnership and the Liverpool City Region Cabinet. This area consists of the local authority areas of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, which is the operating name for the Merseyside Integrated Transport Authority (ITA) and Passenger Transport Executive (PTE).
- 2.3 The LTB will consist of 8 voting members as shown in the table below:-

Member	Status	Role on LTB	Number of votes
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

** or named alternate*

- 2.4 The LTB will take the form of an informal partnership, operating on behalf of all Liverpool City Region partners as an executive decision-making body. Its members have been appointed by its constituent organisations. It has a democratic majority, as seven of its eight members are senior elected members drawn from the local authorities and from the Integrated Transport Authority. The Chair of the LEP will ensure full representation and voting rights from the private sector.
- 2.5 The LTB will be chaired by the Chair of the Merseyside Integrated Transport Authority, and a Vice Chair will also be appointed at the LTB's inaugural meeting. Each member of the local transport body will have equal status in terms of voting rights, though the Chair will carry the casting vote in cases where votes are locked. There shall be no other formal classes of membership. However, as all meetings will be held in public

(see section xxxxx below) all meetings may be attended by any member of public, by the press, by government bodies, adjoining local authorities, transport operators, NGOs, other stakeholders or expert witnesses. Any member of the public will be entitled to table a question in advance and speak at a meeting of the LTB at the Chair's discretion.

- 2.6 All members sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. The Vice Chair will enjoy the right to a casting vote in the Chair's absence.
- 2.7 The Terms of Reference and membership of the LTB will be reviewed in April of each year. This will provide an opportunity for the remit of the LTB to be amended and for membership of the LTB to be reviewed. The Chair and Vice Chair will also be appointed for the coming year, though the existing Chair and Vice Chair may stand for re-election. All decisions will be subject to majority agreement by the LTB.
- 2.8 Leaders of the local authorities sitting on the LTB will be supported by their transport or regeneration portfolio members who will advise on relevant issues, processes and recommendations. Portfolio members may attend all meetings of the LTB and make representations at the Chair's discretion, but voting rights will remain vested with the Leader or with the named alternate.
- 2.9 The LTB will be supported by a wider stakeholder group which will provide input into all relevant processes, such as the identification of candidate schemes, the prioritisation process and on detailed scheme business cases. This group will include representation from private sector transport operators, from local interest groups, local authority portfolio members, and from government agencies / partners such as the Highways Agency and Network Rail.
- 2.10 This group will principally exist in a "virtual" capacity, and will be consulted on specific issues as outlined above. In addition, members will receive electronic copies of all LTB agendas and papers in advance of each meeting, providing an opportunity for comments or queries to be raised with officials or directly with members of the LTB.
- 2.11 Representatives from the Highways Agency and Network rail will be closely engaged by scheme promoters from the outset, recognising the need for schemes affecting the rail or trunk road network to fit clearly with the statutory processes governing these networks. It will also be essential to assess scheme deliverability as part of the prioritisation process. As such,

officials from the Highways Agency and Network Rail may also be invited to join the Transport Advisory Group (see section xxxxx), to ensure that the implications of emerging proposals or schemes are fully understood by officers and by the LTB.

- 2.12 The structure chart, showing how the LTB interacts with scheme promoters and with its advisory structures is set out within Appendix 3.

3. **Managing conflicts of interest and propriety**

- 3.1 Members of the local transport body serve to take strategic, objective decisions on the use of devolved funding on behalf of the Liverpool City Region. They do not serve to promote the schemes of their constituent district or organisation.
- 3.2 Where members of the local transport body would consider individual issues or schemes that directly affect their organisation or local authority, then this shall be declared at the start of the meeting. Providing that there is no pecuniary interest, such members may attend and make representations upon the issue or scheme and also vote. In the event that the Chair of the LTB has a similar interest in a specific scheme, then they will be entitled to make representations and vote, but the role of Chair shall be taken by Vice Chair in such an event.
- 3.3 Where members have a direct financial interest in a scheme, through employment or personal gain (including any interest as a result of close personal relationships/friendships), this shall be declared and the member shall abstain from discussing and voting on the item.
- 3.4 Merseytravel, as the accountable body for the LTB, will maintain a register of personal interests of all decision making members, which will be based on existing conventions. This will be available to the public via its website. All meetings of the LTB shall commence with a standing item in relation to declarations of interest.
- 3.5 All reports presented to the LTB will be authored by the Chair of the Transport Advisory Group, who will have responsibility for ensuring that objective, professional advice is presented to the LTB on the merits (or otherwise) of schemes. This officer shall act in the interests of the LTB as a whole and will draw on external, impartial support or advice as required, particularly when reviewing detailed business cases. In cases where this officer would be required to consider a business case developed by their constituent organisation, then they shall take no part in the process. Responsibility for advising the LTB in such cases

will then rest with the Vice Chair of the Transport Advisory Group.

4. **Gifts and hospitality**

4.1 The LTB will be governed by Merseytravel's policies in relation to registers of interest. The acceptance and declaration of gifts and hospitality shall be subject to its policies. Merseytravel will maintain all appropriate records and this information will be available on its website.

5. **The status and role of the accountable body**

5.1 The accountable body for the LTB will be Merseytravel, which is a public body and thus subject to established local authority practices and procedures.

5.2 As the accountable body, Merseytravel will:-

- ensure that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental and EU issues.
- ensure through its Director of Finance (the Section 151 Officer) that the funds are used appropriately and exclusively for the intended purpose
- ensure that the LTB's approved assurance framework is being adhered to.
- maintain the official record of LTB proceedings and holding all LTB documents, via its Legal and Administration Department
- take responsibility for the decisions of the LTB in approving schemes if subjected to e.g. Freedom of Information requests or legal challenge
- hold the devolved funds on behalf of the city region.

5.3 Merseytravel will provide full secretarial services to the LTB, including the management of meetings, the distribution of minutes and papers and providing minutes of meetings. The LTB will be managed in the same way as a regular committee of the Integrated Transport Authority, with minutes, papers and key decisions freely available on its website and on an email list to all members of the wider stakeholder group.

5.4 All meetings of the local transport body will be held in public at fully accessible venues, usually at Merseytravel's city centre headquarters. All agendas, papers and minutes will be in the public domain and accessible via the established modern.gov web-based system. Papers will be made available at least 5 working days in advance of a meeting, in accordance with established local authority guidelines.

5.6 Merseytravel will hold the devolved major scheme funding and make payments to delivery bodies and to itself, where appropriate. The funds will be accounted for in such a way that they will be separately identifiable, with a separate cost centre. Financial statements will be routinely provided to the LTB on scheme costs and on the profiling of spend. Merseytravel will ensure that local agreements with scheme promoters ensure that the funds can be used only in accordance with an LTB decision. Any inappropriate use of the funds shall render scheme promoters liable to the clawback of funds in whole or in part.

5.7 A legal agreement, based on the principles set out within this assurance framework, will be developed between the accountable body and each of the constituent authorities who are represented on the LTB ahead of xxxxxxxxxx. This will define the purpose of the local transport body, its role and the specific purposes for which devolved major schemes funds may be used. This will also make clear the defined purposes for which devolved major scheme funding may be utilised, the role of Merseytravel as accountable body and the fallback position whereby funds may be withheld or clawed back if they are mismanaged in any way.

6. **Audit and scrutiny**

6.1 The Local Transport Body will arrange an annual, external audit by a qualified external auditor, and submit these annually to the DfT. These audits will be arranged and procured by Merseytravel as the LTB's accountable body. An audit will be undertaken and submitted to DfT between February 2012 and the start of the devolved funding period, and thereafter on an annual basis in March.

6.2 Further scrutiny will also be built into the LTB's decision-making and approvals process through:-

- (a) the involvement of professional officers in the prioritisation and appraisal process via the Transport Advisory Group, which will commission independent support and advice on prioritisation and on scheme business cases;
- (b) the involvement of portfolio members from the district councils as advisors to their Leaders on proposals, salient issues and on key recommendations;
- (c) through the existence of the wider advisory group; and
- (d) through the convention that all methodologies, prioritised lists and scheme details and funding approvals are made

publicly available on the accountable body's website (and longer-term, on a dedicated website).

- 6.3 As the devolved funds will be held and managed by Merseytravel, then by virtue of being a public body, they will be subject to additional internal financial management and scrutiny arrangements.

7. **Strategic Objectives and Purpose**

- 7.1 The principal purpose of the local transport body is to perform the following roles in relation to devolved major scheme funding:-
- Identifying a prioritised list of investments within the available budget
 - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
 - Monitoring progress of scheme delivery and spend
 - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc]
 - Responsibility for ensuring value for money is achieved within the available budget
- 7.2 The LTB may agree, by majority decision, to widen the scope of future agendas to take on wider advisory roles, e.g. providing advice on a specific transport policy issues, input to consultation responses, the development of evidence to select committees, input to wider funding streams or any new requirements stemming from central government. Any changes to the scope of the LTB shall thereafter be reflected and formally agreed as part of the annual revision of the Terms of Reference.
- 7.3 The principles that apply to members of the LTB in relation to the devolution of major transport funding (e.g. declarations of interest and gifts and hospitality) shall apply equally to the LTB acting in a wider advisory capacity.

8. **Support and administration arrangements**

- 8.1 The local transport body will be supported at a professional officer level by the Transport Advisory Group. This group is made up of Director and Assistant-level transport officers from each of the city region local authorities, from the LEP and from Merseytravel. This officer group also has experience of the major schemes regime. This body will have responsibility for

providing professional advice to the local transport body to allow it to fulfil its functions.

- 8.2 The Advisory Group will support the development of agendas and technical papers for the LTB, in conjunction with the lead Chief Executives on transport issues for the Liverpool City Region. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the link between the Transport Advisory Group and the Chair of the LTB. This officer will be responsible for authoring and presenting reports to the Local Transport Body.
- 8.3 The Transport Advisory Group has agreed to commission a WebTAG compliant economic appraisal toolkit to support the testing of candidate schemes at the prioritisation and the more detailed business case stages. This toolkit has the capability of being operated in tandem with an established Liverpool City Region Transport Model, thus providing an evidence base to support objective decision-making.
- 8.4 The Transport Advisory Group is also overseeing the development of a transparent and robust prioritisation methodology to appraise candidate schemes, discussed in further detail in section xxxxx. Merseytravel, as the LTB's accountable body will secure resources to commission external and impartial consultancy support to assist with the process of scoring candidate schemes, to ensure that the prioritisation process is transparent and objective.
- 8.5 In addition, a total of £400k has been safeguarded in 2013/14 and in 2014/15 to enable the LTB to commission technical support with the evaluation of individual scheme business cases that arise from the prioritisation process.

9. **Working Arrangements and Meeting Frequency**

- 9.1 The LTB shall agree an annual schedule of meetings. However, the Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel the meeting.
- 9.2 A meeting of the LTB shall be required in order to consider an individual business case and to make a funding decision in respect of a scheme.

9.3 In preparation for the July 2013 scheme prioritisation deadline, a minimum of three meetings of the LTB shall be convened, (either in shadow form, or as a formally constituted body) each with the specific purpose of:-

9.3.1 establishing the LTB, agreeing the position of Chair and Vice Chair and agreeing its Terms of Reference,

9.3.2 signing-off this assurance framework and agreeing the draft scheme prioritisation methodology; and

9.3.3 agreeing a prioritised list of schemes.

9.4 As highlighted in section xxxx, all meetings of the LTB will be public meetings and all agendas, papers and minutes working shall be made available online by the accountable body.

10. **Transparency and Local Engagement**

10.1 As shown in the structure chart in Appendix 3, the LTB shall be supported by a wider advisory group, consisting of representatives from the transport sector, from local interest groups and other relevant stakeholders. This group will be established and constituted as an informal “virtual” forum, to provide input to the process and provide an additional tier of non-statutory scrutiny and rigour into the process. It will also be canvassed for any candidate schemes, or views thereon, at the start of the scheme prioritisation process.

10.2 Specifically, the wider stakeholder group will be consulted on the draft methodology and on the draft prioritised list being considered by the local transport body in July 2012. The group will subsequently be consulted on individual schemes, including draft business cases and other formal consultation stages (e.g. on Environmental Impact Assessments). The Transport Advisory Group will be responsible for setting out more detailed guidance and requirements for scheme promoters on public engagement and on consultation.

10.3 Merseytravel, as accountable body, will ensure that all background papers, scoring frameworks, decisions and minutes are made publicly information via its website. Relevant minutes of the LTB’s Transport Advisory Group will also be published as background information. Exemptions will only be permitted where these relate to established issues of confidentiality, such as staffing or commercially sensitive aspects.

10.4 A dedicated local transport body website will be established in due course, though all constituent bodies will initially provide a

web link to Merseytravel's LTB web pages, to ensure that consistent information is available from numerous sources.

11. **Complaints and whistleblowing**

- 11.1 Any complaints or concerns will be directed to and administered by Merseytravel, as the local transport body's accountable body. These will be managed by Merseytravel's Monitoring Officer and by its Head of Internal Audit.
- 11.2 In cases where objections or concerns cannot be resolved at officer-level, then these shall be escalated to Merseytravel's Audit and Governance Committee (or any variation thereon).
- 11.2 As a third stage, unresolved complaints arising from the above shall be referred to the Department for Transport by the accountable body.

12. **Scheme prioritisation**

- 12.1 The local transport body will adopt a transparent and robust prioritisation methodology for evaluating candidate schemes at the outset. The Merseyside and Halton Local Transport Plans will provide the overriding guiding framework for the process of devolving major transport schemes, recognising that these plans do identify potential major schemes in response to the city region's transport challenges and objectives.
- 12.2 An initial "longlist" of candidate schemes will be co-ordinated by the Transport Advisory Group, based on the policy context set out within the LTPs and other key city region policy documents (e.g. Mayoral Development Zones, Enterprise Zones and the LEP's economic growth priorities). These priorities have previously been articulated in a related briefing paper for senior officials from the DfT during the summer of 2012.
- 12.3 In addition, this list will be supplemented by canvassing members of the Wider Stakeholder Group for other candidate schemes. This will ensure that the process is inclusive and up-to-date. A detailed electronic pro-forma will be utilised to obtain the relevant information and to provide a clear audit trail of all schemes that are identified.
- 12.4 The methodology that will be used to generate the prioritised list of projects will follow earlier successful approaches within the city region for prioritising funds, specifically work on shortlisting candidate Regional Funding Allocation schemes in 2008, and schemes that made up the successful Local Sustainable

Transport Fund bid in 2011. The draft methodology will be shared with the Wider Stakeholder Group, and will be considered and approved by the LTB ahead of the consideration of candidate schemes. It will also be available on the accountable body's website.

12.5 The methodology will utilise a preliminary gateway assessment stage, and scheme promoters will be required to address the fit of the scheme against LTP and LEP policy context. This will be followed by a gateway stage that will utilise DfT's 'EAST' methodology to establish whether or not the proposal would form the best solution to the problem that exists. A deliverability assessment stage will also be utilised to understand the state of readiness of the scheme.

12.6 Schemes that satisfy the gateway stages will then be scored objectively, on the information available, against three principal criteria:-

- Economic impacts (50%)
- Financial case criteria (25%)
- Health and wellbeing criteria (25%)

As noted in paragraph xxxxx, the city region is developing an economic appraisal module to assist with the quantification of economic impacts. The DfT's carbon calculator will be employed in the third criterion in relation to health and wellbeing impacts. A numerical score will then be attached to each candidate scheme, to enable a ranked list to be considered by the local transport body.

12.7 This process will enable not only a 4-year programme of ranked schemes to be identified (covering the next spending review timescales), but a longer-term programme, in line with the city region's commitment to develop a 10 year single capital pot for transport.

12.8 The appraisal methodology is summarised in the diagram within Appendix 4.

13. **Scheme eligibility**

13.1 The Liverpool City Region will ensure that the funds that are devolved will be utilised for traditional major scheme which will include packages of measures. Major maintenance schemes will also be included within the scope of the work, recognising their strategic fit with the city region's Local Transport Plan policy context. The scheme prioritisation methodology will provide the necessary policy tests for candidate schemes and no additional

restrictions or hurdles will be employed by the local transport body once schemes have been prioritised by July 2013.

- 13.2 The prioritisation 'gateway' test in particular will ensure that schemes that are promoted are of sufficient magnitude, and are of genuine strategic importance to the city region. This reflects the special conditions associated with major schemes funding and the city region's clear stance that major schemes funding must not be used to top up integrated transport block funds or to fund works that should instead come from the ITB.
- 13.3 A threshold of £3 million has been agreed as the minimum threshold for schemes, to ensure that they are of sufficient significant scale and impact and to manage the number of schemes coming forward. Reducing the original £5 million threshold does, however, give the city region greater flexibility with its resources at a time when other sources of funding are more limited.
- 13.4 The LTB will also require all scheme promoters to provide an element of match funding for their schemes. A minimum of 10% will be required, and major schemes funding will form a maximum of 90% of the scheme's cost. Furthermore, the prioritisation methodology will utilise criteria that reflect value for money considerations, meaning that schemes attracting higher levels of match funding will receive a higher weighting in the scoring system than those drawing only limited levels of match funding. This will ensure best value for money from the funds that are available to the city region (see xxxxxx below).

14. **Scheme assessment and approval.**

- 14.1 Individual local authorities or the Passenger Transport Executive will remain responsible for developing detailed scheme proposals for schemes that are approved by the LTB through the prioritisation process. The city region is looking to develop more innovative and collaborative approaches to scheme delivery, however as part of its review of transport governance arrangements.
- 14.2 To ensure a clear distinction between scheme promoters and the role of the LTB as the schemes assessor, the Chair of the Transport Advisory Group will be the principal officer contact point for the LTB, and provide a link between the officer-level support structures and the LTB. They will present the LTB will advice on all schemes submitted for funding approval at the key stages outlined below.
- 14.3 As highlighted in section xxxxxx, the Transport Advisory Group has committed to allocate £400,000 in 2013/14 and 2014/15 for

drawing in impartial, technical advice on scheme business cases, as required. This approach will ensure that advice presented to the LTB is impartial and that conflicts of interest between officers who sit on the Transport Advisory Group and the schemes promoted by their respective organisation or authority are avoided.

14.4 Schemes that have been shortlisted will be approved by the Local Transport Body in two discrete stages following the submission of a satisfactory business case that accords with DfT's WebTAG guidelines:-

- (i) schemes will enter a Programme Entry stage, to give scheme promoters 'in principle' approval and to allow appropriate powers or processes to be pursued.
- (ii) when the scheme reaches its required stage of readiness, an application for Full Approval shall be made to the LTB before any funds are committed legally.

The LTB reserves the right to utilise an interim, Conditional Approval stage for larger or contentious schemes.

15. **The transport business case**

15.1 The LTB will require all scheme proposals submitted by local authorities to clearly accord with the existing DfT requirements. The LTB will be supported by the Transport Advisory Group in ensuring that the level of information submitted is of the required standard and that all necessary processes (e.g. WebTAG and Environmental Impact Assessment requirements) are satisfied.

15.2 Scheme promoters will be required to develop a Strategic Outline business case, an Outline Business Case and a full Business Case. External validation and scrutiny at these stages will be secured through consultancy support, as required, funded from the budget that has been specifically allocated for these purposes by the Transport Advisory Group.

16. **Value for Money**

16.1 Value for money will be a core criterion that the LTB will utilise initially in its methodology for creating a prioritised list of schemes. Schemes drawing in higher levels of match funding will receive a higher weighting than schemes drawing in the minimum level of match funding.

16.2 All business cases that are subsequently developed will be required to accord with established WebTAG advice, and

Benefit-to-Cost ratios will be required for all candidate scheme business cases. The LTB will approve only those schemes offering the highest value for money. Schemes that have previously been rejected on value for money grounds within the lifetime of the LTP regime will not be re-considered by the LTB.

- 16.3 Further proxies for value for money will be secured by the city region through the use of its Strategic Transport Model and its emerging economic appraisal toolkit, as appropriate. Consistency and quality assurance will be secured through independent technical support and validation that will be called upon as required, and as outlined within this assurance framework.
- 16.4 At every scheme approval stage, the LTB shall require a value for money statement to be developed. This will be considered and signed off by the Chair of the Transport Advisory Group, barring circumstances in which this would relate to a scheme developed by the home authority of the Chair, and when the Vice Chair would assume this role in order to avoid any conflict of interest.
- 16.5 As part of the detailed scheme approval process, the LTB will require scheme promoters to submit evaluation and monitoring method statements, and the requirement to monitor schemes will be a funding condition. At the end of the spending review period, the LTB will commission a report that collates evaluation and monitoring data from schemes completed within this period and identify any key messages arising as a result. This report will be publicly available thereafter.

17. **External views on business cases**

- 17.1 The LTB will utilise the Wider Reference Group as its main advisory group to comment and provide scrutiny of scheme business cases. In addition, scheme business cases shall be made available on the website of the accountable body (and in due course, the website of the local transport body) for a minimum of 3 months. This is to provide an opportunity for members of the public to consider and comment upon proposals.
- 17.2 The Transport Advisory Group will be responsible for considering comments received as part of this process and ensuring that these are reported to the LTB as part of the decision making processes.

18. **Release of funding, cost control and approval conditions**

- 18.1 The LTB's funding contributions will be capped contributions. In the event that scheme costs escalate, then applications for additional funding approval will not be considered by the LTB once schemes are fully approved. This reflects the reality that funding levels are limited and will be in high demand. Alternative approaches will thus be required to manage cost overruns (e.g. from local funds or third parties). This condition will be made clear once the LTB has agreed a prioritised list of schemes and invites major scheme business cases from successful scheme promoters.
- 18.2 Funding approvals will also reiterate the legal agreement that will exist between each organisation represented on the LTB and the accountable body, in terms of the purposes for which devolved funds may be used, as outlined in paragraph 5.7 of the assurance framework.
- 18.2 Merseytravel, as the accountable body will require funds to be claimed from scheme promoters in arrears on a quarterly basis. In the event that spend is not keeping pace, then contributions may be suspended. This will be stipulated as part of a conditional funding agreement between the accountable body and the promoting body.
- 18.3 These principles will apply equally to Merseytravel, as accountable body for the LTB, in the event that it is also a scheme promoter. Additional controls will exist in this respect by the legal distinction between the Integrated Transport Authority (which is the body represented on the LTB) and the Passenger Transport Executive, which be the scheme delivery agent. Any funds awarded to the PTE as a scheme promoter would also enter its capital programme and be accounted for separately from devolved major schemes funds as a whole.
- 18.4 As part of scheme business cases, promoters will be required to demonstrate where match funding will stem from, and the risks associated with these funds.
- 18.5 Scheme promoters will also be subject to regular audits by the accountable body.

19. **Programme and risk management**

- 19.1 The work of LTB will be managed and supported by professional staff. The principal officer with responsibility for contact between formal LTB meetings and the Chair will be the Chair of the Transport Advisory Group, supported by officers from the constituent local authorities.

19.2 Funding approvals will feature as standing items of formal meetings of the Transport Advisory Group, to monitor and manage issues such as spend profiles and risk to the programme as a whole, on behalf of the LTB.

DRAFT

Terms of Reference for the Liverpool City Region Local Transport Body

DRAFT – January 2013

Context

1. The Liverpool City Region Local Transport Body (LTB) exists for the primary purpose of managing the process of making policy and funding decisions in relation to devolved transport major schemes funding from the Department for Transport within the Liverpool City Region.
2. The Liverpool City Region is defined as the local authorities of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, as the Passenger Transport Executive and Integrated Transport Authority for Merseyside and the Liverpool Local Enterprise Partnership area.

Duties of LTB

3. The Local Transport Body will take the form of an informal partnership of appointees from each of its constituent organisations, empowered to take decisions to fulfil the duties expected of it in respect of devolved transport major schemes funds. These duties will include:-
 - Identifying a prioritised list of investments within the available budget
 - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
 - Monitoring progress of scheme delivery and spend
 - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases and so forth]
 - Responsibility for ensuring value for money is achieved.
4. Decisions made by the LTB will be binding, though will be subject to the right of the accountable body to challenge on legal or a procedural grounds. There will be no requirement for the constituent local authorities or organisations to ratify decisions made by the local transport body, as the local transport body has executive power to make strategic funding decisions on behalf of the city region.
5. The LTB shall operate in accordance with the principles set out within the LTB's assurance framework agreed on xxxxxxxxx and as submitted to the Department for Transport in February 2013, and which should be read in conjunction with these Terms of Reference.

Membership of LTB, voting and quoracy

6. The LTB will be composed as follows:-

Member	Status	Role on LTB	Number of votes
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

** or named alternate*

7. All representatives sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. A Vice Chair shall also be appointed each year.
8. The LTB members will each have full and equal voting rights. The body will be chaired by the Chair of the Merseyside Integrated Transport Authority. All decisions made by the local transport authority shall be majority decisions. The Chair of the LTB shall carry the casting vote, in the event that votes are split. The Vice Chair will enjoy similar rights when deputising for the Chair. There shall be no other classes of membership.
9. All decisions made by the LTB shall be majority decisions and any proposals or amendments will be subject to established proposing and seconding conventions
10. The local transport body must be quorate in order to take decisions and consider recommendations. A minimum of 4 members must be present to ensure quoracy, which must include the presence of either the Chair or the Vice Chair.
11. Members of the LTB agree to abide by a code of conduct as developed by its accountable body and be subject to its protocols in respect of declarations of interest and pecuniary interests, to satisfy.

LTB meeting arrangements

12. The LTB shall agree a schedule of meetings each year. The Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed

date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel.

13. A meeting of the LTB shall be required in order to consider an individual scheme business case or to make eligibility / funding decisions in respect of any scheme.
14. The meetings of the local transport body will be held in public and all background papers, agendas and minutes will be publicly available on Merseytravel's (or a future dedicated LTB website's) 'modern.gov' system a minimum of 5 working days ahead of the date of the meeting
15. The LTB's terms of reference will be reviewed and updated at an AGM in April of each year. This will provide an opportunity for the following issues to be reviewed:-
 - membership of the LTB
 - the Chair and Vice Chair for the coming year (the existing Chair and Vice Chair may stand for re-election)
 - changes to voting arrangements
 - changes to the LTB's terms of reference, including wider responsibilities or advisory roles
 - changes to the LTB's accountable body
 - changes to the LTB's support arrangements

Accountable body to the LTB

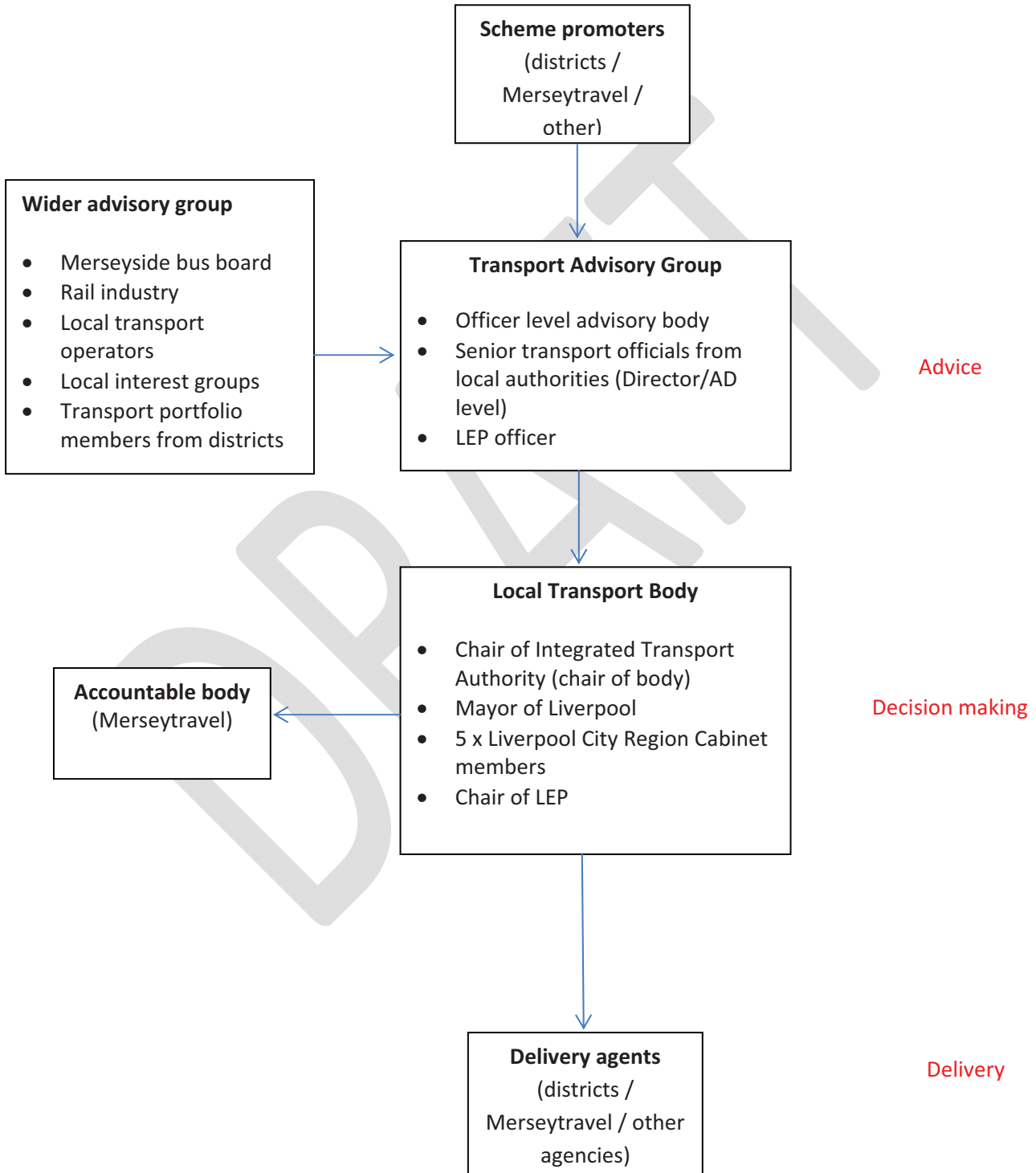
16. Merseytravel (The Merseyside Integrated Transport Authority and Passenger Transport Executive) will act as the accountable body. As such it will:-
 - hold the devolved major scheme funding in a discrete cost centre
 - make payments to delivery bodies such as Local Authorities, linked to appropriate legal agreements and funding agreements relating to the purpose to which funds may be used
 - be responsible for providing annual audits to DfT on behalf of the LTB
 - providing audits of scheme promoters
 - provide financial statements to the LTB
 - manage the devolved funding in accordance with the assurance framework
 - be responsible for clawing back, or withholding funds in the event of any mismanagement of funds.

LTB support arrangements

17. The LTB will be supported at officer level by a Transport Advisory Group, made up of Director and Assistant-level transport officers from each of the city region local authorities and from Merseytravel. This body will have responsibility for providing professional advice to the LTB.
18. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the principal link between the Transport Advisory Group and the Chair of the LTB. This officer will also be responsible for authoring and presenting reports to the Local Transport Body, supported.
19. The local transport body will be supported by a wider advisory group, to provide input into the prioritisation, approvals and consultation processes. This will include representation from private sector transport operators, from local interest groups and from government agencies / partners such as the Highways Agency and Network Rail.

Appendix 3

The structure of the Local Transport Body and its support arrangements



Schematic of prioritisation methodology

