



Council Excellence Overview and Scrutiny Committee

Date:	Wednesday, 30 January 2013
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members of the Committee are asked to declare any disclosable pecuniary and non pecuniary interests, in connection with any item(s) on the agenda and state the nature of the interest.

Members are reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

2. MINUTES (Pages 1 - 12)

To receive the minutes of the meetings held on 27 November 2012 and 5 December 2012.

3. WIRRAL IMPROVEMENT PLAN (Pages 13 - 16)

4. WIRRAL LOCAL PUBLIC SERVICE BOARD - UPDATE (Pages 17 - 20)

5. WELFARE REFORM UPDATE (Pages 21 - 44)

6. **TREASURY MANAGEMENT PERFORMANCE MONITORING (Pages 45 - 56)**
7. **REVENUE MONITORING 2012/13 MONTH 8 (NOVEMBER 2012) (Pages 57 - 82)**
8. **UNDER BUDGETING (Pages 83 - 86)**
9. **AWARD OF CONTRACT FOR THE PROVISION OF TELEPHONE SYSTEMS MAINTENANCE (Pages 87 - 94)**
10. **FORWARD PLAN**

The Forward Plan for the period January 2013 to April 2013 has now been published on the Council's intranet/website and Members are invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

11. **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair referred to the Committee's Work Programme and sought the views of Members as to whether any matters should be recommended for inclusion in the Work Programme of the Committee for the 2012/2013 municipal year.

12. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

13. **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

RECOMMENDED – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

14. EXEMPT APPENDIX - AWARD OF CONTRACT FOR THE PROVISION OF TELEPHONE SYSTEMS MAINTENANCE (Pages 95 - 96)

Appendix 1 to agenda item 9, exempt by virtue of paragraph 3.

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

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COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 27 November 2012

Present: Councillor J Hale (Chair)

Councillors A Cox C Muspratt
S Williams S Whittingham
P Doughty P Gilchrist
S Hodrien

Deputies: Councillors C Povall

35 ADJOURNMENT

The Chair indicated that due to an administrative error, Members had not received hard copies of the supplementary agenda containing Item 3 – Improvement Plan Update and Item 8 – Social Welfare Reform - Local Council Tax Support Scheme, which had been published previously. The Committee adjourned for a period of 30 minutes to consider the supplementary agenda items.

36 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members of the Committee were asked to declare any disclosable pecuniary and non pecuniary interests, in connection with any item(s) on the agenda and state the nature of the interest.

Members were also reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

37 MINUTES

Members indicated that at the meeting held on 7 November 2012 The Head of HR was not present, therefore, it was agreed that a report regarding gifts and hospitality be added to the work programme for discussion at a future meeting.

Resolved –

That subject to the addition of the gifts and hospitality report being added to the work programme to be discussed at a future meeting, the minutes of the meetings held on 1 October 2012 and 7 November 2012, be approved as a correct record.

38 IMPROVEMENT PLAN - PROGRESS REPORT

The Committee considered the report of the Chief Executive which provided an update on progress delivering the Council's Improvement Plan. There was a summary of the key achievements to date as well as the activities scheduled in the next period. These were set out against the five priority themes around which the plan had been developed.

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

Fiona Johnstone, Director of Policy, Performance and Public Health responded to Members and indicated that in relation to the recruitment of the Strategic Director Transformation and Resources, applications had been received and interviews would be taking place mid January 2013.

In relation to the Local Public Service Board, a meeting had been held with representatives from the public services and Wirral Partnership Homes to discuss the terms of reference for the group and agree a way forward. Progress on this would be reported to the Committee in due course.

Members asked about the leadership programme detailed within Priority 1, and asked who the targeted audience was and what the criteria would be. In response Ms Michele Duerden, Policy, Performance & Public Health Improvement Team indicated that the programme had not taken place yet and information regarding future planning of the programme would be shared with the Committee.

In relation to questions raised by Members regarding training on procurement and tender preparation for management, Ms Johnstone indicated that the HESPE report requested training for managers be undertaken to ensure that alongside the procurement team, all appropriate officers were trained to ensure that the same tender and procurement processes were consistent throughout the Council.

Members welcomed the introduction of the Members enquiry system and indicated that a suitable, relevant system was essential in meeting the Priority 2 target. In response, Surjit Tour, Acting Director of Law, HR and Asset Management indicated that the system would allow Members to post enquiries to relevant departments for responses; delays in providing information would be reported to Members. Mr Tour further indicated that a case management system was also to be developed for Members to assist with Councillor case work. These two systems would allow Members be to better supported by way of a simpler process and giving improved access to key contacts.

On a motion proposed by Councillor Whittingham and seconded by Councillor Williams.

Resolved – That

- (1) the progress against the Improvement Plan; and**
- (2) the endorsement of the Peer Challenge Review be noted.**

39 OFFICE RATIONALISATION

Further to Minute No. 29 of 1 October 2012, the Committee considered the report of the Acting Director of Law, HR and Asset Management updating on the recent activity in respect of in respect of the office rationalisation programme.

In response to Members, Mr Ian Brand, Head of Asset Management agreed to submit the survey regarding a review of occupation of the core administrative accommodation to a future meeting. Mr Brand indicated that the survey would give an excellent opportunity to look at the geography of staff in relation to the buildings.

In relation to the North and South Annexe buildings, Mr Brand indicated that Cabinet had agreed in February to close one of the buildings; however, a decision as to which building would close had yet to be taken, this would be decided once staffing structures were agreed. Both buildings would need upgrading works, i.e. heating upgrade, asbestos clearing, building and cabling repairs, the buildings were fit for purpose at present but investment was need for future use.

In response to comments by Members in relation to parking and transport, Mr Brand indicated that the Council did have a travel plan, which looked at encouraging staff not to use their cars but alternative transport, a corporate approach was needed throughout the Council.

Resolved – That

- (1) the report updating on the recent activity in relation to the Office Rationalisation programme be noted; and**
- (2) the Head of Asset Management be requested to submit the survey regarding a review of occupation of the core administrative accommodation to a future meeting**

40 REVENUE MONITORING 2012/13 MONTH 6 (SEPTEMBER 2012)

The Committee considered the report of the Interim Director of Finance setting out the revenue position for 2012/13 as at Month 6 (August 2012). It identified the latest financial projections and prioritised the risks for ongoing management actions, to ensure the year-end position would result in spend remaining within the budget allocated.

The report indicated that Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze in the light of the projected overspend. Items included in the first two weeks of the freeze were agreed by Cabinet on 18 October 2012 (Minute. Refers) further items from weeks three to six were recommended for inclusion as detailed in Appendix 7 to the report.

Mr Peter Timmins, Interim Director of Finance answered questions and gave an explanation to Members in relation to the 'Blue Book', projected General Fund budget, Departmental Spends, projected Departmental Variations by Spend and Income, risk band classification and progress on agreed savings.

Members asked about the 'Blue Book' and asked if a budget book could be produced with an indication of the actual budget that was being spent. Mr Tom Sault, Head of Financial Services indicated that the Finance Department were currently working on the outturn report which would be provided at the end of the year, which would enable a clearer budget overview to be provided at the start of the new financial year.

On a motion proposed by Councillor Whittingham and seconded by Councillor Williams.

Resolved- That

- (1) the report on the revenue monitoring 2012/13 for month 6 (September) 2012 be noted; and**
- (2) the Interim Director of Finance and his officers be thanked for all their hard work.**

41 TREASURY MANAGEMENT PERFORMANCE MONITORING

The Committee considered the report of the Interim Director of Finance, which presented a review of Treasury Management policies, practices and activities during the first quarter of 2012-13 and confirmed compliance with treasury limits and prudential indicators. The report had been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code for Capital Finance in Local Authorities.

Mr Tom Sault, Head of Financial Services responded to Members questions in relation the Council held investments.

Resolved –

That the Treasury Management Performance Monitoring Report be noted.

42 SOCIAL FUND REFORM - WIRRAL LOCAL WELFARE ASSISTANCE SCHEME

The Committee considered the report of the Interim Director of Finance detailing the proposed year one policy for a new local discretionary support scheme administered by the local authority from April 2013 to replace the crisis loans and community care grants currently administered by the Department for Work and Pensions. Members views were sought for referral to Cabinet and consequential approval by Council.

In response to Members, Mr Malcolm Flanagan, Head of Revenues, Benefits and Customer Services indicated that there would be plain English information provided to members of the public making applications and staff would be given appropriate

training and guides to help them assist the public and ensure health and safety for citizens and staff.

In relation to the evaluation of the scheme, Officers would be doing this on a monthly basis and reports would be submitted to Members on a monthly basis, the evaluation would assist with the planning for year two.

Members raised concerns regarding the environment of the one stop shop/libraries and security at each site, in response, Mr Flanagan indicated that this was an issue that needed addressing carefully to address the balance of setting the right environment in the one stop shop against the security of staff and the public. Mr Flanagan explained that those customer making applications would not be dealt with at the reception counters but in a separate interview room by trained staff, rooms would be fitted with CCTV to meet health and safety requirements and safeguarding procedures.

Members raised concern regarding the plans to provide two centres; which may prove costly for those transporting from Eastham and New Brighton to attend centres at Birkenhead.

In relation to working with voluntary sector, Mr Flanagan indicated that the Council has 90 days before the scheme was to go live, Officers were trying to make contact with voluntary sector prior to this deadline of March 2013 which may prove difficult. It was suggested that this could be looked at as part of Year 2 planning.

On motions proposed by Councillor Doughty and Councillor Williams

Resolved – That

- (1) subject to the acknowledgment of Members concerns and comments raised, the report detailing the proposed year one policy for a new local discretionary support scheme administered by the local authority from April 2013 to replace the crisis loans and community care grants currently administered by the Department for Work and Pensions be noted; and**
- (2) the Interim Director of Finance and his officers be congratulated on all their hard work.**

43 SOCIAL WELFARE REFORM - LOCAL COUNCIL TAX SUPPORT SCHEME

The Committee considered the report of the Interim Director of Finance informing of the Authority requirement to establish a Local Council Tax Support Scheme, known as Council Tax Support (CTS) to replace Council Tax Benefit (CTB) from April 2013. This was a key strand of the Government's wider Welfare Reform review. The scheme also brought with it reduced funding from Central Government.

The report proposed a Local Council Tax Support Scheme to replace CTB for 2013/14 that managed the £3.2 million shortfall in Government funding which was

based upon current, and increasing, levels of CTB. There were associated costs that increase the shortfall to a maximum of £3.635 million. In addition, the change also increased the likely level of non-collection of Council Tax by up to £1 million gross / £0.85 million net, and this needed to be included within the Budget Projections for 2013 / 14.

The Council must approve a scheme no later than 31st January 2013 or the Government default scheme, requiring the shortfall to be fully funded by the Council, will be imposed. Members were asked to approve a scheme to Council.

In response to Members, Malcolm Flanagan, Head of Revenues, Benefits and Customer Services indicated that services would be provided from existing staff who would receive the appropriate training to deal in any matter arising. Welfare and Debt agencies would also be available to offer support and guidance.

In response to Members concerns regarding waiting times to those dialling into call centres, Mr Flanagan indicated that this was issue that the Department would be looking into, but there would be cost implications.

On a motion proposed by Councillor Doughty, seconded by Councillor Hodrien and Councillor Muspratt, Members thanked the Head of Revenues, Benefits and Customer Services and his Department for their excellent report and work undertaken.

In response to Members, Mr Flanagan indicated that the suggestion of the introduction of a means test would make the process more difficult to manage. Mr Flanagan indicated that in relation to the definition of vulnerable groups, this could be looked at in Year 2.

Mr Flanagan responded to Members questions in relation to income regarding empty properties, In particular schemes used within other Authorities.

RESOLVED (8:1 Councillor Gilchrist voted against the Motion)

That it is recommended to Council that:

- (1) Eligible Pensioners and Vulnerable Groups (disabled, disabled child and war pensioners) be protected under the Local Council Tax Support Scheme;**
- (2) The Local Council Tax Support Scheme proposed for 2013/14 be Scheme 1 with the associated proposals that will see Working Age Claimants meet 22% of the Council Tax payable in order to meet the £3.2 million reduction in Government Grant;**
- (3) The annual increase in caseload, estimated at 1% (£300,000) per year be included with the Budget Growth Projections for 2014/15 onwards;**
- (4) The potential losses on collection of £1 million gross / £0.85 million net be incorporated within the Council Tax Base calculation and that this reduction in Council Tax Income be reflected in the Budget Projections for 2013/14, funded from the change in the Council Tax discounts; and**

- (5) **Thanks are extended to those residents who participated in the Council Tax Benefit consultation, ensuring the consultation was meaningful.**

44 **QUARTERLY ANALYSIS OF FREEDOM OF INFORMATION REQUESTS AND LOCAL GOVERNMENT OMBUDSMAN CONTACTS**

The Committee considered the report of the Interim Director of Finance providing quarterly analysis of requests received under the Freedom of Information Act and contacts made by the Local Government Ombudsman, as recommended by Cabinet at its meeting on 12 April 2012 (Minute 404 refers). Additional qualitative information was offered on service performance in responding to contacts, highlighting any exceptions.

This report was considered by Cabinet on 8 November 2012 (Minute refers) and was presented to this Committee primarily for information.

Resolved –

That the report providing quarterly analysis of requests received under the Freedom of Information Act and contacts made by the Local Government Ombudsman be noted.

45 **AWARD OF TENDER FOR THE PROVISION OF MICROSOFT SOFTWARE**

The Committee considered the report of the Interim Finance Director informing of the award of a contract for the provision of Microsoft software for the three years to October 2015. The contract was awarded under delegated authority to Trustmarque Ltd., who submitted the lowest priced tender. Tenders for the continued provision of the service will be invited towards the end of the contract term.

Resolved –

That the award of contract under delegated authority to Trustmarque for the provision of Microsoft software for a period of three years to October 2015 be noted

46 **FORWARD PLAN**

The Committee considered the Forward Plan for the period November to February 2013 had been published on the Council's intranet/website. Members had been invited to review the Plan prior to the meeting in order for the Council Excellence Overview and Scrutiny Committee to consider, having regard to the work programme, whether scrutiny should take place of any items contained within the Plan and, if so, how it could be done within relevant timescales and resources.

Resolved – That the Forward Plan be noted.

47 **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair referred to the Committee's Work Programme and sought the views of Members as to whether any matters should be recommended for inclusion in the Work Programme of the Committee for the 2012/2013 municipal year.

Resolved –

That the Work Programme be noted.

48 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

49 **EXEMPT APPENDIX - AWARD OF TENDER FOR THE PROVISION OF MICROSOFT SOFTWARE**

The Committee noted the detail of the exempt appendices to Item No. 15 on the agenda – Award of Tender for the Provision of Microsoft Software (Minute No. 45 refers).

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 5 December 2012

Present:

Councillor J Hale (Chair)

Councillors P Doughty J Williamson
S Hodrien P Gilchrist
C Muspratt

Deputies:

Councillors W Clements
J Walsh
C Povall
D McCubbin

51 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with the item on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with the item to be considered and, if so, to declare it and state the nature of the whipping arrangement.

Councillors McCubbin and Clements declared personal interests by virtue of them being friends of libraries.

Councillor Doughty declared a personal interest by virtue of his employment

Councillor Hale declared a personal interest by virtue of him being a member of a sports club.

52 BUDGET OPTIONS

The Committee received a presentation from Lucy Barrow, Community Engagement Manager, Chief Executive's Department, on the process of the consultation and the progress made on Stage 2 of the consultation to date. Lucy Barrow reported that over 70 budget options had now been published and the savings identified were 25 per cent more than what was needed, giving Members and the public a real choice as to where they should be made. She also went on to outline the role of Overview and Scrutiny members in the process.

At the suggestion of the Chair the Committee then considered the 13 budget options relevant to its own remit in turn.

1. Full Management Restructure

The Chair suggested that the Committee note the report and await further information in due course.

2. Staff Terms and Conditions

Members asked if a HR analysis could be provided as to the level of impact on staff and services which would be affected.

Chris Hyams, Head of HR & Organisational Development introduced this option. Responding to comments from Members she indicated that the proposal to introduce four days unpaid leave would result in a 1.5% reduction in pay for all non-schools staff. Ms Hyams gave the Committee an example of scales of pay and the amount of reduction per month a person could lose. This proposal would realise a saving of £1.5m per annum. The proposed changes to enhancements would affect approximately 1,200 employees. Regular discussions were taking place with the Trade Unions on these proposals.

When asked about staff who hold more than one job with the Council, Ms Hyams indicated that a number of part time staff had more than one job and that a contract of employment was given for each post held. When asked by Members about transitional pay arrangements. Ms Hyams confirmed that the current transitional pay policy applies to contractual earnings for one year, up to £2,000. Ms Hyams agreed to circulate comparisons of the payment of enhancements in neighbouring authorities.

In relation to car allowances, Ms Hyams indicated that the proposal was to stop paying essential car user allowance and pay a mileage rate at HMRC rates. Studies from other Authorities had shown that this could cause a short disruption.

3. Procurement

The Chair indicated that a Special meeting of the Council Excellence Overview and Scrutiny Committee could be held to discuss the savings if Members so wished.

4. Treasury Management

In response to Members, Mr Peter Timmins, Interim Director of Finance agreed to provide a summary explanation of the breakdown of the reported 1.7 million Treasury savings.

5. Civic Services

Surjit Tour, Acting Director of Law, HR and Asset Management explained the option and indicated that the civic diary for mayoral events would be managed in a more proactive way to ensure that events are used as a learning experience for the forthcoming Mayor/Mayorress.

Members expressed concern and indicated that the public reaction to the mayor attending events had always been well received and they were not in favour of reducing events if there is a high public demand.

6. Four Year Election

The Chair suggested that the Committee note the report and await further information in due course.

7. Reduce Cost of Democracy/ Restructure of Civic/Committee Services and Electoral Services

The Chair suggested that the Committee note the report and await further information in due course.

8. IT Services

The Chair suggested that the Committee note the report and await further information in due course.

9. Better Use of Buildings

Mr Ian Brand, Head of Asset Management introduced this option. In response to Members comments, Mr Brand indicated that in relation to Acre Lane, consultation was needed to be held with schools who may wish to choose alternative venues. An understanding was needed as to the future business model; this would entail a detailed piece of work. It was recognised that staff may need to work in different ways i.e. agile working.

As Acre Lane came under the remit of both Asset Management and Children and Young People, Mr Brand indicated that discussion would be held with both Departments to agree a solution. If Acre Lane was to be kept a substantial programme of repair and maintenance works was needed.

In response to Members, Mr Brand explained the view previously expressed by the Interim Director of Regeneration, Housing that the demolition of the Finance Municipal Building could have a negative impact on Hamilton Square. A Member questioned this view, and in further discussion it was suggested that use of the cleared site for car parking could support the re-use of Birkenhead Town Hall.

10. Transforming Business Support

Chris Hyams, Head of HR and Organisational Development introduced this option

11. Restructure of Legal Services

Surjit Tour, Acting Director of Law, HR and Asset Management responded to Members and indicated that the options key area was to look at external legal spends; how the department instructed legal advice and personnel and to look at bringing back outsourced services.

12. Asset Management Restructure

Ian Brand, Head of Asset Management introduced this option and answered questions from Members in relation to use of consultants and shared services.

13. HR Restructure

Chris Hyams, Head of HR and Organisational Development introduced this option

The Chair suggested that the Committee note the report and await further information in due course.

14. Libraries and One Stop Shops

In response to Members, Mr Peter Timmins, Interim Director of Finance agreed to provide confirmation as to the size of, and what was remaining in the book fund.

Members raised concerns regarding the impact the new welfare reform would have on staff working at the One Stop Shops, which may have health and safety implications.

Members asked if a schedule of chosen sites and timescales for implementation could be provided to enable them to assist at the planning stage. Mr Peter Timmins agreed to provide this.

15. Revenues and Benefits

In response to Members, Mr Peter Timmins, Interim Director of Finance agreed to provide information regarding the savings in relation to the Local Council Tax Support Scheme.

The Chair thanked the Members for their input and indicated that if Members had further comments these could be fed directly to the appropriate Officers.

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY

30 JANUARY 2013

SUBJECT:	WIRRAL IMPROVEMENT PLAN
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER:	CLLR ANN MCLACHLAN

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on further progress in delivering the Council's Improvement Plan. This follows the formal progress report to Cabinet (29th November 2012) reviewed by this committee on 27th November 2012.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Plan, endorsed by the Improvement Board on 20th July 2012 and approved by Cabinet on 6th September 2012 is structured around five priority themes:

- Leadership: Political and Managerial
- Corporate Governance and Decision-Making
- Corporate Plan
- Budget and Financial Stability
- Critical Services Areas: Safeguarding and the Economy

3.0 SUMMARY OF PROGRESS

3.1 Priority 1 – Leadership: Political and Managerial

- A second visioning exercise was undertaken with Members in December, a third is scheduled for 13th February.
- Cabinet on 20 December 2012 approved a reduction in the existing senior management posts in the Council from 30 full time equivalent (FTEs) posts to 19 FTEs. Cabinet requested the Chief Executive consults on and implements a further restructure of management to PO level to release a further £4m saving.
- The majority of Members have now completed Personal Development Plans and these are in the process of being reviewed.
- The Leadership programme has been delayed pending the outcome of the Council's restructure. It is anticipated it will be resumed in April 2013, therefore milestones are being re-scheduled.
- The Member Training Steering Group were briefed by North West Employers Organisation on the Member Charter and self assessment process.
- The Skills for Wirral Councillors Programme has been finalised and is due to be published shortly.
- Organisational Development is in the process of gaining ILM accreditation for the Elected Member Accreditation Model.
- Additional capacity has been acquired to develop the Council's IT strategy and this is progressing.

3.2 Priority 2 – Corporate Governance and Decision-Making

- The first meeting of Local Public Service Board took place in November 2012. The Chief Executive has undertaken further meetings with partners and scheduled forums. See separate report on this agenda.
- The Council's Scheme of Delegation will be re-drafted by 1st March as part of the wider constitutional review. This will be submitted to Council for approval.
- A draft state of the borough report will be completed by 1st March to inform development of the Corporate Plan and a longer term partnership vision for Wirral.
- Action plans have been developed to review the Risk Management and Procurement Functions. Implementation of these action plans will have commenced including the initial roll out of the Risk Management function within the Concerto Management System.
- Contract Procedure Rules will be updated following the review of procurement.

3.3 Priority 3 – Corporate Plan

- An outline framework for a new three year Corporate Plan has been agreed with the leadership. Key milestones for drafting the plan have been developed, which will be submitted for Council approval in May.
- The second phase of the What Really Matters consultation is underway with almost 5000 responses received so far. The consultation is scheduled to end on 31st January, with Cabinet considering the key findings on 7th February. Overview & Scrutiny Committees will be convened week commencing 11th February to consider the full results prior to budget Cabinet on 18th February.
- A performance dashboard has been developed and discussion has taken place with the Leadership in relation to the preferred tools for performance management. Further consultation with members will follow.
- Performance appraisals are underway. These will have been completed for all Directors and Heads of Service by the end of January.
- Appraisal training for senior managers is being rolled out during January. This is scheduled for completion by 24th January 2013.

3.4 Priority 4

- A PID is being developed for approval in February which scopes out the necessary work to deliver a Corporate Commissioning Strategy. This is in line with the agreed Improvement Plan timescales.
- Further roll out of the Concerto system to coordinate corporate risk management arrangements. There has been some slippage in this project as some functionality of the Concerto system was delivered late.
- The Strategic Change programme is being reshaped around projects arising from the budget options and service transformation.

3.5 Priority 5

- Adult Social Services confirm all safeguarding actions resulting from the AKA report have progressed and been completed.
- DASS continue to keep the outcomes of the Adult Protection Strategy meetings under close review with an emphasis on ensuring the consistent application of standards, improving data capture and sharing of learning and good practice.

- As previously agreed the Investment Strategy Board continue to ensure the Economy remains a clear priority for the Council.

5.0 RELEVANT RISKS

- 5.1 A Programme Risk Register has been developed by the Executive Team and is included in the formal reports to Cabinet and committee.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 The Improvement Plan is considered to be the only option for the Council and this was endorsed by the recent Peer Challenge. No other options have been considered.

7.0 CONSULTATION

- 7.1 The development of the Improvement Plan has been undertaken in consultation with the Improvement Board and elected members. The activities within the plan have also been informed by consultation through staff surveys undertaken during 2012.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none arising directly from this report.

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

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

10.0 LEGAL IMPLICATIONS

- 11.1 Delivery of the Improvement Plan will involve reviewing and refreshing a number of core documents including the Council's Constitution, the Scheme of Delegation and the Member / Office protocol. Where necessary i.e. when a key decision is required, these will be reported to Cabinet separately.

11.0 EQUALITIES IMPLICATIONS

- 12.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?
(a) Yes – an initial EIA was undertaken but as this is an update report and not a proposal for consideration, this has not progressed beyond the initial EIA.

12.0 CARBON REDUCTION IMPLICATIONS

- 13.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 14.1 There are none arising directly from this report.

14.0 RECOMMENDATION/S

- 15.1 Members are requested to consider progress made on delivering the Council's Improvement Plan and provide any feedback.

15.0 REASON/S FOR RECOMMENDATION/S

- 16.1 This report was produced in response to a request from this committee.

REPORT AUTHOR: *Fiona Johnstone*

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY

30 JANUARY 2013

SUBJECT:	<i>WIRRAL LOCAL PUBLIC SERVICE BOARD - UPDATE</i>
WARD/S AFFECTED:	<i>ALL</i>
REPORT OF:	<i>CHIEF EXECUTIVE</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR ANN MCLACHLAN</i>

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the action undertaken by the Chief Executive to initiate the establishment of a Public Service Board for Wirral.

2.0 KEY ISSUES

- 2.1 The financial challenges faced by Wirral Council have emphasised the need for the local authority to work in partnership with other public sector organisations to maximise the resources available.
- 2.2 On taking up post in September 2012, the Chief Executive initiated discussions with local public service organisations about the establishment of a Public Service Board. Based on these early discussions, an initial meeting of partners took place in November which established a clear commitment to move forward with the establishment of the Board. A formal Terms of Reference is now being developed, which will be focused on members of the Board proactively working together to identify strategic and operational opportunities for collaboration and taking a 'task and finish' approach to partnership issues.
- 2.3 It is anticipated that membership of the Board will be Wirral Council, NHS Wirral Clinical Commissioning Group, Merseyside Police, Merseyside Fire and Rescue Service, Cheshire and Wirral Partnership NHS Trust, Wirral University NHS Hospital Trust, Wirral Partnership Homes, Department for Work and Pensions, Wirral Metropolitan College, Wirral Community NHS Trust and NHS Cheshire, Warrington & Wirral PCT Cluster. Additional partners may be invited dependent where a strategic need to collaborate is identified by the members of the Board.
- 2.4 Partners have agreed in principle that membership of the Board should be based on the ability to make decisions in principle relating to their organisations. Where necessary of course decisions and recommendations made by the Board shall be subject to the relevant decision making and governance arrangements of partner organisations.
- 2.5 It should also be noted that the Public Service Board does not replace the Local Strategic Partnership (LSP) Executive Board. Wirral has had in place a Local Strategic Partnership for a considerable period of time, with an LSP Executive established in more recent years to oversee the development and delivery of the Local Area Agreement. The abolition of Local Area Agreements from March 2011, along with the abolition of Government Offices and former national performance management

regimes, removed a significant part of the statutory framework for Local Strategic Partnerships and has resulted in areas reviewing their approaches to strategic partnership working. A review is now being undertaken alongside the establishment of the Public Service Board to ensure that the Local Strategic Partnership is now reinvigorated as a mechanism for public services to engage with other key sectors including businesses and voluntary, community and faith organisations.

3.0 RELEVANT RISKS

3.1 None identified, the establishment of the Public Service Board will help to mitigate shared risks in relation to public sector finance.

4.0 OTHER OPTIONS CONSIDERED

4.1 The establishment of the Public Service Board is one aspect of developing a range of options for ensuring that partnership working in Wirral is effective.

5.0 CONSULTATION

5.1 Partners have been consulted as to the approach and consultation with a range of stakeholders will be undertaken as part of the wider Local Strategic Partnership review.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Voluntary, community and faith groups will be consulted as part of the wider Local Strategic Partnership review to maximise opportunities for their full engagement in strategic and thematic partnerships.

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

7.1 There are no resource implications directly arising from this report. The secretariat for the Public Service Board is provided within existing resources in Policy, Performance and Public Health.

8.0 LEGAL IMPLICATIONS

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

9.0 EQUALITIES IMPLICATIONS

9.1 The formal Terms of Reference for the Board will include a statement on equalities. In addition, an equalities impact assessment will be undertaken as part of the wider review of the Local Strategic Partnership to identify the necessary steps which will need to be undertaken to engage protected groups as part of a reinvigorated and inclusive partnership structure.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION/S

12.1 Members are requested to note the initial steps taken to establish a Public Service Board and to receive further updates on the work of the Board and the wider Local Strategic Partnership in due course.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 This report was produced in response to a request from this committee.

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WIRRAL COUNCIL

COUNCIL EXCELLENCE AND OVERVIEW SCRUTINY COMMITTEE

30 JANUARY 2013

SUBJECT:	WELFARE REFORM UPDATE
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
PORTFOLIO HOLDER:	COUNCILLOR PHIL DAVIES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on the progress of the Welfare Reform programme; its impacts on Benefit processing services provided by the LA together with those accessing these services and detail the corresponding technical and operational service level response.
- 1.2 It covers specifically the changes to Housing Benefit (Local Housing Allowance) and the Department for Communities and Local Government (DCLG) replacement of the Council Tax Benefit Scheme (CTB) with a localised rebate scheme, the Council Tax Support Scheme (CTSS). It updates on the development of a Localised Welfare Assistance Scheme in response to the Government's reform of the Social Fund, replacing the Crisis Loan and Community Care Grant elements with a scheme designed and administered by local authorities. It reports on progress of the transition to a Single Fraud Investigation Service, replacing separate independent benefit fraud investigation teams operating in Local Authorities, HMRC and DWP with one national service. These changes are all planned to be operative from April 2013.
- 1.3 Members are also updated on the current position in regard Universal Credit (UC) proposals and an update on the Discretionary Housing Payment (DHP) fund, the administration of which is heavily impacted upon by these reforms.
- 1.4. The report is for noting.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Welfare Reform Programme emerged out of the Act was passed in March 2012 and comprises of a number of key elements which are designed to deliver £18bn Welfare System savings together with addressing the governments stated core principles of a modern support system:-

- Reduce Complexity
- A fairer and affordable system
- Incentivise work and reduce welfare dependency
- Tackle poverty
- Promote and increase personal responsibility
- Supporting those who are most vulnerable

2.2 The main elements of the Act are:-

- the introduction of **Universal Credit** to provide a single streamlined monthly payment that the government view will improve work incentives
- a stronger joined up, approach to reducing **fraud and error** with tougher penalties for the most serious offences
- a new claimant commitment showing what is expected of claimants, through '**conditionality**', while giving protection to those with the greatest needs
- reforms to **Disability Living Allowance**, through the introduction of the **Personal Independence Payment**
- Reform of **Housing Benefit** – aligning rent levels and the treatment of Social Sector claims to that of claims in respect of Private Rented sector tenancies
- Cessation of the nationally prescribed Council Tax Benefit scheme and the introduction of a localised **Council Tax Support Scheme**, designed and administered by local authorities
- Reform of the **Social Fund**, abolishing Crisis Loan payments and Community Care Grants and replacing them with locally administered and designed support schemes (**Local Welfare Assistance Scheme**)
- Reform of **Employment and Support Allowance**
- Changes that will develop and support a new system of **child support**

2.3 Universal Credit (UC) – Government plans to commence national migration to a single UC remain in place for October 2013. From that time there will be no new Housing Benefit claims for people of working age. However, the DWP have recently confirmed that it is not their intention to include support for housing and support costs for people in Supported or Exempt Accommodation with UC. The detail around alternative proposals is yet to be publicised although it is anticipated that this area of work will remain with LA's as part of a 'residual HB caseload'. Wirral's Benefits service area already has an established and dedicated team who deal with such claims which are invariably more complex and costly to deal with.

2.4 Council Tax Rebate or Localised Support Scheme for Council Tax (CTSS). The DCLG confirm that the present schedule remains as planned and that local schemes must be designed, agreed and in place for April 2013. Failure to agree a scheme by 31 January 2013 will result in a national default scheme being imposed. Eric Pickles, Secretary of State for Communities and Local Government in his December statement indicated that further changes to the prescription of local schemes will be announced in January 2013. It is therefore likely that local authorities will be required to revisit their proposals and potentially introduce further changes in a scheme required to be approved in the same month.

2.5 However, the legislative provision for this scheme was made very late being delayed through its links to the wider status of the Local Government Finance Act which saw various amendments passed in the final consideration before being passed. The government views that this Act supports growth by directly linking a council's financial revenue to the decisions taken to back local firms and local jobs. Local Government will receive a fifty per cent 'local share' of business rates and then keep any growth generated on that share for a seven year period, providing an incentive to support growth. This contrasts with the current centralised system which in 2011/2012 saw £19 billion in business rates collected by councils then paid to Government and redistributed back out by way of the grant system.

- 2.6 In terms of progress locally with Wirral's scheme, Public Consultation on the proposed scheme concluded and officer's evaluated the responses and submitted a report to Cabinet of a year one scheme detailing its associated issues and implications (Min. 132, 29 November 2012) and the scheme was approved at full Council on 17 December 2012.
- 2.7 At the same time as the localised Council Tax Support Scheme development has progressed consideration had also to be given to the DCLG's very late announcement of provision of £100m additional funding for one year. Wirral's share was set at £748,815 for supporting 'transitional protection' to partially assist those low income working age claimants likely to be the hardest hit. The acceptance of this funding was contingent on the local scheme limiting the increase faced for each individual to 8.5% and not changing the non dependant deduction rates with the authority having to then find the balance from its own budgets. The transitional protection funding must be applied for and imposed distinct parameters on the scope of the localised scheme. On the basis of the imposed conditionality it would have a significant impact on Wirral's already stretched finances and its ability to make sufficient further savings to meet the shortfall either through its present draft scheme design or from other budgets. It was strongly viewed that the authority would be unable to meet the resultant grant shortfall of approximately of £1,255,000 and the scheme as adopted on December does not attract this one year government funding.
- 2.8 An updated overview of the key impacts of each major area of Welfare Reform follows and Members are reminded that, with the exception of the present Housing Benefit/Local Housing Allowance (LHA) change programme, the programme of development in each area is ongoing. The wider and longer term implications, coupled with the immediate impact on services as a result of the authority's budgetary position means that the finite, quantifiable impact remains uncertain. The scale of Welfare Reform is rapidly and massively impacting on the resources in place and that the very real position is of increasing workloads and extended remit which will ultimately ease as UC migration builds momentum. It cannot be overemphasised the impact these changes will have on claimants, the complexity of administration that the authority faces in a timescale that is highly challenging and the wider consequential impacts on other services, organisations and agencies that will have to deal with the reduced circumstances and increased demands of claimants.
- 2.9 The Department for Work and Pensions (DWP) has produced briefings on each aspect of the changes along with the results of consultation, Impact Assessments, Statements of Intent, Risk and Equality Impact Assessments. These are accessible from the links in the Reference Material section at the end of this report.

CURRENT REFORM OF HOUSING BENEFIT & LOCAL HOUSING ALLOWANCE

- 2.10 This is the ongoing element of the welfare reform programme and concerns changes to benefits in the lead up to Universal Credit (UC). These changes commenced in April 2011 and the present status of each that is ongoing is outlined below:-
- (a) Increase in non dependant resident deductions.
Having previously increased by an annual up rating deductions were frozen until April 2011 when incremental increases were introduced to recover inflation. At April 2014 deductions will then be stabilised on that basis.

- (b) Capping of LHA rates to the four bedroom rate, where a claimant's household size requires five bedrooms or more (previously a five bedroom cap). The number of claimants affected in Wirral, at 110, is proportionally low compared to the caseload (circa 42,700). The maximum LHA rate in respect of these claims is currently £136.46 weekly or £600 per calendar month.
- (c) Capping of LHA rates by property size - Wirral has not been affected by this as LHA rates remain within the maximum for capping purposes and there has been no reduction in benefit for Wirral residents on the basis of this change.
- (d) The Transitional Protection which delayed the impact of the April 2012 LHA changes has now expired for the majority of the 5,870 claimants originally receiving this additional support. At 31 October 2012 1,038 cases still had this protection supplementing their revised entitlement and all had ceased by 31 December 2012. The average payment being £4.15 weekly, although the range of payments varied from £0.15 to £51.92 weekly. Officers continued notified claimants in advance of their payment ending and of their revised net reduced entitlement.

HOUSING BENEFIT CHANGES INTRODUCED FROM JANUARY 2012

- 2.11 The Shared Accommodation Rate level which limits the maximum HB/LHA rate to that of a room in a shared house or flat with some limited exceptions was extended to single claimants under 35 yrs from the previous 25 year old limit. At 31 December 2012 1,166 claimants were affected by this restriction to the level of help they can have with their rent. Of these 712 are over 25 years old. As is consistently the theme with the changes to LHA, the impact of this shortfall / restriction, which averages £37.00 per week locally, is putting significant strain on the Discretionary Housing Payment fund.
- 2.12 In terms of the Council's operational response the strategy applied is consistent with that of the other reform work, proactive contact with those affected as well as their landlords and other stakeholders and representatives. All those identified as being affected were written to during 2011 on three separate occasions. Landlords were advised of the detail and impact of the change and encouraged to contact their respective tenants regarding increased rental liability. Claims for consideration of additional, temporary support, through the Discretionary Housing Payment fund to ease the impact of the transition to a reduced benefit payment were invited from all claimants over 34 years of age.

DISCRETIONARY HOUSING PAYMENT (DHP)

- 2.13 Given the breadth and severity of the programme of change, with nearly 1,000 awards in 2012/13, increase in demand is, as anticipated increasingly evident. The year to date actual spend/committed spend, on a month by month basis, initially doubled that of 2011/12 and now far exceeds it. The table below shows the present position. Whilst the permitted total is £1.2m, this assumes the LA contributes the shortfall from the level of government grant from its own budgets. Wirral has never exceeded the government grant level and has no separate top up budget and if spend exceeds the grant then provision would have to be found. The 2012/13 Government grant is £522,238 along with a small under spend from the previous year.

- 2.14 Benefit Managers closely monitor the DHP spend and trends within, forecasting the likely year end impact, which at the present time would see an over spend. The previous maximum limit in 2011/12 was £707,452. The increased limit of £0.5m is reflective of the Governments acceptance of the immediate impact of the changes and recognition that many will need additional temporary support to adjust. DHP's are closely monitored and each is considered on an individual basis.
- 2.15 Officers scrutinise the allocated spend and the committed spend and have reviewed the guidelines for awards and is now in need of further revision and this is already resulting in fewer, reduced payments against the more stringent eligibility criteria. This has for instance seen a move to a position whereby LHA shortfall, as a sole presenting need, will no longer secure a DHP award.
- 2.16 The Welfare Reform impact on the capacity of the DHP 'pot' presents further difficulties as each authority is obliged to continue to actively promote the availability of the scheme and other sources of assistance where it is appropriate to do so. Benefit officers' continue to work alongside colleagues in other service areas and organisations, together with local landlords in the ongoing administration of the fund. Increasingly 'rent alignment' is being encouraged and is an incentive for landlords who can agree to accept a lower rate of rent and in exchange payment of HB/LHA is made to the landlord directly. There is evidence of this working effectively locally and anecdotally this may well be in part attributable to the current, relatively modest take-up of DHP. Engagement with landlords suggests that in many cases rent alignment is a feasible option in return for the security of direct payments removing the need to collect rent and suggests that landlords are doing this on the basis of risk mitigation.
- 2.17 The DWP have recently responded to the DHP 'guidance' consultation exercise which set out to determine whether the revised guidance of March 2012 makes sufficiently clear how DHP's can be used and who will be eligible from April 2013. Their conclusion was that is a continuing need and support for the guidance and its practical examples. Although responses to the consultation were mostly positive, there is a general concern within LAs about prioritising claims in line with the increased funding and a lack of clarity about the policy intention. The amendments to the current guidance reflect the wider changes that are taking place as a result of the Welfare Reform Act. The DWP's view is that the aim of DHP's remains unchanged. The link to the paper is shown at the end of this report.

Notwithstanding the above, it remains the case that nationally significant reliance will continue to be placed on DHP as a means to ease the negative impact of the reforms on claimants for the duration of the time through to the full implementation of Universal Credit. This is evident by the substantial investment of the Government in additional funding to date;

- Overall grant to Local Authorities for 2012/13 - £165m in three parts
- £60m 'basic' DHP, £30m social sector size reform, £75m 'benefit cap'
- 2013/14 sees a reduction in 'benefit cap' element to £45m and this reduces planned national DHP fund to £135m

Table One – Award of Discretionary Housing Payments 2012/13

Date	No. of Weeks	Number of awards	Current awards	Committed awards up to 31/03/2013	% spent (committed) of Govt cont	Forecasted Y.E. spend	Annual Total Cont. Inc 11/12 c/f (£58,363)	Cont remaining	Annual permitted DHP for year	Permitted balance still to spend
08/05/2012	5	359	£29,293.43	£31,536.47	6%	£311,103.01	£522,238	£490,701.53	£1,159,688	£1,128,151.53
06/06/2012	9	447	£64,954.28	£68,050.84	13%	£376,341.77	£522,238	£454,187.16	£1,159,688	£1,091,637.16
02/07/2012	13	548	£107,988.70	£111,726.84	21%	£443,264.09	£522,238	£410,511.16	£1,159,688	£1,047,961.16
09/08/2012	19	663	£183,598.72	£187,297.97	36%	£525,875.07	£522,238	£334,940.03	£1,159,688	£972,390.03
06/09/2012	23	850	£241,367.63	£337,645.48	65%	£780,003.80	£522,238	£184,592.52	£1,159,688	£822,042.52
08/10/2012	27	927	£293,016.06	£453,325.04	87%	£884,832.30	£522,238	£68,912.96	£1,159,688	£706,362.96
05/11/2012	31	1,033	£335,068.83	£474,209.60	91%	£793,974.79	£522,238	£48,028.40	£1,159,688	£685,478.40
05/12/2012	35	1068	£370,626.32	£474,012.20	91%	£709,075.63	£522,238	£48,495.89	£1,159,688	£685,675.80

Figures reflect increased spend as well as the net effect of entitlements ending and DHP awards being adjusted or reduced.

2.18 Wirral's 2013/14 DHP permitted total and corresponding Government contribution was announced on 4 January 2013. The DWP has taken considerably longer this year to agree and confirm the specific LA allocations as year on year, to date. It is significant that the Government contribution is substantially increased and indicative of a strong wider message that the permitted total spend is twice that of 2012/13. Wirral's position in terms of its own contribution has historically been to date to have no provision. This may need to be reconsidered as the capacity provided for nationally in 2013/14 implies further that LA's will be pressed to respond with local, financial contributions:-

➤	Permitted total 2013/14 DHP spend -	£2,293,035m
➤	Gov' Contribution 2013/14 -	£917,214

2.19 Awards of Council Tax Benefit, where the claimant is not occupying rented accommodation, may also be supplemented by DHP through to the planned expiry of the CTB scheme in March 2013. The DCLG have been quite specific that DHP will not be available to supplement any award of Council Tax Support under the new localised schemes from April 2013. Provision for any associated hardship falls at a local level only. I have not made a direct provision for a hardship fund for this in 2013/14. At present, DHP of £10,478 'top up' of CTB has been awarded in 2012/13.

HOUSING BENEFIT CHANGES INTRODUCED FROM APRIL 2013

2.20 Size criteria will be introduced to tenants of Registered Providers from April 2013. The DWP have clearly stated their policy intention around this alignment as being a lack of social housing and increasing levels of overcrowding in the social rented sector. This change will align the way in which the maximum rent is determined for HB/LHA purposes with that of the private sector. Where a claimant is deemed to be occupying accommodation larger than they reasonably require HB levels will be restricted. The restriction to be applied for under occupation will work via a percentage reduction:

- One "spare" bedroom will incur a 14% reduction – average £12 weekly
- There are potentially 3,604 affected in Wirral
- Two or more spare bedrooms – a 25% reduction – average £22 weekly
- There are potentially 1,010 affected in Wirral

2.21 Consistent with the changes introduced through the Reform programme, there will be some limited exceptions and a level of protection or additional support through DHP funding may be available. The national DHP provision is to be supplemented by £30m which the government consider ought to be specifically targeted by authorities in assisting claimants affected by this change who are in adapted accommodation or who are in-between placements of foster children. When this is extrapolated across all LA's this will likely amount to a nominal additional sum.

2.22 It is estimated that some 46% of social sector claimants in North West England will see their benefit reduced as a result of this Reform. Locally, judging from the data officer's are currently working with (HB records, together with information from Registered Providers), of a total social sector 16,310 caseload, some 4,600 are likely to be affected by this cap. Officers have been working closely with providers for some time to identify those who will experience this reduction from April 2013 and contacted all affected initially in November 2012 and then again in early 2013.

2.23 Officers have worked closely with social sector landlords in readiness for the change, particularly around identifying those who will be affected. This has involved data sharing initiatives and engagement through the well established forums with the Benefits service. Each affected claimant has been sent an explanatory letter together with a HB review form. It is important that the authority holds the correct property residency details in order to ensure that these claims are correctly reviewed for April 2013. Consequential contact levels are expected to be high and will impact on both our benefits processing teams as claims are reviewed and on corporate customer service resources (Call Centre & One Stop Shops).

2.24 Such is the very real concern of the impact of this restriction amongst housing providers that a number of previously untested options are under consideration which if implemented may ease the impact of the change and associated risk of escalating rent arrears. 'Rent a room', property swaps, help with the cost of moving and deposits (through the DHP scheme) are just some of the options being widely debated.

2.25 From April 2013 some tenants of working age will start to see their Housing Benefit cut if they receive a high level of state welfare benefits. This particular reform has recently been reviewed and will now be implemented on a phased basis with only four Boroughs affected from April 2013, the rest rolling out over the summer period. Wirral claimants will therefore not be impacted on by the Cap until later in 2013. The 'Benefit Cap' is based on the DWP's underlying welfare reform principle that people reliant on benefits should not receive a total that exceeds average earnings. The introduction of the Total Household Benefit Cap, currently to be set at £26,000 pa (£500 per week) for families and couples and £18,200 pa (£350 pw) for single claimants, from our most recently received data sets, will impact locally as follows:-

- Affected Claimant Total - 197 (Private Rented Sector - 122, Social Sector – 74)
- This being the most recently received DWP data scan and will fluctuate as people's circumstances change.
- Recent data sharing legislation changes facilitates the sharing of this data with social sector landlords, which will assist their tenants affected by the cap. However this is not so for the private sector.
- As with other Reform changes there are a number of limited exceptions to the cap and additionally a 'period of grace' whereby those who have been in longer term employment (12 months or more) are protected from the application of the cap for 39 weeks.
- The cap will be applied by LA's to Housing Benefit entitlement, using a trigger defined by the DWP, of total combined income including rent payments.

Whilst the DWP have contacted all affected claimants council officers locally will also be writing to this group and in some cases visiting where the corresponding impact on HB is significant or circumstances would suggest a visit is appropriate.

2.26 Options for how best to support this group and those also affected by the Room Cap remain under consideration and we continue to work closely with landlords to establish how this may be mutually achieved. However it is important to note that the options for support are significantly limited. The DHP fund is cash limited and

already, all but, over subscribed. As such support in terms of ensuring those who will be affected are aware of and understand the changes and how they will impact on them is crucial, together with communicating an understanding of what options may be considered through discussion with the landlord, particularly for tenants of Registered Providers. The recent ease on data sharing with the social sector will assist in joint working with this group of landlords.

- 2.27 In practical terms any excess above the Benefit Cap will initially be recovered by the LA, who will be informed of who is affected and by how much by the DWP. Any appeals, it is understood thus far, will be to the LA and administered by the LA.
- 2.28 Such is the impact in general terms of the Welfare Reforms the LA is being seen as the most accessible 'contact point' / 'public facing body' that would be expected by service users to be able to advise and assist. This is increasingly the case as locally Job Centre services move to non face to face options for claim processing / customer handling. The degree to which the DWP expect LA's, under Universal Credit, to undertake this critical role is not presently quantified, although their original position that only a very small minority of claimants would rely on face to face as opposed to digital support has since been revised, from 18% to a more realistic 55%.
- 2.29 Plans to uprate LHA rates from next April by reference to the Consumer Price Index rather than the Retail Price Index remain in place and are broadly understood to be intended to rationalise LHA levels. This is intended to bring more stability to the rented sector and ensure that expenditure in the private rented sector is contained at a more reasonable level. It being widely the case that rental levels in this sector have continued to increase, presenting cumulative housing difficulties given the general lack of social sector housing and an undersupply of otherwise affordable housing. This change is in readiness for the introduction of the Universal Credit which will include, where appropriate, an amount for housing support. Concerns amongst representative groups and professional organisations remain in terms of the relevance that UC housing support rates will then bear with regional accommodation costs which naturally vary. The practical impact of this being:-
- LHA rates based on Consumer Price Index or the local median rent level whichever is lower.
 - In broad terms the rent then used to determine the LHA award will be set annually at the lower of either the previous LHA rate uprated by the previous September's CPI or the 30th percentile of local market rents also from the previous September.
 - In response to this forthcoming change, officers continue efforts to encourage private sector landlords to consider accepting lower levels of rent in return for direct payments of HB. This and other messages are being effectively communicated to the rented sector landlords through a variety of media, the dedicated focus groups and forum, the landlord payment schedules, the web and ' Landlord Link-up' periodical.
- 2.30 Wirral's CTB 'replacement scheme' was approved by Cabinet (Min 132, 29 November 2012). The implementation timescales remain challenging in the extreme. The scheme already approved now requires DCLG to be notified with supporting procedures by the end of this month and we are working with our IT supplier to have the system upgraded ready to initiate the new scheme in time for March main billing.

SINGLE FRAUD INVESTIGATION SERVICE AND ONGOING ANTI-FRAUD WORK

- 2.31 The planned move to a national Single Fraud Investigation Service at least for 'year one' is unlikely to drastically impact on Wirral's Benefit Fraud service as staff remain in the employment of the LA rather than another body although they will increasingly work to 'SFIS' legislation and guidance. The move to a merged unit is intended to now be incremental. It is expected that there will be no supporting legislation in place and/or potentially a national IT solution, in lieu of the closure of the current pilots in May 2013 which will then require full evaluation. In the meantime the team are able, as a result of legislation, already successfully investigating Tax Credit fraud alongside that of DWP benefits and HB/CTB. Provision has also been made for the investigation and sanctioning of localised Council Tax Support Scheme fraud.
- 2.32 The Reform programme will continue to see the teams dedicated investigation work increasingly take on a wider remit, as is already the case, developing the generic work with which they are becoming more and more involved. It is then timely to outline this work that underpins the need to increasingly reduce loss through fraud and error, not only as a result of wider Government directives but to safeguard our limited funds in the administration of newly localised support schemes. It is also important to draw attention to the breadth and scope of work undertaken by this team which substantially and critically forms an intrinsic part of the Corporate Counter Fraud programme:-
- From April 2013 the team will investigate and sanction all Welfare Benefit, Tax Credit, Business Rate and Localised Council Tax Support fraud matters.
 - Also from April 2013 false claims made against the Social Fund replacement scheme, Local Welfare Assistance, will be addressed by the team. The level of risk within the present national scheme and abuse is stated to be high by the DWP, confirming annual loss in 2011/2012 in the region of £656,000.
 - It is also likely that, from April 2013 the team will be involved in any emerging abuse of Personal Budgets as professional organisations and Audit Commission alike consider this area as significant in terms of risk of fraud
 - Council Tax offences including avoiding liability and discount fraud have recently been taken on and already 17 cases are underway, all linked to HB, where Single Person Discount has also been claimed. These prosecutions are being taken forward. Nationally Council Tax discount fraud is estimated at £21m and our co-ordinated approach will help maximise local identification.
 - Currently the team also identify national Welfare Benefits fraud, preventing ongoing over payment.
 - Tenancy Fraud – the team is currently piloting work with social sector landlords in areas such as 'tenancy subletting' and it is planned to extend the scope to include right to succession, unoccupied properties and right to buy. The team have been approached on the basis of the level of concern held within the sector that believes that a high percentage of false requests are made and which they cannot prove. Crucially this work will and has already released properties for appropriate occupation and is consistent with Government directives to encourage local providers to free up much needed accommodation and minimise benefit paid fraudulently.

- Local Welfare Assistance - from April 2013 will be administered as a local scheme by the LA. Current annual loss through the corresponding national scheme suggests a high level of risk through bogus claims. The team will work alongside officers administering Wirral's allocated fund to detect, investigate and sanction accordingly.
- The benefit fraud team's dedicated Fraud hotline (telephone and web based) together with the SMS text facility are routinely and increasingly used.

Average contact levels directly reporting suspicion of fraud:-

- During 2011/2012 - 66
- 2012/2013 year to date - 53
- Referrals through other sources; staff/EDT - 1,615

LOCAL WELFARE ASSISTANCE

- 2.33 Proposals for Wirral's Local Welfare Assistance Support Scheme (LWA) have been reported separately (Council Excellence 27 November 2012, minute 43) and approval of a year one scheme will be made by Cabinet in time for implementation on 1 April 2013. A dedicated project team of officers are working extensively to balance the logistical reality of bringing in a totally new bespoke scheme within excessively tight timescales with little national directive alongside the necessary remit to design a scheme which will best and most appropriately support those facing exceptional hardship whilst doing so through a cash limited fund.
- 2.34 For 2013/14 Wirral's scheme will be supported by an allocated £1,345,925 Government Grant which is £229,575 less than the corresponding DWP spend in 2012/13. This is not reflective of the associated Community Care Grant/Crisis Loan DWP spend that from April 2013 it will effectively replace as the DWP grant/loans are legislatively abolished, as a direct result of Social Fund Reform.
- 2.35 Whilst there is no specified requirement to undertake public consultation on proposals for a localised Welfare Assistance scheme, officers have actively engaged with and involved a number of interested groups. This has included both internal and external stakeholders bringing together proposals for what will by necessity be a relatively simple, 'year one' scheme. This has involved dedicated workshops and an on line survey to a wider group. Survey results have been analysed and options for the most appropriate form this support will take are to be put to Cabinet alongside commentary from the Council Excellence Scrutiny Committee. The aim is to limit cash payments in favour of suitable alternatives where at all possible and appropriate. For example through the provision of services, vouchers, assistance through Food Banks although the timescale and the ability of such organisations to respond to such a significant change and likely volume limits what can be achieved in year one.

PERSONAL INDEPENDENT PAYMENTS

- 2.36 National Disability Living Allowance (DLA) is to come to an end for everyone of working age, even if they have an indefinite period award. Working age is defined as everyone aged 16 to 64 on the day Personal Independence Payment (PIP) is introduced. Whilst the original (full) roll out was scheduled for April 2013, recently announced changes to the implementation programme means that new claims for PIP's will be restricted to the North West of England only from April and rolled out nationally from June 2013. The initiation of the wider DLA reassessment will then start in October 2013 when the DWP will review the claims of those reporting a

change in their health and well being. The review of all residual DLA claims where the claimant has not experienced a change in their health or well being will now only commence in April 2015. As such the transition to PIP will now take place over a number of years.

- 2.37 Personal Independence Payments are based on an assessment of individual need. The new assessment will focus on an individual's ability to carry out a range of key activities necessary to everyday life. Information will be gathered from the individual, as well as from healthcare and other professionals who work with and support the individual. Most people will also be asked to a face to face consultation with a trained independent assessor as part of the claim process. There are two components to PIP's, the daily living and the mobility component. Whilst PIP is a DWP benefit and not administered by LA's, officers are engaging with both internal and external partners whose customers may be affected in order to raise awareness around the change and review process.

CHANGES FROM OCTOBER 2013: UNIVERSAL CREDIT

- 2.38 Following my report of 26 March 2012 (minute 98) much of what has and continues to be debated nationally on Universal Credit (UC) is largely speculative, albeit in some cases the informed view of relevant professionals. Notwithstanding this, officers recently attended the first of a programme of regional UC implementation workshops which have given a little more context, the immediate position and next steps planned which are outlined below. Whilst communicated plans are relatively in their infancy, the sessions have highlighted key logistical delivery issues and suggest that the start of new case migration from October 2013 may not impact on LA HB caseloads quite as first presumed.
- 2.39 The start of direct LA/DWP engagement will also assist in understanding the LA role in delivery of UC as the DWP's position on this develops particularly in respect of "front of house" and digital support services. The broad timetable set out below is followed by a number of key points taken from the workshops. It is my intention to build on UC briefings to members as we progress into 2013/14 and detail the initial Business Change Impact Assessment Wirral is required to submit:-

The DCLG and DWP implementation plan for UC shows they currently plan migration over a four year period from October 2013 to late 2017 in three distinct phases:

- **April 2014** - Pathfinders begin (Greater Manchester / Cheshire)
- **October 2013** - National Introduction of UC begins – groups of new unemployed will claim then gradual phasing out of claims for existing mainstream benefits commences. Critically the DWP have advised that these claims will be also be of the simplest type, i.e. single claimants with no dependants and as such the move to introduce UC will, during 2013/2014, have little impact operationally on LA HB services. It is expected that incrementally during 2014/2015 the migration will more obviously impact on HB caseloads.
- **Mid 2014 to 2017** – Expansion of UC claimant base taking in new claims from people moving into work and moving more current claimants to UC in a as yet to be agreed phased approach.
- **2017** - Roll out complete, at which point DWP anticipate they will have converted 12 million claims from household claims.

- 2.40 It is now known that help for housing costs for residents of supported or 'exempt' accommodation will not be part of a UC award and these claims will remain with LA's to administer. It is likely this already complex area of work will expand in terms of caseload as providers increasingly identify support elements within their managerial roles. Wirral has a dedicated team who deal with the administration of these claims working closely with colleagues in other services area such as DASS and Regeneration together with close engagement with the accommodation providers.
- 2.41 It is already and increasingly apparent operationally that there is renewed interest from landlords in this sector and that many are considering their business options within a lettings area that will:-
- Remain under the administration of LA's
 - Is widely known to attract higher returns in high rental payments
 - Wirral currently administers some 420 supported accommodation claims in respect of tenancies of 30 providers
- 2.42 In terms of the migration locally, based on the latest criteria for determining a UC claim, as opposed to claiming mainstream benefits from October 2013, approximately as few as 15 claims per month may become UC claims and no longer 'join' the LA HB caseload. This projection is based on the current average new HB claim activity of the claimant type described for the purposes of the revised year one move to UC.
- 2.43 UC remains the major strand of the welfare reforms. It is a single household benefit which will replace six of the mainstream income related benefits including Housing Benefit. The Government estimates 2.8m low to middle income households will be better off on Universal Credit and the average gain at transfer will be £29pw.
- 2.44 A single payment, on a calendar monthly basis will be made to each household. This is distinctly different from arrangements for payments of current mainstream benefits and brings issues and complexities of its own. The DWP have advised that capability will be retained to split payments and / or pay more frequently in certain cases.
- 2.45 Furthermore, DWP has pledged that no one currently claiming benefit will be worse off under UC at the point of transfer to the new benefit. Professional bodies and other local authorities' representatives understand this to be the case as the majority of existing claimants will have already seen their benefit levels reduce as a result of current HB reforms prior to the transfer over to UC. Notwithstanding this, UC rates and tapers are yet to be decided.
- 2.46 Operationally significant in terms of potential impact on LA's is the proposed methodology by which migrating claimants will move to UC i.e. it will not be 'automatic', those selected to migrate will have to actively apply for UC, if they fail to do so their mainstream benefits will end without UC going into payment.
- 2.47 From August 2012 LA led pilots were initiated in twelve areas to explore how local expertise can support residents under UC, including help to develop 'on-line' and financial management skills together with establishing good practice and help to define the role of LA's under UC. The pilots were:-
- Bath and North East Somerset Council
 - Birmingham City Council

- Caerphilly County Borough Council
- Dumfries and Galloway Council
- London Borough of Lewisham
- Melton and Rushcliffe Borough Councils (as a partnership)
- Newport City Council
- North Dorset District Council
- North Lanarkshire Council
- Oxford City Council
- West Dunbartonshire Council
- West Lindsey District Council

- 2.48 Direct Payment Demonstration Projects, currently in operation, are with social housing sector providers, testing the impact of direct payments of UC to the claimants and the readiness generally of social sector tenants for UC. These projects are also helping to identify tenants at risk who may not be suitable for direct payments at least at the start of the scheme. In some cases claimants could be made an exception to the Universal Credit monthly payment rule or direct payment rule for a period of time, whilst they learn to manage their finances better.
- 2.49 The Pathfinder areas for UC will begin in April 2013 in parts of Oldham, Tameside, Warrington and Wigan. These will test Universal Credit impacts with local authorities, employers and claimants before it is introduced nationally in October 2013. Birkenhead DWP has been designated a UC 'processing centre' from October 2013.
- 2.50 Real Time Information pilots were launched April 2012. Real Time Information is intrinsic to the success of UC as it must enable DWP to pick up PAYE details via HMRC, meaning real time earnings are used in calculating entitlement to UC. The pilot is reported by DWP to be running successfully and with increasing confidence.

CHANGES FROM APRIL 2015 - HOUSING COSTS INTO PENSION CREDIT

- 2.51 UC is a working age only benefit payment, so until the change to transfer payments for housing costs (Housing Benefit) in respect of those of pensionable age into Pension Credit, the current 'pensioner HB caseload' will continue to be administered by LA's. The earliest date the incorporation into Pension Credit new claims will begin is currently set as October 2014, 12 months after the go-live date of UC. The continued administration of housing related support for those of pensionable age remains a factor for the service area for the immediate/mid-term future.
- 2.52 Within all the national Welfare Reform programme level runs the theme of IT readiness and reliance on newly developed national systems. A major concern remains the likelihood of the new IT systems being available on time and working. The UC system will have to link with HMRC and DWP systems in live time as well as link to employers systems to make the pay/salary information accurate. The previous history of such vast national IT developments is not good but DWP continues to state that the IT development will be ready on time and working.
- 2.53 Practical administration issues exist such as the impact on landlords, both private and social, in respect of direct payment to tenants and that UC claimants will be more likely weekly paid by employers whilst UC will be a monthly direct bank transfer. It is appropriate to acknowledge that since my last report, there is acceptance by the DWP that provision must be made for direct payment to landlords in cases where the tenant's home would otherwise be at risk through non

payment. The criteria for this and extent to which the DWP intend it to be applied is yet to be detailed.

WIRRAL'S CUSTOMER SERVICES SUPPORT IN WELFARE REFORM CHANGE

- 2.54 Council have recognised the impact of these changes and at its meeting on 17 December 2012 (minute 82) requested the Chief Executive detail the plans as to how the Council together with organisations such as Registered Social Landlords and the Citizens Advice Bureau can provide assistance. This section of the report shows the work that has already been undertaken in this regard and the work that is planned. Given the scope of change further developments will be undertaken and delivered both in the remaining time before the initial changes go live and will continue as more changes come into being and the full impacts begin to be fully understood.
- 2.55 Hand in hand with the administration of the schemes is the responsibility to assist and advise claimants through the impacts of the welfare reform, firstly via our corporate customer services contact points of Call Centre, One Stop Shops and Web. Financial information and advice will be absolutely crucial in the initial support of the changes as the majority of households will under UC receive one payment and will need to have the ability to budget.
- 2.56 A range of financial support assistance is available from customer service staff:-
- Negotiate repayment periods within the same financial year with customers who fall behind with their Council Tax instalments. This helps reduce monthly outgoings, keeps the Council Tax account up to date avoiding additional costs through non payment. Similarly assistance is given with arrangements to repay overpaid housing benefit which can reduce the impact on disposable income.
 - Offer the Council's Fair Debt Policy where appropriate to ensure Council debts are cleared and the cycle of debt broken for the customer
 - Help and encourage eligible parent to apply for free school meals for their children which reduces pressure on the family's income
 - Staff at One Stop Shops are also trained to offer the following support:
 - A comprehensive benefit check based on the individual's circumstances
 - Promote and explain basic bank accounts as to how the different features offered by the providers can have an impact on their individual finances.
 - Explain to customers how they can change to more competitive fuel tariffs which will help to reduce their bills.
- 2.57 With changes to the Legal Services Commission funding of specialist advice in welfare and housing law Wirral CAB will no longer be able to support the provision of such specialist advice to their previous extent and consequently it is anticipated that our customer service staff both face to face and via the telephone will see increasing numbers of customers asking for help and support in these areas.
- 2.58 Since September 2012 the ongoing provision of specialist Welfare Rights Advice via a small team of dedicated Welfare Rights Advisors transferred to the Finance Department from Adult Social Services. This links appropriately to the focus welfare reform changes will have on this work. It is crucial given the extent and impact of the Reform programme that this service is sufficiently resourced. This will balance the need to offer an initial Page 35 assessment through to the vital case and advocacy work which the team will increasingly be expected to absorb. This will

see customer facing staff including web support, service development trainers and welfare rights staff working closely together as a Welfare Reform response unit. This work now within one service area will look to mitigate some of the financially negative impacts of the welfare reforms being faced by so many of our residents.

- 2.59 Initiatives that will be used to support our work on each of these Welfare Reform changes include basic information on each type of benefits and identifying who is most likely to be affected. This will be supported by highlighting the availability of welfare rights advice and the more practical advice and assistance to help people meet both their basic living needs and their responsibilities. This will be available at both the authority and other organisations and agreed as to how best to offer this support to affected individuals. This will be enhanced by public and organisation focused meetings offering access to expertise on the changes and their impacts.

WORKING WITH OTHER ORGANISATIONS

- 2.60 It is crucial that to provide unified information and advice to the public on the changes within welfare reform that the authority works with the other organisations facing the increase in contacts on these changes. This will minimise duplication, maximising both the scarce resources and availability to those affected. Examples of this type of work, focused on One Stop Shops, are where we can look to extend to specifically assist with cross referral of customers are:-

- Moneyline's use of Seacombe One Stop Shop which enables customers to receive low value loans to meet essential needs
- Recent discussions with Wirral Foodbank now sees One Stop Shops able to issue Foodbank vouchers to customers who are in crisis.
- One Stop Shops have strong links with a number of partners (Age Concern, Pension Service) and host surgeries across a number of sites which helps ensure customers are assisted in completing application forms which are not dealt with by our own staff e.g. Attendance Allowance, Disability Living Allowance.
- Connexions work from a number of sites and offer high quality careers education, information, advice and guidance for young people aged 13 to 19 (and up to 25 in certain circumstances). Connexions Advisers work to increase the number of young people who are in employment, education or training and improve choices and skills ensuring they achieve employability and a successful transition to adult and working life. One Stop Shops and Libraries offer the perfect venue to help support these aims with direct links to other relevant services.
- Wirral's Credit Union are currently unable to take up the offer of providing surgeries from within the One Stop Shops, however, we will continue to offer their availability given the likely increase in requirements as the welfare reform changes take hold.
- Customer Services will continue to meet with CAB representatives to identify additional areas where we can assist each other in meeting Wirral resident's needs. Discussions are already underway as to how we can minimise duplication and offer a more efficient combined service which can be achieved by hosting more CAB surgeries at Library OSS sites, as is already the case at Moreton. As these are agreed they will be reported to members.

CONTACT LEVELS

- 2.61 The Corporate Call Centre, based at Cheshire Lines, is responsible for handling telephone enquiries in relation to Housing/Council Tax Benefit and Council Tax with their aim to resolve the customer's enquiry wherever possible at point of contact rather than as a message taking service. The annual dispatch in April of Council Tax demands and Housing Benefit notifications historically generates a significant increase in call volumes. This will be impacted upon further this year by the changes to residents Housing Benefit entitlement as a result of Welfare Reform.
- 2.62 It is anticipated that the following additional contacts will be received as a result of the changes, in the first few months of the financial year:

Table Two – Additional Contact Volumes 2013/14

Contact Reason	Number
Accommodation Size Criteria	4,600
Benefit Cap	200
Council Tax Support Scheme eligibility assessment and consequential payment issues	23,500
Local Welfare Assistance (Social Fund)	1,000
Total Additional Contacts	28,900

- 2.63 Based on previous statistics, it is anticipated call volumes presented to the Call Centre in March / April 2013 would normally be, approximately, 35,000. This peak in call volumes is as a result of the annual dispatch of Council Tax demands and Housing Benefit notifications. The additional call volumes highlighted in the table above, will result in approximately 64,000 calls being received in April/May 2013 as a result of the changes effective from 1 April 2013.
- 2.64 The performance level of handling calls historically suffers during the main billing period, as the majority of customers ring within a small window of time as the bill is delivered. The time scale to return to more normal service levels depends on several factors (bill/notification matching, local decisions, legislative change). Call volumes remain high for a number of weeks and then reduce after the initial delivery period. A longer period of high volumes is anticipated due to the scale of changes affecting our customer base.
- 2.65 To mitigate this impact the call back facility is in the process of being re-installed within the telephony system following a recent upgrade. This provides the facility for the customer to leave their contact details and receive a call back from an advisor when they become available. This type of facility supports unexpected increases in call volumes, however, given the sheer volume of calls presented results in advisors not being as readily available to respond with a call-back.
- 2.66 Other ways the available Call Centre technology can assist us in routing calls to maximise performance and to minimise the call abandonment rate are being identified. Given the level of understanding and training required we are reviewing how all our staff are best utilised to support responding to this significant increase in customer contact. The impact of the changes taking place in April 2013 will undoubtedly increase workload across several service areas and temporary recruitment of additional staff may be required to ensure that we can provide an

adequate response to those customers who struggle to meet their new financial liabilities.

- 2.67 In order to effectively manage the predicted increases in customer contact work the maximisation of what is termed non mediated access i.e. use of the website is vital to leave only those not digitally enabled to contact the service directly. This is detailed further in this report. However it is likely that while this access channel will increase in usage in time for this service its imminent use will be lower than in other service areas.
- 2.68 The wealth of experience held in local authorities makes particularly the customer service staff well placed to offer information and advice to customers on the new benefits. This has been acknowledged by central government in its view of the support LA's will give to UC introduction and take up. At this stage we are unsure exactly how in depth that role will be. Irrespective of that the public will initially contact the council and expect the contact point to have knowledge and an ability to offer information, initial advice and signposting. At this stage numbers are indeterminable but already given the economic climate all contact points are heavily utilised and are busier than any previous years. The bringing together of libraries and one stop shops means that all face to face staff will be generically trained to offer some degree of information on welfare reforms.

DIGITAL INCLUSION ISSUES - COUNCIL WEBSITE

- 2.69 Digital by Default is a key theme throughout Welfare Reform and the Government are clear that their future services will rely heavily upon www.gov.uk. The success of this website is now being used as a model for channel shift to self access. Our website www.wirral.gov.uk has a crucial part to play in supporting those affected by welfare reform and there are a number of web related projects currently underway that will build our ability to deliver digital products to our customers and service users, taking into account many people's differing circumstances.
- 2.70 Since the current website was launched in 2010, we have published over 50 online forms plus developed our e-Citizen service that allows customers to securely access details of their council tax records, housing benefits and business rates and this will be further promoted to assist our handling of welfare reforms changes .
- 2.71 The Council website is continuously developed to drive channel shift and these developments are periodically tested with user groups (including adults with learning disabilities) to ensure that our "digital by default" aspirations do not exclude any of our customers. As well as this we actively encourage customers to feedback opinion on our site and this is used to fine tune our content and services.
- 2.72 There are a number of projects currently underway to encourage channel shift as well as support customers making the transition, to digital use and these include:
- Website rebuild is underway developing the user interface around the most commonly requested top tasks. This will be a clear and simple design that promotes self service and concise, well written content. The goal is a site that is incredibly easy to use, will work on a range of devices and self service terminals and facilitates a genuine digital end to end service. New web content to support welfare reform will be included such as the impacts of welfare reform, credit union information and loan shark information.
 - Staff Training on Digital Inclusion will be undertaken to ensure they can assist customers who are digitally excluded and unless supported, may suffer as a result of digital by default initiative. A project is also reviewing what courses

and computer hardware is provided, for example, in Libraries to handle the expected increase in contact levels due to Welfare Reform.

- Online Forms are being reviewed to identify potential barriers preventing users completing the forms and then implement form improvements which will also be based upon feedback and ongoing testing.
- Libraries will be a key access point given their public PC network. To support this there are currently 17 volunteers across the sites to assist and support customers in ICT skills and more are being actively sought.

3.0 RELEVANT RISKS

3.1 Timely delivery of the national welfare reform programme, in the wider view of practitioners and professionals, continues to be at some significant risk in terms of legislative, IT and procedural readiness, given the limited timescales remaining and the lack of final direction and in certain areas, facilitating legislation.

3.2 The whole programme of welfare reform presents many risks to local authorities in the delivery of existing, residual services, and through income loss to customers all of which will impact in a variety of ways on the local economy and service provided. The implications are wide ranging and significant and include in regard to the areas covered in this report:-

(a) Localised Council Tax Support Scheme

Collection issues will rise as many charge payers receive less support and be expected to pay more Council Tax, and in many cases where they have not previously paid. Without the resilience of a hardship fund this will place greater risk of not meeting the needs of exceptional cases and this will be kept under review.

(b) General Fund

The effect on budgets as the grant for Council Tax Support is reduced and the capacity of the local authority to be able to directly fund any increase take-up.

(c) Grant Distribution

The impact of the grant element of Council Tax Support for precepting authorities being paid directly to them further reduces the real value of the grant to the local authority.

(d) Grant Value

In year one, the real financial impact of the requirement to protect pensioners and other groups in practice being over 20% cut in funds available to support all other claimant groups. The grant is not ring fenced and can be used for other purposes if the authority sees fit to do so.

(e) Discretionary Housing Payment

The capacity of this cash limited fund is a key risk. There is no local top up budget to extend provision to the permitted maximum and support those most in need and allow officers to ensure that the allocation practices and policies is as fair and able to support those most genuinely in need. This may present difficulties as the reforms progress given that it is likely there will be a wider expectation that the fund will be the source of support.

(f) Local Welfare Assistance

As the grant will be cash limited, the risk of having insufficient funds is key and its prudent administration presents significant challenge to those developing the scheme and to officers generally in its ongoing management.

(g) Welfare Support and Advice

Ensuring this can adequately respond to the need for support and advice in that it is sufficiently resourced and developed to do so.

4.0 OTHER OPTIONS CONSIDERED

4.1 The changes detailed within this report are statutory and as such, with the exception of local type and nature of localised schemes for Council Tax Support and Local Welfare Assistance no options exist.

5.0 CONSULTATION

5.1 Local authorities are expected to consult with stakeholders such as advocacy groups and landlord organisations as plans for reform and new scheme delivery options are developed. Wirral has been proactive in this and will continue to do this throughout the development, transition and ongoing delivery stages of a new statutory welfare system, within which LA's retain a distinct and increasing key role. At a national level each headline area of reform is covered in separate consultation papers which are available through the links shown in the Reference section at the end of this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 This sector is noticeably experiencing increases in support requirements as benefit levels reduce and / or people become more aware of the changes ahead. This is not dissimilar to that of our own staff both at the front and back of house service areas and it is clear these impacts will accelerate for all.

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

7.1 Financial – These are significant throughout the programme. For CTSS the grant reduction and cost of any increasing caseload, together with supporting non pensioner groups will present ongoing challenges to the Authority, as will the need to collect an increased amount of relatively small Council Tax charges. Funding for contingencies must also be factored into considerations. In terms of the increasing pressure on the DHP fund it is likely that the LA will need to consider if it will have to commit a budget over the government grant level up to the permitted total maximum.

7.2 IT - There are significant Information Technology implications for each element of the reform programme. These are mainly focused on development of new national systems by the DWP as well as local requirements for the new CTSS and LWA schemes, the ongoing management of the DHP fund and implementing the changes that precede the final move of residual HB caseload to UC.

7.3 Staffing – Staffing resource implications are significant:-

7.3.1 It is clear that ensuring appropriate and sufficient response to the magnitude of change, the increasing caseload and retaining the quality of service is resource heavy. It is important the associated pressures that the service area is increasingly under are not underestimated. The strain on the service area is evermore evident as limited resources are stretched to ensure compliance with legislation, implement change and develop localised schemes, together with the overall response to the ongoing impact of the wider economic climate. Sufficient and skilled resources are present at Wirral and need to be Page 40
maintained during this unprecedented time of challenge. The links to the standard of the service in terms of quality and accuracy

of processing and the £169.6m awarded is recognised as requiring eth authority to maximise income and minimise loss. The only way to mitigate successfully the risk of income loss is to ensure the service remains adequately resourced with the right skill set of staff and is prudently managed. Staffing costs are in the main fully funded through the DWP's annual administration grant which for 2012/13 was £3,061,390. This includes additional subsidy of £275,724 given in recognition of the continued economic downturn.

7.3.2 As the move to UC ultimately progresses and the caseload transfers, the management of a diminishing, residual service will necessitate a critical review of staffing establishments as over a period of time it will be managed down to reflect the changes. The Benefits Service, Revenues Service, Call Centre and Library One Stop Shops will all be significantly affected. At this stage it is not possible to quantify the final service structure and establishment but in terms of numbers the full time equivalent requirement will be considerably reduced. Discussions with staff representatives are underway and will continue as all recognise the significant staff impact these changes have and that they must be delivered minimising impact on staff and service users alike. Notwithstanding this, the very limited number of cases that will transfer to UC during 2013/2104, will defer the more significant impact of the migration programme on LA's, certainly, until 2014/2015 and as such have a corresponding impact on LA Benefit and Customer Service resource requirements.

7.3.3 Welfare Support and Advice - The capacity to support and advise Wirral residents throughout the implementation of the reform programme is paramount. Extensive work is already underway to maximise this support. However it is increasingly apparent that current resources, significantly in the Welfare Rights Unit, that recently transferred to the Finance department, is insufficiently resourced especially given the diminishing resources and expertise in many third sector agencies. It is vital that this team is able to support the division as it plans further response to the reform impact. In 2012/2013 the DWP distributed additional grant to all LA's specifically to allow additional scope to further support those affected by reform, for Wirral, this Transitional Fund amounts to £107,000. Officers will separately propose how this money can fund additional, short term resources to supplement the Welfare Rights Unit and allow the service sufficient time to further develop the skills of its advisors. There will be at least an interim requirement, as a direct result of increased customer contact, of back of house benefit processing officers to support the front of house customer service teams. This will weaken the core processing provision and it is likely that additional, short term contract, processing resources are secured, releasing those with significant knowledge and expertise to ensure sufficient front line capacity.

7.4. Assets – in line with changing staffing requirements this will consequentially impact on asset requirements such as staff accommodation and public contact facilities. It is too soon to be able to comment in detail on ultimate accommodation needs and these will be reported to Members as they are identified.

8.0 LEGAL IMPLICATIONS

8.1 The development of a localised scheme for support for Council Tax will have legal implications as will the development of a Localised Welfare Assistance Scheme. Support through Legal Services will be critical in the final drafting of each scheme.

9.0 EQUALITIES IMPLICATIONS

- 9.1 All equality strands are affected by at least some of these changes. A key issue for those supporting people who rely on welfare for support will be the overriding fact that UC is by design, a scheme that is 'digital by default'. This will present wide ranging issues for many claimants.
- 9.2 At a local level officers involved in progressing projects to implement the introduction of Council Tax Support Scheme and the Local Welfare Assistance Support Scheme have undertaken initial EIA's and are working with colleagues within the Corporate Equality and Diversity teams as final and fuller assessments are undertaken.
- 9.3 For each area of reform a national Equality Impact Assessment has already been undertaken and may be viewed on the links shown below:

[Universal Credit – equality impact assessment](#)

[Local Government Finance Bill: Localising Support for Council Tax - Equality Impact Assessment](#)

[Household benefit cap – equality impact assessment](#)

[Social sector housing under-occupation – equality impact assessment](#)

[Housing Benefit: CPI uprating of Local Housing Allowance – equality impact assessment](#)

[Single Fraud Investigation Service – equality impact assessment](#)

- 9.4. Equality Impact Assessments has been undertaken in respect of the Benefits service, Localised Support Scheme for Council Tax and Local Welfare Assistance and are shown on the Council website already via the following links:

[Housing Benefits - equality impact assessment updated July 2012](#)

[Localised Council Tax Reduction Scheme](#)

[Localised scheme of welfare assistance](#)

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

- 12.1 That Members note the contents of the report.

13.0 REASON FOR RECOMMENDATION

13.1 To update Members on the significant changes being implemented, the scale of change and its consequential impact on claimants, as well as the impact of the compressed timetable proposed by the Government. To also note the changes being made and proposed to be made to further enable the service area to adequately respond to the wider impacts of the changes brought about by these reforms including the need for additional interim resources

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APPENDICES

None

REFERENCE MATERIAL

[Localising support for council tax in England: Consultation](#)

[Housing Benefit Reform – Supported Housing](#)

[Consultation responses to 21st Century Welfare](#)

[Universal Credit: welfare that works \[www.dwp.gov.uk/ucla\]\(http://www.dwp.gov.uk/ucla\)](#)

[Localising support for council tax in England: Government's response to the outcome of consultation](#)

<http://www.laiog.org/documents/download/83/>

[Social Fund localisation](#)

[Universal Credit](#)

[Household benefit cap](#)

[Single Fraud Investigation Service](#)

[Local Government Finance Bill: Localising support for council tax - Impact assessment](#)

[Housing Benefit: CPI uprating of Local Housing Allowance](#)

[Social sector housing under-occupation](#)

Discretionary Housing Payment Guidance Consultation Response

<http://www.dwp.gov.uk/consultations/2012/discretionary-housing-payments.shtml>

SUBJECT HISTORY

Council Meeting	Date
COUNCIL	17 December 2012
CABINET	19 July 2012
COUNCIL EXCELLENCE OVERVIEW & SCRUTINY	26 March 2012

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

30 JANUARY 2013

SUBJECT	TREASURY MANAGEMENT PERFORMANCE MONITORING
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, which is being considered by Cabinet on 7 February 2013, presents a review of Treasury Management policies, practices and activities during the third quarter of 2012/13. It confirms compliance with treasury limits and prudential indicators being prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code for Capital Finance in Local Authorities.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Cabinet approves the Treasury Management and Investment Strategy at the start of each financial year. This identifies proposals to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. At the end of each financial year Cabinet receives an Annual Report which details performance against the Strategy. In accordance with the revised Treasury Management Code, a Treasury Management monitoring report is presented to Cabinet on a quarterly basis.

CURRENT ECONOMIC ENVIRONMENT

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

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

THE COUNCIL TREASURY POSITION

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

Table 1 : Summary of Treasury Position

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

INVESTMENTS

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

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

Table 2 : Investment Profile

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

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

Table 2 : Investment Sources

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

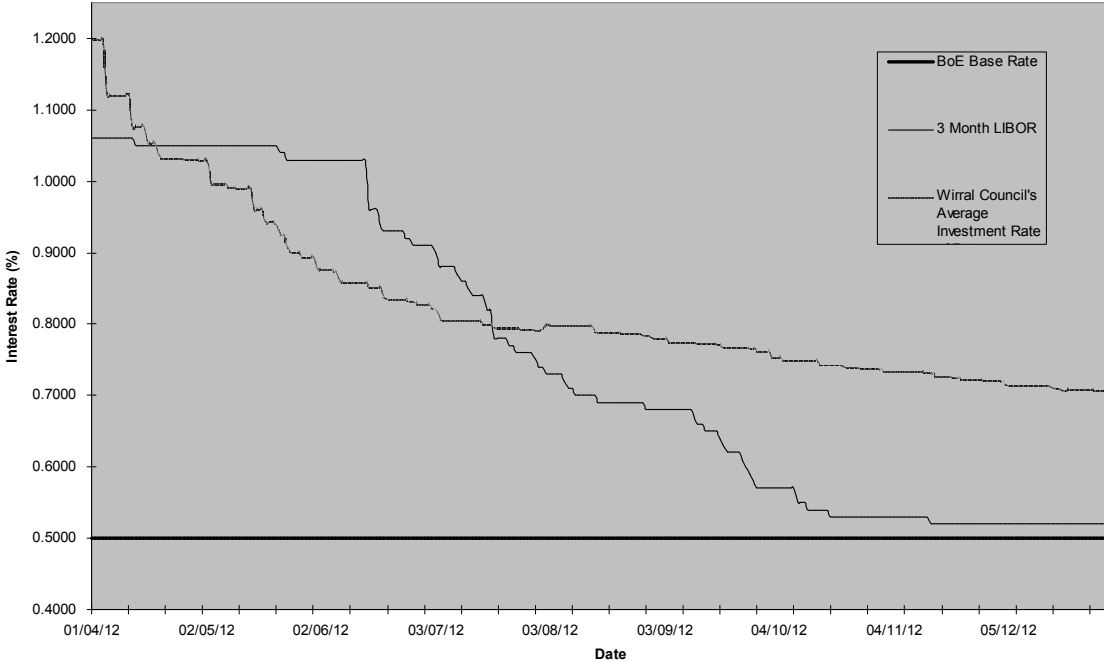
2.10 Of the above investments, £42 million is invested in instant access funds, £35 million is invested for up to 1 year and £23 million is invested for up to 5 years.

2.11 The rate at which the Council can invest money continues to be low, in line with the record low Bank of England base rate of 0.5%. The Council seeks to invest into more secure investments; the increased security comes at a price of reduced investment return. This approach is in line with the Authority's Treasury Management & Investment Strategy:

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

2.12 The average rate of return on investments as at 31 December 2012 was 0.71% (at 30 September it was 0.76%). The graph shows how the Treasury Management Team rate of return compares favourably against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate).

Graph 1 : Investment Rate of Return in 2012/13



2.13 The Council maintains a restrictive policy on new investments by only investing in UK institutions A- rated or above and continues to invest in AAA rated money market funds, gilts and bonds. Counterparty credit quality is also assessed and monitored with reference to, credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution; share price.

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

- 2.15 The credit rating of the approved counterparties and the duration of which an investment may be made are under constant review. Santander are currently restricted to deposits no longer than 100 days, whilst RBS, NatWest, Lloyds TSB and Bank of Scotland have a limit of 6 months. Barclays, Nationwide, HSBC and Standard Chartered are limited to 12 months. Where the Council had previously entered into a fixed term deposit with these institutions the investment will be allowed to mature as originally planned.
- 2.16 The Council's main bank account has now been transferred to Lloyds TSB. Although, the Council's old current account with NatWest will continue to operate for at least six months to ensure a smooth transition. Both counterparties have an appropriate credit rating and will therefore continue to be used for shorter term liquidity requirements and business continuity arrangements.
- 2.17 To compensate for the restricted counterparty list the Council has actively sought investments with other Local Authorities as well as increasing its investments in AAA rated money market funds. These sources of investment offer greater security but with a reduced investment return.
- 2.18 The Treasury Management Team will continue to monitor the developing financial situation and make appropriate operational adjustments, within the approved Treasury Management Strategy, to maintain the security of public money and manage the associated risks while also maximising returns within these constraints.
- 2.19 The 2012/13 investment income budget has been set at £0.86 million, reflecting the low interest rates that are anticipated to continue throughout the financial year. At present income is set to achieve the budget.

Icelandic Investment

- 2.20 The Authority has £2 million deposited with Heritable Bank, a UK registered Bank, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Company was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that the Council acted, and continued to act, prudently and properly in its investment activities.
- 2.21 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 July 2011, outlined that the return to creditors is projected to be 90p in the £ by the end of 2012 and the final recovery could be higher. To date, £1,570,528 has been received with further payments due 2012/13. The amounts and timings of future payments are estimates as favourable changes in market conditions could lead to higher than estimated repayments.

Table 3 ; Heritable Bank Repayments

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

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

BORROWING AND OTHER LONG TERM LIABILITIES

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

2.27 The table shows Council debt at 31 December 2012.

Table 4 : Council Debt at 31 December 2012

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

2.28 Given the latest projections in respect of the capital programme and the continuing use of internal funding in lieu of external borrowing it is anticipated that in 2012/13 there will be a 'one-off' underspend of £1.5 million in respect of capital financing.

MONITORING OF THE PRUDENTIAL CODE INDICATORS

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

Net Debt and Capital Financing Requirement (CFR) Indicator

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

Table 5 : Net Debt compared with CFR

	£m
CFR in previous year (2011/12 actual)	375
Increase in CFR in 2012/13 (estimate)	0
Increase in CFR in 2013/14 (estimate)	0
Increase in CFR in 2014/15 (estimate)	0
Accumulative CFR	375
Net Debt as at 31 Dec 2012	211

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

Authorised Limit and Operational Boundary Indicators

2.32 The Authorised Limit is the amount determined as the level of debt which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for debt for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.

2.33 The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Council to any imminent breach of the Authorised Limit.

Table 6 ; Authorised Limit and Operational Boundary Indicator

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

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

Interest Rate Exposure Indicator

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

Table 7 ; Interest Rate Exposure

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

2.36 The table shows that borrowing is at fixed rates of interest and investments are split between fixed and variable rates of interest. This was considered to be a good position while interest rates were rising as the cost of existing borrowing remained stable and the investments, at variable rates of interest, generated increasing levels of income.

2.37 As the environment is one of low interest rates, the Treasury Management Team is working to adjust this position which is restricted by:-

- the level of uncertainty in the markets makes investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;
- Many of the Council loans have expensive penalties for early repayment or rescheduling which makes changing the debt position a costly exercise.

Maturity Structure of Borrowing Indicator

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

Table 8 : Maturity Structure of Borrowing

Borrowings Maturity	As at 31 Dec 12 (£m)	As at 31 Dec 12 (%)	2012/13 Lower Limit (%)	2012/13 Upper Limit (%)
Less than 1 year	28	11	0	80
Over 1 year under 2 years	18	7	0	50
Over 2 years under 5 years	21	8	0	50
Over 5 years under 10 years	32	13	0	50
Over 10 years	151	60	0	100
Total Borrowing	250	100		

Total Principal Sums Invested for Periods Longer than 364 Days

2.39 This indicator allows the Council to manage the risk inherent in investments longer than 364 days. The limit for 2012/13 was set at £30 million. Currently the Council has £23 million of investments which are for a period greater than 364 days during this period.

3.0 RELEVANT RISKS

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

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this performance monitoring report. There are no implications for partner organisations arising out of this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising directly out of this report.

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

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

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

8.0 LEGAL IMPLICATIONS

8.1 This report confirms compliance with treasury limits and prudential indicators. It has been prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code for Capital Finance in Local Authorities.

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

9.0 EQUALITIES IMPLICATIONS

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

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly out of this report.

12.0 RECOMMENDATION

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

13.0 REASONS FOR RECOMMENDATION

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

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REFERENCE MATERIAL

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

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2012/15	21 February 2012
Cabinet - Treasury Management Annual Report 2011/12	21 June 2012
Cabinet - Treasury Management Performance Monitoring Report – Quarter 1 2012/13	6 September 2012
Cabinet - Treasury Management Performance Monitoring Report – Quarter 2 2012/13	8 November 2012

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

30 JANUARY 2013

SUBJECT	REVENUE MONITORING 2012/13 MONTH 8 (NOVEMBER 2012)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report, which was considered at Cabinet on 24 January 2013, sets out the revenue position for 2012/13 as at Month 8 (November 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure no overspend at the year-end.

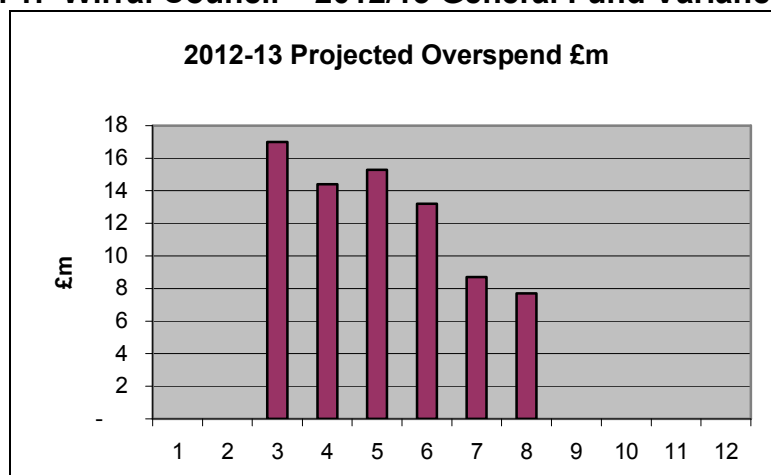
2 BACKGROUND

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a £17m projected overspend. Items within the freeze agreed by 18 October, 8 November and 20 December Cabinets are included within the monitoring figures below. The outcome of weeks eleven to fifteen are reported within Appendix 7, attached.

OVERALL POSITION AT MONTH 8 (NOVEMBER 2012)

- 2.2 The projected revenue forecast for the year, at Month 8 (to end November 2012), shows a potential General Fund **overspend of £7.7m**, down £1m on the M7 projection of a £8.7m overspend. This improvement to the projected overspend is largely due to a reduced projected overspend within the Children and Young People department, plus a number of other departmental variations.

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



The Month 7 monitoring report outlined a series of factors which have contributed to the current overspend position. In addition work is continuing to examine the level of bad debt relating to income which has previously been included within the authority's accounts which had been assumed was collectable. The outcome of this work will be very likely to increase the size of the projected overspend. The release of earmarked reserves, to cover this cost, has been identified (see 2.14).

- 2.3 In August, the Cabinet instructed the Chief Executive and the Interim Director of Finance to instigate an emergency response, in the form of a spending freeze and review of all major areas of spend. This has reduced the level of overspend, however, the situation remains critical given a number of anticipated adverse changes which will increase the projected overspend in coming months. These include the outcome of the social services care home fees consultation and issues relating to debt recovery detailed later in this report.

CHANGES TO THE AGREED BUDGET AND VARIATIONS

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

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

	Original Net Budget	Approved Budget Virements Month 1-7	Freeze Decisions Weeks 1-10	Approved Budget Virements Month 8	Revised Net Budget
	£000	£000	£000	£000	£000
Adult Social Services	66,660	-325	-85	-2	66,248
Children & Young People	73,665	-195	-172	-	73,298
Finance	24,610	-2,389	-493	-135	21,593
Law, HR & Asset Management	13,901	1,061	-54	122	15,030
Regeneration, Hsg & Planning	25,764	103	-962	27	24,932
Technical Services	59,478	215	-526	-37	59,130
Freeze Savings	-	-	2,292	-	2,292
Efficiency Fund	0	2,207	0	25	2,232
Net Cost of Services	264,078	677	0	-0	264,755

Note 1: the Month 8 virements are relatively minor and reflect movement of several employee posts between departments and the allocation of the Improvement Fund held within Finance. An additional £25,000 of the Efficiency Fund balance held within Finance has been added to General Fund balances following further work on determining outstanding commitments against the Fund.

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

Table 2: RAGBY Classification of 2012/13 Departmental Projected General fund Budget variations (Month 7 in brackets)

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Adults	4	2 (2)	0 (0)	1 (1)	0 (0)	1 (1)
Children & YP	7	3 (3)	0 (0)	0 (1)	2 (1)	2 (2)
Finance	6	0 (0)	1 (0)	1 (3)	1 (1)	3 (2)
Law, HR & AM	7	2 (2)	0 (0)	3 (3)	1 (1)	1 (1)
Reg, Hsg & Plan	5	0 (0)	0 (0)	3 (4)	1 (0)	1 (1)
Technical Servs	7	1 (2)	1 (0)	5 (5)	0 (0)	0 (0)
TOTAL	36	8 (9)	2 (0)	13 (17)	5 (3)	8 (7)

- 2.6 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for a total potential General Fund overspend of £7.7m across the six Directorates for 2012/13, as set out in the table below, which records four departments on red and two on yellow (unchanged from M7).

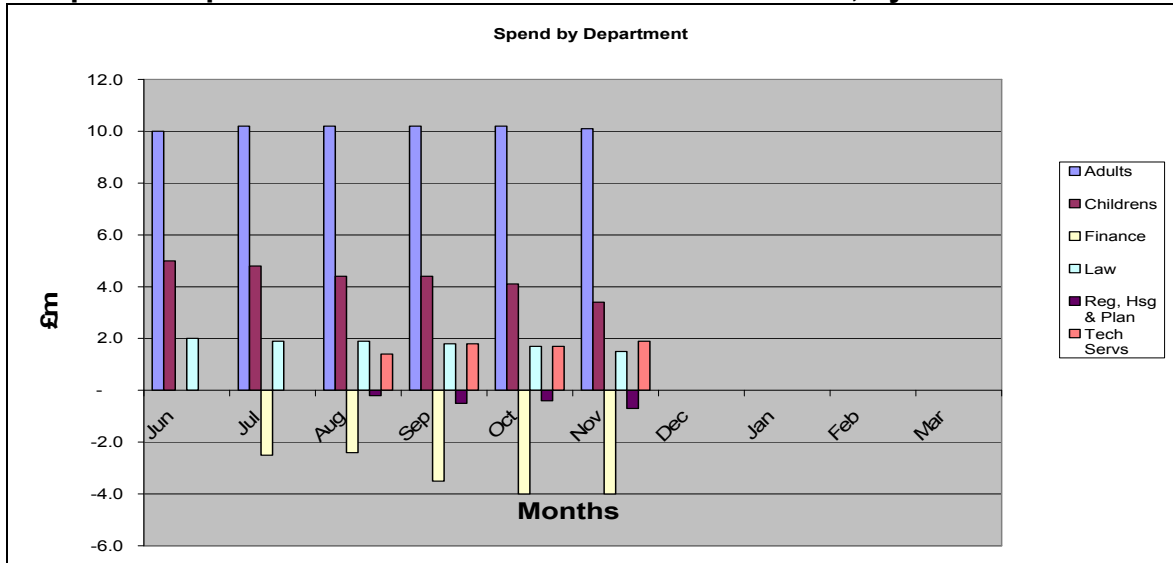
Table 3: 2012/13 Projected General Fund Budget variations by Department

Department	Revised Budget	Forecast Outturn	(Under) Overspend Month 8	RAGBY Classification	Month 7 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,248	76,348	10,100	R	10,200	-100
Children & YP	73,298	76,698	3,400	R	4,100	-700
Finance	21,593	17,593	-4,000	Y	-4,000	-
Law,HR & AM	15,030	16,530	1,500	R	1,700	-200
Reg, Hsg & Plan	24,932	24,232	-700	Y	-500	-200
Technical Servs	59,130	61,030	1,900	R	1,700	200
Freeze wks	2,292	-	-2,300	n/a	-2,300	-
Efficiency Fund	2,232	-	-2,200	n/a	-2,200	-
TOTAL	264,755	272,431	7,700		8,700	-1,000

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

- **Adult Social Services** there is a potential overspend of £10.1m, an improvement of £0.1m since M7.
- **Children and Young People** there is a potential overspend of £3.4m, down £0.7m on M7.
- **Law, HR and Asset Management** there is a potential overspend of £1.5m, down £0.2m on M7.
- **Finance** is projecting a £4m underspend, no change on M7. Cabinet 8 November approved the removal of the Efficiency Fund base budget which was a corporate budget held within Finance. This has been shown within a separate line.
- **Regeneration, Housing and Planning** are forecasting a £0.7m underspend an improvement of £0.2m on month M7.
- **Technical Services** are forecasting a £1.7m overspend an improvement of £0.1m on M7.

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



2.8 To complete the analysis, the table below sets out the position by category of spend/income. The largest area of variance remains and supplies & services which incorporates the cost of care for adults and childrens.

Table 4: Projected Departmental Variations by Spend and Income

	Reported Budget	Virements Month 7	Revised Budget	Forecast Outturn	Variance	R AGB Y	Change from Month 7
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure							
Employees	141,926	412	142,338	143,625	1,287	R	-113
Premises	20,477	-	20,477	19,927	-550	Y	-950
Transport	7,187	-	7,187	8,510	1,323	R	13
Supplies and Services	113,555	-482	113,073	124,904	11,831	R	-533
Third Party Payments	72,981	1,305	74,286	74,001	-285	B	-285
Transfer Payments	170,810	-	170,810	170,586	-224	B	-171
Support Services	81,321	-1,131	80,190	77,934	-2,256	Y	-82
Financing Costs	71,376	-	71,376	69,839	-1,537	Y	-1
Schools Expenditure	442,596	-	442,596	441,046	-1,550	Y	-150
Total Expenditure	1,122,229	104	1,122,333	1,130,372	8,039		-2,272
Gross Income							
Schools Income	439,851	-	439,851	438,451	1,400	R	-
Government Grants	212,736	-	212,736	214,672	-1,936	Y	214
Other Grants and Reimbursements	17,769	-	17,769	20,648	-2,879	Y	-229
Customer / Client Receipts	45,917	54	45,971	42,166	3,805	R	1,005
Interest	1,005	-85	920	877	43	G	236
Recharge Other Rev A/c	140,196	135	140,331	141,072	-741	Y	59
Total Income	857,474	104	857,578	857,886	-308		1,285
Net Expenditure	264,755	-	264,755	272,486	7,731		987

- 2.9 Schools expenditure is funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend will not impact on the General Fund financial position.
- 2.10 A number of virements have been made in the month. Exercises to realign budgets have taken place within a number of departments with a review of the treatment and classification of recharges leading to movement in budgets between premises and support service categories.

RAGBY REPORTING AND OTHER ISSUES

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

Adult Social Services: Two of the Department's Business Areas remain reported as red (unchanged from month 7); Personnel Assessment and Planning; and Personal Support. A forecast overspend of £10.1 million is forecast for the department. The issues involve underlying pressures in Community Care, shortfall in 2011/12 re-provision and unachieved income which totals £6.55 million. There is slippage across a number of savings targets including market review £1.6 million, corporate EVR/VS £1.35 million and £0.7 million relating to staff savings targets

Children and Young People: Three of the Department's Business Areas are flagged as red (unchanged from month 7) with a £3.4 million overspend forecast for the department. The red areas are Children's Services, the Integrated Transport Unit, Capital and Support Services. Children's Services pressures relate in the main to social care costs and case numbers. The Children's Services overspend has dropped during the month due to a drop in the number of placements. Transport is provided by the department on behalf of all departments and the projected overspend remains at £1.1m. Capital and Support Services is overspending due to difficulties in achieving vacancy control targets which are held within this area.

Finance No Business areas are flagged as red.

Law, HR and Asset Management: Two areas remain flagged red (as per month 6) with a forecast overspend of £1.5m. The red areas are Asset Management and Human Resources. Both of these areas continue to report issues regarding the non-achievement of savings across a number of activities. These include business transformation and terms and conditions within Human Resources and facilities management, office rationalisation and asset disposal under Asset Management.

Regeneration, Housing and Planning: No Business Areas are flagged as red.

Technical Services: Only one area is flagged as red (one less than in Month 7). Parks and Open Spaces where income from golf and from cemeteries and crematoria is projected to be significantly underachieved has dropped to amber. Engineers where shortfalls in car parking income and income relating to inspection and alteration of highways is significantly below target remains red.

Schools: The authority remains in discussion with the Department for Education regarding the possible loss of £1.4 million of grant for schools. Table 4 reflects a potential loss of grant with a corresponding reduction in schools expenditure.

2.13 **Business Area Yellows**

Adult Social Services: One area, Finance and Performance is flagged as yellow. However some of this budget related to amounts to be allocated against the Community Care budget area.

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

Finance: Three areas are flagged as yellow. Financial Services reflects savings on Treasury Management; lower borrowing costs will provide benefit of £1.5m. Benefits and Revenue Services are forecast to provide a further £1m of savings from additional grant receipts and £0.5 million relating to staffing savings through vacancy control. IT services are now forecast as yellow mainly due to savings on equipment costs.

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

Regeneration, Housing and Planning: Housing and Regeneration Services are forecasted at yellow due to variances on Staff savings from recharges to projects and savings on regeneration implementation costs.

2.14 **Subjective Area Reds**

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

Transport. The Integrated transport unit is managed by Children & Young People and the budget continues to be under pressure as a consequence of the demands in respect of Adults Services and Special Education Needs.

Supplies and Services. The variation is mainly comprised of pressures within Adult Social Services and Children & Young People relating to care service costs. An element of the overspend in expenditure is funded from health grants which show as a corresponding over achievement of income within the other grant income line.

Schools Income: Discussion has taken place with the Department for Education regarding potential loss of schools grant. Any shortfall will be met by a corresponding decrease in schools expenditure.

Customer and Client Receipts. This mainly reflects likely income shortfalls within a number of departments. Areas forecasting to underachieve budget include, car parking, Cultural Services, cemeteries and crematorium fees, highways inspection and alteration fees, building control and planning and social services fees. The position has shown a deterioration this month largely due to the need to write off a sizeable amount of irrecoverable income relating to a court case regarding New Road and Street Works Act invoices

As a result of the challenge process, a major risk has been brought to the attention of the Chief Executive and Interim Director of Finance concerning the reliability of fees and charges income, going back many years. It is clear from a system review of Social Services debt collection, that the process to enforce the payment of amounts owing is deficient. The process only consists of the production of reminder letters, with no recourse to the courts and enforcement to ensure payment. Officers have urgently put in place a system to ensure ongoing income is recovered, by implementing agreed policy. The further release of earmarked reserves, to cover this cost, has been identified. The reserve set aside for debt restructuring is unlikely to be used whilst the present economic situation continues so can be released. This releases £7.9m and £1.4m set aside for other purposes has been identified as no longer being required.

2.15 Subjective Area Yellows

Premises. This area has moved from a red to a yellow rating. The major reasons for the projected saving are the restrictions to highways and parks expenditure which is classed within this category together with projected savings on authority rates bills and a number of spending freeze decisions. Offsetting this is the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable.

Support Services Costs. The variation within this area is mainly due to the abolition of the Efficiency Fund. For reporting purposes the £2.2m unused budget has been left within the report totals rather than shown as a transfer to General Fund balances.

Financing Costs. Lower borrowing costs arising from slippage and reductions to the capital programme will result in savings of £1.5m within this area.

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

Schools Expenditure. The underspend in this area reflects reductions to compensate for a potential loss of grant within the year. There are some further savings in relation to asset costs.

Other Grants and Reimbursements: This includes additional monies received including in respect of Academy funding plus monies from health which are partly funding the increased community care costs within the supplies and services line.

Recharge to other revenue Accounts: This variance is mainly due to the receipt of supporting people monies within DASS which is being used to fund care costs within supplies and services.

MANAGEMENT ACTIONS

- 2.16 The Departmental Directors and the Executive Team continue to seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Appendix 4. Besides the normal Management actions to address the financial pressures, the spending freeze was implemented by Cabinet on 6 September 2012 and agreed decisions are reflected within the tables above.
- 2.17 A number of items have been identified as recurring issues, such as the inability to meet income targets in a range of service areas. An exercise has been undertaken to review the accuracy of budgets, in order to:
- Identify short-term funding for 2012/13, if there is a net increase in cost; and,
 - As part of compiling next year's budget, propose growth or savings to ensure that the budget inaccuracies are corrected and budgets are soundly based,

a parallel review of Earmarked Reserves has been undertaken together with a review of the requirements of the 2012/13 policy options. Cabinet 8 November also agreed to remove the Efficiency Fund base budget and replace with a self replenishing fund initially funded from reserves.

- 2.18 A series of actions is being undertaken to produce a further reduction in the overspend in coming months. Future monitors will also include additional savings from the HR freeze process.

FREEZE PROCESS AND OUTCOMES

- 2.19 The Freeze process was agreed on September 6 and developed further as reported in the month 5 monitor. Adjustments of £2,291,867 have been incorporated into the current monitoring forecast representing decisions made by Cabinet on 18 October and 8 November. No additional items have been rejected in the month.

2.20 The whole point of the exercise is to reduce the projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. No items have been recommended under the freeze process this month

2.21 An analysis by department of the freeze items so far agreed is detailed in the following table.

Table 5: Freeze savings analysed by department

Description	DASS	CYP	Finance	LAWHRAM	RHP	Tech Serv	Total
	£	£	£	£	£	£	£
Weeks1-15	85,038	171,871	492,900	54,158	961,586	526,314	2,291,867

3 RELEVANT RISKS

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

- Individual budgets may turn out to be unsound, for the excess of codes has given scope to behaviours that have spread expenditure over inappropriate budgets. A review of codes has been put in place and will report back at the end of February 2013;
- Increased demand for services, particularly within Adult and Children's Social Care Services, where greater than forecast numbers coming into care services can impact significantly on financial forecasts. Cabinet on 18 October 2012 also considered a report on fees for residential and nursing home care. Cabinet, 20 December agreed, a revised fee proposal be subject to a four week consultation with providers. If agreed, this proposal would take effect from 1 April 2012, and cost £985,169 per annum.
- The impact of the economic downturn significantly affects both the demand for services and also levels of income, such as fees and charges and arrears collection. This report already forecasts a potential under recovery of fees and charges which may need to be revised if the economic downturn was to worsen.
- The Council's arrangements for the implementation of a new pay and grade structure under Single Status are progressing and an earmarked reserve for the costs of implementation has been established. There remains uncertainty as to the likely final costs.
- There are budget saving options still to be delivered and these are detailed in Appendix 5. Those yet to be delivered are reflected in the forecast overspends of the Departments.

- There are a number of significant issues regarding outstanding debt owed to the Council which may result in increased costs if the costs are deemed to be irrecoverable.

3.2 The underlying level of under-budgeting remains an issue that will constitute an issue in 2013/14, as illustrated in the following table:

Table 6: Underlying level of under-budgeting £m

Overspends	M3	M8
	£m	£m
Adults	10.0	10.1
Children's	5.0	3.4
Law, HR & AM	2.0	1.5
Technical Services	0.0	1.9
	17.0	16.9

The savings in 2012/13 will not be available in 2013/14 to fund under-budgeting, for two reasons:

- The underspends in two departments, amounting to £4.7m, will contribute to funding the 2013/14 base budget, rather than meeting under-budgeting;
- The one-off emergency measures, amounting to £4.5m – freeze and efficiency fund – are, again, built into resolving next year's base budget.

4 OTHER OPTIONS CONSIDERED

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

5 CONSULTATION

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

6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

7 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

7.1 The agreed minimum level of General Fund balance was set at £6m, as part of the March budget decision. The November 29 Cabinet revised the policy level so that it is set in relation to the risks the Council faces. For 2012/13 it has been calculated at £12.5m, and for 2013/14 at £21.1m. However there are a number of areas which could result in adverse future pressures on the budget and the General Fund Balance, in particular the emerging concern as to the reliability of fees & charges income, going back many years.

Table 7: SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details	£m	£m
Projected balance 31 March 2013 when setting the Budget 2012/13		+8.8
Add : Increase following completion of 2011/12 accounts	+2.0	
Add : Council Tax re-imburement met in 2011/12 rather than budgeted 2012/13	+3.9	+5.9
<i>Sub total</i>		+14.7
Less : Cabinet decisions since the 2012/13 Budget was agreed	-0.7	
Add : Cabinet decision September 6 to release Earmarked Reserve	+7.0	
Cabinet decision November 29 to further release Earmarked Reserves	+10.5	+16.8
Less : Potential overspends, at M8 (includes Efficiency Fund removal)		-7.7
Projected balance 31 March 2013		23.8

- 7.2 The current levels of Earmarked Reserves are shown in Table 8 with a full listing included at Appendix 6.

Table 8: Earmarked Reserves 2012/13

	Balance at 1 April 2012 £000	Movement in year £000	Current Balance 30 Nov 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	(300)	1,584
Management of other risks	32,530	(9,558)	22,972
School Balances and Schools Related	15,144	(280)	14,864
Total Reserves	86,248	(19,754)	66,494

Note: Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

8 LEGAL IMPLICATIONS

- 8.1 The whole report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 2.20. This not just an academic exercise in balancing the books. The Chief Finance Officer is under a personal duty under the 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 EQUALITIES IMPLICATIONS

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

10 CARBON REDUCTION IMPLICATIONS

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

11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

12 RECOMMENDATIONS

- 12.1 Cabinet is asked to note that:

- a) at Month 8 (November 2012), the full year forecast projects a potential General Fund overspend of £7.7m;
- b) there were no rejected freeze items in the month. Appendix 7 lists the items considered as part of the process.
- c) a major risk has just recently emerged concerning the reliability of fees & charges income, going back many years. Corrective action is being taken to maximise recovery. As better information becomes available, there will be further reports regarding this serious matter.

- 12.2 Council Excellence Overview and Scrutiny Committee is asked to note the report.

13 REASONS FOR THE RECOMMENDATIONS

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

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APPENDICES

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.
- Appendix 2 General Fund Revenue Budget for 2012/13 agreed by Council.
- Appendix 3 Changes to the Budget 2012/13 since it was set.
- Appendix 4 Management actions
- Appendix 5 Progress on delivering agreed savings 2012/13
- Appendix 6 Earmarked Reserves – General Fund
- Appendix 7 Freeze outcomes, weeks 11 - 15

SUBJECT HISTORY

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

REVENUE MONITORING AND REPORTING TIMETABLE 2012/13

Budget Monitoring Timetable 2012/13

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Team	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Quarterly
1	April	06-May		-	-
2	May	11-Jun		-	04-Jul
3	June	06-Jul	23-Aug	06-Sep	01-Oct
4	July	07-Aug	04-Oct	18-Oct	-
5	August	07-Sep	04-Oct	18-Oct	-
6	September	05-Oct	25-Oct	08-Nov	27-Nov
7	October	07-Nov	29-Nov	20-Dec	-
8	November	07-Dec	10-Jan	24-Jan	-
9	December	08-Dec	24-Jan	07-Feb	26-Mar
10	January	07-Feb	28-Feb	14-Mar	-
11	February	07-Mar	tbc	tbc	tbc
12	Outturn (Provisional)	tbc	tbc	tbc	tbc

GENERAL FUND REVENUE BUDGET 2012/13

AGREED BY COUNCIL ON 1 MARCH 2012

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

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

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

VARIATIONS TO THE APPROVED BUDGETS 2012/13

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

VIREMENTS BELOW LEVEL REQUIRING CABINET APPROVAL

Cabinet	Items	£m
The following adjustments have no bottom line impact on the authority budget:		
n/a	Adjustment of Community Asset Transfer capital financing budget from LawHRAM to Finance	0.077
n/a	Employee budget transferred from LawHRAM to HRP	0.034
n/a	Employee budget transferred from Technical Services to LawHRAM	0.035
n/a	Technical Services reallocation of Internal Savings Targets within budget lines	1.400
n/a	Reallocation of Home Insulation Works within Regeneration, Housing and Planning between Supplies and Services category and Third Party payments	1.100
n/a	Movement of posts between departments relating to Building Control, Welfare Rights and Community Services personnel. The housing benefit review increase claims (transfer payments) and associated grant of £7.3 million, the reclassification of DASS transport recharge from transport to support services and adjustments for financing costs and grant receivable relating to regeneration schemes.	

MANAGEMENT ACTIONS

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

Department	Items	£000
Children	Connexions – Further reductions in the contract costs (in excess of the agreed savings target)	500
	Troubled Families –Successful submission for Government Grant which will help meet some of the existing costs.	250
	Academies – Increased income being achieved through a review of charges to academies for services provided.	100
	Academies – additional monies received from refund of 'top slice from Department for Education	150
All	Reviews of on going expenditure across all departments	Tbc
All	Review of budgets to improve monitoring through realignment	Tbc
DASS	Review of all voluntary sector contracts	Tbc
DASS	Overarching commissioning strategy developed	Tbc
All	Spending freeze weeks 1-10 (including Policy Option Review)	2,292
All	Abolition of Efficiency Fund	2,200
	Total savings from these actions	5,492

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

Department	16,441	Comments / progress on implementation	RA GB Y	4,732	260	11,449
	100%			28.8	1.6	69.6
DASS				R	A	G
Commissioning Of Services	1,600	The Department is currently reviewing how services are commissioned to deliver savings of £1.6m. An overarching commissioning strategy has been developed and was presented to 21 June Cabinet	R	1,600		
Prevention Services	500	The Department is currently undertaking a review of all voluntary sector contracts and is seeking to re-commission this activity at a more efficient cost.	R	500		
Employee Budgets 2%	400	This saving is in addition to the Department's existing staff turnover target of £496,100. The shortfall against the total target of £896,100 is estimated at £700,000.	R	400		
Procurement	26	It is anticipated that this saving will be achieved	G			26
Austerity – Supplies	24	It is anticipated that this saving will be achieved	G			24
EVR Scheme	17	Saving have been achieved in full	G			17
CHILDREN & YOUNG PEOPLE						
Early Intervention Grant	1,000	Has been achieved	G			1000
Employee Budgets 2%	750	Progress remains difficult, with pressures on Social work.	R	750		
EVR Scheme	386	Staff who left were from self funded areas, so no budget saving possible.	R	386		
Connexions contract	250	Achieved, with a further £700k contract saving.	Y			250
Schools Intervention Funding	250	Achieved	G			250
Procurement	246	Allocated across Social Care	R	246		
Austerity – Supplies	16	Will be achieved within expenditure controls	G			G
FINANCE						
Efficiency Investment Budget	2,500	The Efficiency Investment Budget has been reduced	G			2,500
Housing Benefit	1,200	This has been built into HB budgets	G			1,200
IT and Printing Services	550	This is part of the departments strategic savings target	G			550
Employees Budget 2%	520	This is part of the departments strategic savings target	G			520
EVR Scheme	343	This is part of the departments strategic savings target	G			343
Procurement	189	This is part of the departments strategic savings target	G			189
Austerity – Supplies	8	This saving has been built into departmental budgets	G			8

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

EARMARKED RESERVES - GENERAL FUND

Earmarked Reserves	Balance 1 April 2012 £000	Movement In Year	Current Balance 30 Nov 12 £000
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	(2,000)	9,155
Insurance Fund	9,635	(543)	9,092
Working Neighbourhood Fund	7,959	(7,073)	886
Debt Restructuring	7,941	-	7,941
Minimum Revenue Provision	4,400	(4,400)	-
Community Fund Asset Transfer	3,301	-	3,301
Intranet Development	3,161	-	3,161
Local Pay review	2,641	-	2,641
One Stop Shop/Libraries IT Networks	2,119	-	2,119
Supporting People Programme	1,505	(400)	1,105
Cosyhomes Insulation	1,244	(800)	444
School Harmonisation	1,241	-	1,241
Stay, Work, Learn Wise	908	-	908
Schools Capital Schemes	777	-	777
Matching Fund	558	(558)	-
20 MPH Zones	550	(500)	50
Home Adaptations	537	-	537
West Wirral Schemes	530	(300)	230
Merseyside Information Service	500	(500)	-
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	(300)	120
Schools Automatic Meter Readers	415	-	415
Children's Workforce Development Council	399	-	399
Schools Contingency	370	-	370
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	-	322
Primary Care Trust Physical Activities	300	-	300
Schools Service IT	294	-	294
Schools Summer Term	280	(280)	-
Homeless Prevention	271	-	271
Other Reserves	<u>8,928</u>	<u>(2,100)</u>	<u>6,828</u>
	86,248	(19,754)	66,494

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

No freeze items submitted for consideration were rejected during the period

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details: Peter Molyneux

EIA lead Officer: Peter Molyneux

Email address: petemolyneux@wirral.gov.uk

Head of Section: Tom Sault

Chief Officer: Peter Timmins

Department: Finance

Date: 28 December 2012

Section 2: What Council proposal is being assessed?
Revenue Monitoring (including freeze proposals)

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 18 October 2012

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->

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
All groups Page 80	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

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

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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

(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:

Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)

Include any potential positive impacts as well as negative impacts? (section 5)

Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?

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?

WIRRAL COUNCIL

Council Excellence Overview and Scrutiny Committee 30 January 2013

SUBJECT:	Under Budgeting
WARD/S AFFECTED:	All
REPORT OF:	The Interim Director of Finance
RESPONSIBLE PORTFOLIO HOLDER:	The Leader
KEY DECISION?	No

1.0 EXECUTIVE SUMMARY

- 1.1 The Interim Director of Finance is undertaking an exercise to establish the veracity of the Council's base budget.
- 1.2 The initial evidence suggests that the base budget is understated by £25.3 million. Further work on verifying the base budget is being undertaken, this includes an independent investigation commissioned by the Chief Executive.
- 1.3 This report sets out the areas of under budgeting and the primary causes.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 There is evidence that the Council has had under budgeting issues for a number of years. The outturn position for the financial years since 2009/10 report an overspend mainly funded by one off non-recurring income or savings.

Financial Year	Overspend excluding "one offs"
2009/10 Outturn	£6.8 million
2010/11 Outturn	£9.3 million
2011/12 Outturn	£14.6 million
2012/13 Month 7 position	£17.0 million
2013/14 Provisional base budget	£25.3 million

- 2.2 In the past the under budgeting has been funded from one off items such as grants, reserves and balances. These "one off" items have been exhausted. The constraint on Local Government spend and the need for Wirral to reduce its net expenditure by £109 million recommended, has meant that the Council

must address both the underlying under budgeting and the financial management, control and reporting that has failed to address the root causes of the problem.

2.3 The table below sets out the current position on under budgeting. Members should not that our initial budget assumptions allocated £8 million to addressing the under budgeting issue.

Category	DASS	CYP	Finance	Law/HR /AM	RHP	Tech.	Total
	£million	£million	£million	£million	£million	£million	£million
Income Target not met	-	-	0.4	0.4	0.8	2.4	4.0
Savings not achieved	5.3	2.0	1.8	0.9	0.1	0.7	10.8
Increased Demand	8.8	4.9	-	0.1	-	0.1	13.9
Withdrawal of External Funding	0.9	0.4	-	-	0.1		1.4
Job Evaluation/ Pension Cost	1.1	-	0.3	0.1	0.1	-	1.6
Under recovery Technical Fees	-	-	-	-	-	1.3	1.3
Less Savings Identified	-3.3	-0.1	-2.5	-0.4	-1.0	-0.4	-7.7
TOTAL NET UNDER BUDGET	12.8	7.2	0	1.1	0.1	4.1	25.3

2.4 Further work is being undertaken to fund the under budgeting, by either determining the veracity of the figures and/or identification of alternate funding opportunities. The findings of independent investigation, commissioned by the Chief Executive will be considered early February 2013.

3.0 RELEVANT RISKS

3.1 The Council must resolve the under budgeting issues to enable it to set a budget. The Interim Director of Finance is required to report to the Council at the time that the budget is considered and the Council Tax set on both the robustness of the budget estimates and the adequacy of Finance reserves.

4.0 OTHER OPTIONS CONSIDERED

4.1 N/A

5.0 CONSULTATION

5.1 N/A

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 none

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

8.1 As set out in the report.

9.0 LEGAL IMPLICATIONS

9.1 see section 3.1.

10.0 EQUALITIES IMPLICATIONS

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

No because there is no relevance to equality.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 None

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 None

13.0 RECOMMENDATION/S

13.1 Members note the report.

REPORT AUTHOR: Jim Molloy

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APPENDICES

none

BACKGROUND PAPERS/REFERENCE MATERIAL

None

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY

30 JANUARY 2013

SUBJECT:	AWARD OF CONTRACT FOR THE PROVISION OF TELEPHONE SYSTEMS MAINTENANCE.
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	(RELEVANT CABINET MEMBER)
KEY DECISION?	YES /NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the award of a contract, under delegated authority, for the provision of a maintenance service for the Council's Call Centre and larger telephone systems. The contract was awarded to Complete Network Services (CNS), who is the incumbent supplier, for a period of three years from 21 January 2013 until 31 March 2016. The contracted cost is £48,500 per annum, which realises an annual saving of £22,400 over the previous contract.
- 1.2 Appendix 1 shows the matrix used to evaluate the tenders. As it contains commercially sensitive information it should be considered exempt from publication under Schedule 12A of the Local Government Act 1972.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 There are approximately 250 telephone systems in use serving Council offices, establishments and schools. These vary in size and complexity from the corporate Call Centre, through large office complexes and secondary schools to small locality offices and primary schools.
- 2.2 The internal telecommunications team, which is part of IT Services, provides day to day maintenance, support and configuration services for these systems, including those in the PFI schools where the team acts as a subcontractor to, and is paid by, Hochtief.
- 2.3 Historically the Council purchased third party support for all systems but by introducing standard equipment types as they reached the end of their useful life, the internal team has been able to take on more of the system support and reduce external costs. Currently, of the 250 systems in use, only 53 will be supported by the external maintenance provider. This is because these are either too large and complex to be maintained in-house or there is a high risk of a system failure having a serious impact on service delivery. Tenders for the support and maintenance of systems that cannot be maintained in-house are invited every three years.

2.4 The tendering process was run in accordance with the Council's Contract Procedure Rules and conformed to European procurement legislation for the letting of public sector contracts. The Council's telecommunications team wrote the technical specification and the corporate procurement unit managed the two stage process, which resulted in tenders being received from the following four companies, Calyx, Maintel, NG Bailey and Complete Network Services. These were evaluated and scored against a predetermined evaluation model. CNS scored highest against this model and also offered the lowest price; consequently they were awarded the contract. The evaluation matrix is included as Appendix 1 for information.

2.5 There is provision within the contract for equipment to be added at the same rate if additional systems are installed or deleted as systems are replaced or buildings closed and equipment removed. The contract will be renewed on an annual basis up to a maximum duration of three years.

3.0 RELEVANT RISKS

3.1 The relevant risks are that skilled staff are lost from the Council or that the supplier ceases to trade. In both cases alternatives can be sourced to ensure continuity of service.

4.0 OTHER OPTIONS CONSIDERED

4.1 Consideration was given to providing in-house support for all systems but was discounted due to the risk to service delivery should the Call Centre or one of the larger more complex systems have a failure that required specialist knowledge or spare parts at short notice.

5.0 CONSULTATION

5.1 The corporate Procurement Unit were consulted during the tendering process.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

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

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

7.1 Funding for telephone systems maintenance is contained within existing corporate, departmental and schools budgets.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications arising from the report.

9.0 EQUALITIES IMPLICATIONS

9.1 There is no relevance to equality contained within the report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon reduction implications.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications.

12.0 RECOMMENDATION/S

12.1 That Members note the award of a contract under delegated authority to Complete Network Services for the provision of Telephone Systems Maintenance. The contract will run for a period of three years to March 2016.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 The tender submitted by Complete Network Solutions scored highest against the evaluation criteria and also offered the lowest price.

REPORT AUTHOR: Geoff Paterson
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APPENDICES

Appendix 1 ~ Tender Evaluation Matrix

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer: Geoff Paterson

Email address: Geoffpaterson@wirral.gov.uk

Head of Section: **Geoff Paterson**

Chief Officer: **Peter Timmins**

Department: Finance

Date: 15/01/13

Section 2: What Council proposal is being assessed?

Award of a contract for telephone systems maintenance

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

~~Yes~~/ No

If 'yes' please state which meeting and what date

.....

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

.....

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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)

- 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)

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