



# Cabinet

<b>Date:</b>	<b>Tuesday, 10 February 2015</b>
<b>Time:</b>	<b>6.15 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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## AGENDA

### 1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary or non pecuniary interests in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

### 2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

### LEADER OF THE COUNCIL

### 3. REVENUE BUDGET 2015/18 AND COUNCIL TAX LEVELS 2015/16 (Pages 1 - 48)

### 4. CAPITAL PROGRAMME AND FINANCING 2015/18 (Pages 49 - 74)

### 5. MEDIUM TERM FINANCIAL STRATEGY (INCLUDING TREASURY MANAGEMENT STRATEGY AND CAPITAL STRATEGY) (Pages 75 - 154)

### 6. FINANCIAL MONITORING - REVENUE (MONTH 9) (Pages 155 - 176)

7. **FINANCIAL MONITORING - CAPITAL (MONTH 9) (Pages 177 - 190)**
8. **REFERRAL FROM CABINET - 9/12/14 (Pages 191 - 206)**  
(Cabinet will have regard to Cabinet minute 106).
9. **WELFARE REFORM UPDATE (Pages 207 - 218)**
10. **SUNDRY DEBTOR WRITE-OFFS (Pages 219 - 222)**

#### **ADULT SOCIAL CARE AND PUBLIC HEALTH**

11. **PROPOSAL TO REALIGN THE JOINT CARERS' COMMISSION (IN LINE WITH WIRRAL'S STRATEGY FOR CARERS 2014-17 (Pages 223 - 244)**

#### **CHILDREN AND FAMILY SERVICES**

12. **SCHOOLS BUDGET 2015/16 (Pages 245 - 260)**

#### **ECONOMY**

13. **WIRRAL BUSINESS SUPPORT PROGRAMME (Pages 261 - 284)**

#### **ENVIRONMENT AND SUSTAINABILITY**

14. **CARBON BUDGET (Pages 285 - 296)**

#### **HIGHWAYS AND TRANSPORT**

15. **HIGHWAY MAINTENANCE FUNDING AND STRUCTURAL MAINTENANCE PROGRAMME 2015/16 (Pages 297 - 336)**

#### **NEIGHBOURHOODS, HOUSING AND ENGAGEMENT**

16. **PROPOSED CHANGES TO THE FEES CHARGED FOR ADAPTATIONS DELIVERED FUNDED BY DISABLED FACILITY GRANT (Pages 337 - 342)**
17. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**

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

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

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by

the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

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

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

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## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>REVENUE BUDGET 2015/18 AND COUNCIL TAX LEVELS 2015/16</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

## 1 EXECUTIVE SUMMARY

- 1.1 This report updates the Budget Projections for 2015/16 to 2017/18. It outlines the issues and actions in relation to the Forecast Budget Funding Gap.
- 1.2 Budget Council is scheduled for 24 February 2015. Council has to agree a Budget and set the levels of Council Tax for 2015/16 by 10 March 2015.

## 2 BACKGROUND AND KEY ISSUES

### BUDGET PROJECTIONS AS AT 9 DECEMBER 2014

- 2.1 The Overview Of The Council's Future Financial Position report to Cabinet on 9 December 2014 updated the previous Medium Term Financial Strategy and covered the period 2015/18. This provides the context in which the budget decisions are being made. The projections indicated a forecast net funding deficit over the 3 year period of £70 million.
- 2.2 Whilst the Government have made no announcements regarding funding levels beyond 2015/16 the Council projections are an assessment of the impact of the changes based on Government announcements and plans for public expenditure within which Local Government is not a protected area. The funding reductions started in 2010 are expected to continue beyond 2017/18. It is possible that the current projections of grant reductions may be underestimated.

**Table 1 : Summary of the Budget Funding Gap**

Funding Gap	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Forecast Expenditure (including demographic changes)	275	277	264	
Forecast income (including reduced grants)	257	250	239	
Forecast Funding Gap	18	27	25	70

## SAVINGS

- 2.3 In setting the Budgets for 2013/14 and 2014/15 Council agreed £20.1 million of savings which impact upon 2015/16 and £1.2 million which impact upon 2016/17. The Budget Funding Gap in Table 1 shows the gap remaining as these savings have previously been agreed.
- 2.4 The Council undertook a Future Council consultation programme from 8 September 2014 to 31 October 2014 as the Council sought to make savings of £18 million in 2015/16. The Future Council project had identified potential savings of £15.5 million through changes and efficiencies which would not require public consultation and the consultation programme included £3.7 million of potential options. The findings were reported to Cabinet on 6 November 2014.
- 2.5 Cabinet on 9 December 2014 agreed £2.4 million of savings options from the consultation which with £15.5 million of efficiencies totalled £18 million. This was confirmed by Council on 15 December 2014. This included the assumption that the Council would be able to freeze Council Tax levels for 2015/16 but was dependent upon the terms of the Local Government Finance Settlement and the Government Council Tax Freeze Grant.

**Table 2 : Summary Of Agreed Savings – By Date**

Details	2015/16	2016/17	2017/18
	£m	£m	£m
Budget 2013/14 - Mar 2013	7.4	-	-
Budget 2014/15 - Dec 2013	12.7	1.2	-
Budget 2015/16 - Dec 2014	2.4	1.3	-
Budget 2015/16 - Efficiencies	15.5	0.6	-
Total	38.0	3.1	-

- 2.6 The degree and scale of change to deliver £38 million of savings in 2015/16 represents a significant challenge to successfully implement whilst maintaining the delivery of services. There has been a review of all savings taking account of any detailed consultation, the status of delivery plans and the inter-action with other services, particularly those of a cross-cutting nature.
- 2.7 The review confirmed the totality of the savings and identified that there are some risks associated with the delivery in 2015/16. Progress on delivery will be monitored through the Financial Monitoring arrangements. These include the reports to Cabinet which are scrutinised by the Chief Executive Strategic Leadership Team. Recognising the risk that there may be delays in the implementation of savings the General Fund balances contain £7 million to act as mitigation against the risk of non-delivery of savings in year as one off funding. The savings are detailed in Appendix 1 (which includes those with an impact on 2016/17).

- 2.8 In respect of 2016/17 and 2017/18 the information provided as part of the Future Council programme is being reviewed to identify potential efficiencies, the potential income from Council Tax and Business Rates as well as from fees and charges are being further reviewed as well as developing further the progress made in respect of investigating and pursuing alternative delivery models. Clearly with the continuing decrease in available funding difficult decisions will have to be made to successfully deliver the Corporate Plan aims whilst meeting statutory responsibilities. The Corporate Plan for 2016/17 to 2018/19 is to be formulated and then considered by Cabinet / Council in July 2015. This will be supported by the updated Medium Term Financial Strategy which will detail the proposals to address the forecast funding gap.

**Table 3 : Summary of Agreed Savings - By Directorate**

Description	2015/16	2016/17	2017/18
		£m	£m
Families and Wellbeing	22.2	2.0	-
Regeneration and Environment	3.0	1.0	-
Transformation and Resources	3.5	0.1	-
Corporate / Efficiencies	9.3	-	-
Total	38.0	3.1	-

### **GROWTH ITEMS**

- 2.9 The Budget Projections for 2015/16 included an assessment of growth arising from demographic changes, inflationary rises and agreed options. All Strategic Directors and Chief Officers identified potential growth bids that were reviewed by the Chief Executive Strategy Group and by internal challenge as to their validity and justification.
- 2.10 The agreed growth bids are detailed at Appendix 2. These have been accepted where increased demand is placing uncontrollable pressure on safeguarding services for Adults and Children's Services and other services where the Council has a contractual obligation to fulfil. For completeness this includes items of a corporate nature which are held as a central liability such as for future pay awards, the potential impact of national insurance changes and the future revaluation of the Merseyside Pension Fund.
- 2.11 Measures to protect the vulnerable, tackle inequality and drive growth in the economy were included in the Cabinet resolution in December, which was approved by Council. This growth also includes Prevention and support for vulnerable families (£0.5 million) and Housing (£0.25 million). Both areas having been funded through the Community Fund set up by the Council / Wirral Partnership Homes following the transfer of the Council housing stock in 2005. This provided a time-limited source of funding which is now coming to an end and the Council has sought to continue these services.

**Table 4 : Summary of the Growth**

	2015/16	2016/17	2017/18
	£m	£m	£m
By change			
Demographic	2.3	2.3	2.3
Other	1.5	2.3	-
Inflation	1.8	1.7	1.6
Total	5.6	6.3	3.9
By Directorate			
Families and Wellbeing	4.3	3.6	3.7
Regeneration and Environment	0.9	1.3	0.2
Transformation and Resources	0.4	1.4	-
Total	5.6	6.3	3.9
Corporate Growth	5.1	10.4	10.2

- 2.12 The growth items identified for 2015/16 are £0.4 million below the growth included within the Budget Projections so this sum is presently unallocated. As part of preparations for 2016/17 and 2017/18 an initial review of the anticipated growth has been undertaken. At this stage there are items for which there is uncertainty such as the future of the Government Grants. These projections will be revisited as part of the review alongside the Corporate Plan in July 2015.

#### **INCOME FROM FEES AND CHARGES**

- 2.13 All fees and charges are reviewed as part of the Annual Budget setting process and a Directory of Council Fees and Charges is maintained on the Council web-site.
- 2.14 Directorates have examined their fees and charges for the 2015/16 financial year and set them according to the circumstance of their services. No general inflationary increase has been applied. Any changes, including new charges and those linked to an agreed saving, have been incorporated into the Directory with changes in income targets reflected in the 2015/16 budget. Appendix 3 provides more detail. Some charges are subject to review and consultation including care services and charges for leisure and cultural service activities.
- 2.15 Cabinet is asked to note the Directory and give Delegated Authority to the Acting Section 151 Officer to update the Directory as charges are finalised prior to publication before 1 April 2015.

- 2.16 Cabinet is also being recommended to agree that Council gives delegated authority to the relevant Portfolio Holder and Strategic Directors with the Director of Resources / Acting Section 151 Officer to increase existing fees and charges.

### **LOCAL GOVERNMENT FINANCE SETTLEMENT (LGFS)**

- 2.17 The Provisional LGFS was announced on 18 December 2014 and the consultation closed on 15 January 2015. The Final Settlement is anticipated to be received before this Cabinet meeting.
- 2.18 The Provisional Settlement sees Wirral's main grant reducing by £24 million in 2015/16. In 2014/15 Wirral received total main grant funding of £87 million and for 2015/16 the announced amount is £63 million. This reduction is in line with the assumptions in the Budget Projections and reflects the Consultation document issued by the Government in July 2014. The only difference being a further £0.3 million reduction in 2015/16. At this stage the Government has made no detailed announcements regarding 2016/17.
- 2.19 In 2013/14 and 2014/15 the Government provided a grant to fund the Local Welfare Assistance responsibility transferred to local authorities from the Department for Work and Pensions. There is no Government grant for 2015/16. However the Provisional Settlement includes an indicative amount of £1.2 million for spend in this area but no funding.
- 2.20 The Budget is based upon the Provisional Settlement and therefore may change. In relation to the Council Tax Freeze Grant this is expected to continue for 2015/16 at 1% of the adjusted Council Tax Base for 2013/14. Council Tax rises of 2% are expected to be subject to a Referendum. These will both be confirmed in the Final Settlement.
- 2.21 For 2015/16 the New Homes Bonus Grant has increased by £0.8 million which is £0.3 million higher than included in the Council Budget projections. The ring-fenced Public Health grant has been confirmed for 2015/16 as £28.2 million. This will increase from October 2015 when responsibility for the Public Health of Children aged 0-5 transfers to local authorities. The use of the Public Health grant in 2015/16 was detailed in the report to Cabinet on 15 January 2015.
- 2.22 The most significant changes are in the area of Social Care and the progression of the Care Act. Government support for the impact of the Care Act for 2015/16 is £2.1 million and spend at that level has been included within the Council Budget for 2015/16. From July 2015 the responsibility for the Independent Living Fund transfers to the Council from the Department of Work and Pensions. Additional funding will be received and at this stage the indicative costs are in the region of £ 1.8 million per year and it is anticipated that this funding will be allocated to the Fund.

- 2.23 From April 2015 a Better Care Fund pooled budget arrangement will be in place with Wirral CCG and will operate under Section 75 joint governance arrangements. A condition of accessing the money in the Fund is that spend must be in line with the jointly agreed spending plans and these plans must meet certain requirements. The Wirral Fund for 2015/16 amounts to £33.4 million comprising existing Wirral CCG and Wirral Council funding. The Council funding includes Disabled Facilities Grant (£2.1 million), Social Care Capital Grant (£1 million) and the NHS Social Care Transfer Grant (£6.7 million). It is still to be agreed which partner will host the pooled fund.
- 2.24 Following the Supreme Court ruling in March 2014 all local authorities have been faced with additional pressures in respect of the Deprivation of Liberty safeguards. No additional funding has been provided from the Government.

## **LEVIES**

- 2.25 Formal notification is awaited from the Merseyside Recycling and Waste Authority and the Merseyside Transport Authority of the levies for 2015/16. Both bodies are meeting during February and have indicated that they will not be increasing the overall Merseyside levy. The allocation mechanism for both bodies means that there will be variations for individual authorities as the Waste Authority reflects relative tonnages and the Transport Authority reflects relative populations.
- 2.26 The Transport Authority has indicated that, subject to approval, the Wirral levy for 2015/16 will reduce by £3.2 million. This reflects efficiencies achieved by the Authority which benefit the constituent authorities and incorporates the grant funding provided to supporting the provision of strategic bus routes across the area. The Council was projecting a grant of £2.3 million in 2015/16 so the net benefit is £0.9 million. As the grant funding was not previously permanent the Budget Projections for 2016/17 included the loss of grant which will no longer be the case.
- 2.27 The Waste Authority has indicated that the progression of the Waste Management & Recycling and the Resource Recovery Contracts has the potential to generate additional income from the sale of surplus capacity but only in the medium term. For 2015/16 the indications are that the levy will be held at 2014/15 levels although this is subject to approval. As referred to above the levy apportionment is based on relative tonnages and this could see Wirral's levy increase by £0.4 million in 2015/16.
- 2.28 The Waste Authority released the Waste Development Fund to constituent authorities during 2014/15. The use of this 'one-off' is subject to compliance with conditions set out in a Memorandum of Understanding and discussions regarding the interpretation and potential usage are on-going. Worth £6.7 million to Wirral the Council Budget included the allocation of £0.4 million to support Street Cleaning over the financial years 2014/15 and 2015/16.

## PENSIONS

- 2.29 The Merseyside Pension Fund was subject to the triennial valuation in 2013. The actuarial assessment determines both the Contribution Rates for Employers and the Deficit Recovery Payments for the financial years 2014/15 to 2016/17. The next valuation is due in 2016 and will impact upon the payments for 2017/18 to 2019/20.
- 2.30 Contribution rates have been set at 13.6% from 2014/15 being based upon payroll costs and numbers employed so will vary with reductions in the workforce. The Deficit Recovery payments are a separate element subject to annual increases as the recovery is deferred over three years but is fixed in that it does not vary with changes to employee numbers over the period.

**Table 5 : Pension Fund Increased Costs**

Description	2014/15	2015/16	2016/17
	£m	£m	£m
Deficit Recovery	8.8	9.2	9.6
Less : Budget 2013/14	-7.4	-7.4	-7.4
Increase on 2013/14 figure	1.4	1.8	2.2
Pension Contribution increase	1.4	1.4	1.4
Total Increased Costs	2.8	3.2	3.6

- 2.31 The annual increase of £0.4 million for 2015/16 and 2016/17 is within the Budget Projections and an indicative sum to reflect the impact of the next triennial valuation of £2.5 million has been included for 2017/18.

## CAPITAL AND INVESTMENTS

- 2.32 The Capital Programme and Financing report on this agenda details the process followed in order to determine the Programme. Revised and new submissions for inclusion in the Programme were assessed having regard to the regular re-profiling reported to Cabinet so attention was paid to the planned phasing of spend for the new submissions. The report concludes that the Programme can be accommodated from existing borrowing and the present, and projected, capital receipts.
- 2.33 As in previous years the Treasury Management Monitoring report has highlighted the low returns from investments given the current economic position. Therefore the Council has sought to use internal borrowing in lieu of external borrowing which in the short-term realises financial benefits. This further reduces the income from investments.
- 2.34 The realisation, and use, of significant capital receipts during 2015/17 will enable the Programme to be funded from a combination of grants, capital receipts and internal borrowing thereby achieving £1.7 million Capital Financing efficiency savings for 2015/16 and 2016/17.

## COUNCIL TAX

- 2.35 Cabinet on 9 December 2014 agreed the Council Tax Base for use in 2015/16. This takes the actual number of properties which are adjusted for the Local Council Tax Support Scheme and other Council Tax Discounts, Exemptions and Disabled Relief and then converted to a Band D figure and then by the Collection Rate to give the Council Tax-Base.

**Table 6: Wirral Council Tax Band D calculation 2015/16**

Band	Band Value £000	Actual properties at Nov	Equivalent properties at Nov	Ratio to Band D	Net Band D equivalent
A	<40	59,158	32,705.5	6/9	21,803.7
B	40-52	31,869	24,105.3	7/9	18,748.6
C	52-68	27,174	22,776.4	8/9	20,245.7
D	68-88	13,200	11,644.8	9/9	11,644.8
E	88-120	8,070	7,352.1	11/9	8,985.9
F	120-160	4,225	3,888.5	13/9	5,616.7
G	160-320	3,078	2,882.7	15/9	4,804.5
H	>320	264	227.6	18/9	455.2
Band A Disabled (1/9 <sup>th</sup> of Band A)			73.9	5/9	41.0
Total		147,038	105,656.8		92,346.1
Collection Rate					x 96.75%
Adjusted Council Tax-Base					89,344.9

- 2.36 The Government has announced that a Council Tax Freeze Grant will be available for 2015/16 for Councils which freeze Council Tax levels in 2015/16. This is the equivalent of a 1% Council Tax rise, based upon the 2013/14 levels, and for Wirral equates to £1.3 million. It is stated that this will be built into the base funding for the life of the Spending Review so is payable for 2015/16.
- 2.37 If the Council agreed to increase Council Tax the Government has again imposed the requirement for a Council Tax Referendum. The calculation of the Referendum 'trigger' amount is a comparison between overall Band D levels for 2014/15 and 2015/16 (includes levies). Formal confirmation will be part of the Final Settlement.
- 2.38 Cabinet / Council in December 2014 announced that the assumption was that Council Tax levels would be held at 2014/15 levels for 2015/16 and the Council, as in 2014/15, would accept the Government Council Tax Freeze Grant. This was subject to the outcome of the Local Government Finance Settlement. A Council Tax rise provides a permanent recurring income to the Council. The acceptance of the Council Tax Freeze Grant for 2015/16 is presently built into the Budget Projections.

**Table 7 : Council Tax Options**

Options	Income	
	£m	£m
Tax Rise of 2%	2.2	
Less Local CTax Scheme protected from rise	-0.5	1.7
Tax Rise of 1.5%	1.7	
Less Local CTax Scheme protected from rise	-0.4	1.3
No Tax Rise		
Accept Freeze Grant (1% of 2013/14 Tax Base)		1.3

## **BUSINESS RATES**

- 2.39 The Local Government Finance System changed from 1 April 2013 and billing authorities retain a proportion of locally raised business rates and either pay a tariff or (as in Wirral's case) receive a top-up to ensure a comparable starting position with the previous funding system.
- 2.40 Business Rates is a particularly complex and volatile tax area that can fluctuate due to a number of reasons including:
- Appeals against rating decisions. Dealt with by the Valuation Office Agency and can be large and backdated a number of years.
  - Changes in liability relating to changes in occupancy.
  - Changes in building use.
  - Alterations to buildings size and layout.
  - Demolitions and new builds.
  - Actions to avoid full liability inc empty property and charitable reliefs.
  - Assessment of bad and doubtful debts.
- 2.41 A declaration of an estimated surplus or deficit for the 2014/15 financial year together with a forecast for 2015/16 must be submitted to the Government by 31 January 2015. Business Rates are managed through the Collection Fund with any surplus / deficit being allocated to Central Government 50%, to Wirral Council 49% and to Merseyside Fire and Rescue 1%.
- 2.42 Whilst presenting opportunities this area brings additional risks to the Council's financial position because of its complexity and volatility. The declaration has an increased importance because the forecast income to the Council has to be reflected in the Council Budget. In completing the declaration the reasons highlighted above have been a key factor and there has been liaison with the Department for Communities and Local Government over amendments to the declaration and clarification sought over entries particularly relating to the Enterprise Zone. The declaration was submitted on 30 January 2015.

- 2.43 The forecast Business Rates income for 2015/16 shows that the receipts to the Council will increase by £1.3 million from the 2014/15 levels. This reflects the anticipated inflationary increases as well as an assessment of growth as reflected in the Budget Projections for 2015/16.
- 2.44 Since the introduction of the new system from April 2013 the Government has implemented changes to reliefs and also capped the Rates increase at below the inflation rate. To compensate local authorities for these decisions the Government has allocated Councils a Section 31 Grant. For 2015/16 the increase in Grant provides funding of £0.2 million in excess of that anticipated in the Budget Projections.

### **LEVEL OF GENERAL FUND BALANCES**

- 2.45 Sound financial management principles require that sufficient funds are retained by the Council to provide a stable financial base at all times. To retain this stable financial base the Council needs to maintain a General Fund balance that is sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that is of an unforeseen, emergency nature.
- 2.46 The level should be based on the Council's own specific circumstances. In determining the appropriate level of General Fund balances the Council takes account of the strategic, operational and financial risks facing the Council. This approach is supported by Grant Thornton (the Council's external Auditors) and by CIPFA (the professional body which issues the Accounting Code). The report to Cabinet on the 2014/15 budget on 12 February 2014 detailed the approach and Appendix 4 has the calculation updated.

**Table 8 : Summary Of The Assessed General Fund Balances**

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Assessed at February 2014	17.3	15.4	13.9	
Assessed at February 2015	17.3	17.4	17.3	17.0

- 2.47 The increase from the earlier projections reflects the risks associated with the implications for the Council from the Care Act from 2015/16 onwards and also the ever-increasing challenges to deliver savings and efficiencies.
- 2.48 The latest Monitoring Report (December 2014 - Month 9) showed the projected balance at 31 March 2014 to be £16.7 million. This is based on a projected overspend of £0.8 million for which work to reduce / eliminate this overspend continues so the revised target is achievable.

**Table 9 : Summary Of the Projected General Fund Balances**

Details	£m	£m
Projected balance 31 March 2015 in Budget 2014/15		+17.3
Add : Additional New Homes Bonus received 2014/15	+0.2	
Less: Potential overspend, at Month 9	-0.8	
Projected balance 31 March 2015		16.7

**REVIEW OF RESERVES**

- 2.49 Integral to the effective use of resources is an understanding of the overall financial position of the Authority. The monthly Monitoring reports presented to Cabinet include reference to resources held on the Balance Sheet in the form of balances and reserves.
- 2.50 Resources set-aside for specific purposes as reserves should be established and used in accordance with the purposes intended. These are reviewed at least twice a year including in preparation for the 2015/16 Budget and the outcome is detailed in Appendix 5.

**Table 10 : Categories of Reserves**

Category and Description
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc
RE-MODELLING Support Future Council which includes costs of investment to deliver future savings and one-off workforce reduction costs
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and spend incurred in the following year such as Public Health, Supporting People and Troubled Families and were the sums held are earmarked for the completion of Council programmes such as Community Asset Transfer, planned maintenance and parks improvements

- 2.51 In 2013/14 the Remodelling Restructuring Reserve was created to provide funding to support the delivery of the Council Vision. It is used to meet the cost of any additional investment as well as costs associated with workforce changes. This Reserve will be partially used during 2014/15 with commitments carried into 2015/16. As the Council is faced with continuing reductions in resources this Reserve is to be increased through the transfer of the Collection Fund surplus 2014/15 of £3.7 million and the release of £2.8 million of reserves by Directorates as no longer being required.

## **ROBUSTNESS OF THE ESTIMATES**

- 2.52 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently the Acting Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund balances and reserves.
- 2.53 Appendix 6 sets out the requirements and the actions taken by the Council in relation to the Robustness of both the Revenue Estimates and the Capital Programme. The Annex contains an assessment of the key issues in relation to demonstrating how the legal requirements have been met.

## **SETTING THE COUNCIL TAX LEVELS**

- 2.54 In setting the Council Tax the Council is required to have regard to the various determinations set out in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The Council has to calculate a Council Tax requirement, set out the total amount of Council Tax for the different categories of dwellings and determine that the Council Tax for 2015/16 is not excessive meaning that a Referendum is not necessary.
- 2.55 The Statutory Calculations are to form part of the Cabinet recommendation to Council in respect of the Council element of the Council Tax bill. Any agreed increase will be considered against the principles determined by the Secretary of State under the Act (as amended) in determining whether a Referendum is required. This compares the Band D Council Tax for 2015/16 with that for 2014/15 for the Council's basic amount of Council Tax. The Provisional Local Finance Settlement 2015/16 indicated that the referendum 'trigger' will be 2%.
- 2.56 The precepts to the Council, issued by the Police & Crime Commissioner for Merseyside and by the Merseyside Fire & Rescue Service, in accordance with Section 40 of the Local Government Finance Act 1992 will be added to the Council element to set the Council Tax for Wirral for 2015/16.

## **3 RELEVANT RISKS**

- 3.1 The Government has indicated that the austerity measures outlined in the Spending Review for 2011/15 will continue until at least 2018. This was confirmed in the Spending Review 2014 and in the Autumn Statement on 3 December 2014.

- 3.2 One of the key elements in the Budget is the achievement of agreed savings. A number are reliant upon consultation with other bodies and groups; involve reductions in staffing following remodelling of the Council or through revised Commissioning and Procurement. These may take longer than anticipated to deliver which is reflected in the level of balances and the savings profiling element. Management action to monitor delivery takes place monthly.
- 3.3 The changes to the financing of Local Government in April 2013 included the introduction of retained Business Rates. Authorities benefit from a share of any increased revenues but are liable for at least a share of any falls in income (subject to the safety net triggers) and any non-collection. This includes reductions arising from appeals relating to past years which partially fall on the authority. These risks can be mitigated through a combination of the operation of the Collection Fund and the General Fund balances. The latter comprising both a specific Business Rates Reserve and General Fund balances.
- 3.4 The Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The approach adopted is to determine the level of General Fund balances as part of setting the Annual Budget. It is based on local circumstances having regard to an assessment of risk. Both Grant Thornton (the Council's External Auditor) and CIPFA (the professional body) have issued guidance which supports the approach.
- 3.5 The Robustness Statement required under Section 25 of the LGA gives an assurance regarding the deliverability and sustainability of the Estimates as well as the adequacy of the level of reserves and balances.

#### **4 OTHER OPTIONS CONSIDERED**

- 4.1 The Budget position collated in this report represents the result of a wide range of available option, based upon detailed and assessed assumptions, to produce a robust Budget.

#### **5 CONSULTATION**

- 5.1 The Future Council consultation ran from 8 September 2014 to 31 October 2013 and engaged with Elected Members, employees of the Council, businesses, residents, service users and local groups as well as targeted consultation with specific groups of residents or service users. The findings were reported to Cabinet on 6 November and 9 December 2014.
- 5.2 Where legally required to undertake a more formal consultation in respect of individual options then this more specific consultation will be carried out.

## 6 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 The Financial Monitoring reports presented to Cabinet in respect of Revenue and Capital report on the management of the approved budget including the delivery of previously agreed savings.

## 7 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 Where budget options recommend a reduction or removal of a public service, discussions take place with appropriate alternative service providers to ascertain if the impact would result in increased demand for services from the alternative providers. This includes voluntary and community sector groups and organisations.

## 8 RESOURCE IMPLICATIONS

- 8.1 The Budget Projections 2015/18 indicated a shortfall between spend and resources of £70 million. This formed the base position for identifying any actions to address the Budget gap.
- 8.2 The Budget projections for 2015/18 as detailed in Table 1 have been revised to incorporate the updates contained in Section 2. The updated position shows that there is presently a surplus resource of £0.9 million available for 2015/16. However the projected Budget Gap for 2016/17 and 2017/18 remain. This will be subject to change as the Government has only issued the Provisional Local Government Finance Settlement for 2015/16 and no indicative figures for future years.

**Table 11: Summary of the Budget Funding Gap at January 2015**

Funding Gap	2015/16	2016/17	2017/18
	£m	£m	£m
Funding Gap 9 December 2014	18	27	25
Savings Agreed	-17.9	-3.1	-
Growth	-0.4	-	-
Provisional LG Finance Settlement	+0.3	-	-
New Homes Bonus	-0.3	-	-
Levies	-0.4	-	-
Business Rates / Section 31 Grant	-0.2	-	-
Revised Budget Gap	-0.9	23.9	25

Note : Projections presently include assume a Council Tax Freeze for 2015/16. Government has still to announce the Final Local Government Finance Settlement for 2015/16.

- 8.3 Looking at future years the Budget Gap will be addressed by a combination of savings / efficiencies and additional income. As referred to earlier this will build upon the work of the Future Council programme to identify efficiencies. Regeneration activities and the release of surplus assets for housing and businesses will be used to potentially increase Business Rates income and Council Tax income respectively. This will be addressed as part of the work to develop the Corporate Plan 2016/17 to 2018/19 to be considered by Cabinet / Council in July 2015.
- 8.4 The level of General Fund Balances is projected to be in the order of the £17.4 million minimum level for 2015/16.
- 8.5 A number of budget savings impact on staff. Formal consultation has been taking place through meetings and communications and will continue to take place, across the organisation. Any budget options which impact on staff have been, or will be, subject to further detailed consultation on the potential impact including one-to-one consultation with employees, and collective consultation with the Trade Unions, as part of the statutory process.

## **9 LEGAL IMPLICATIONS**

- 9.1 The Council is required to agree a Budget for 2015/16 by 10 March 2015. The Chief Financial Officer is required under Section 25 of the Local Government Act 2003 to produce a report on the robustness of the estimates made for the Council's Budget.
- 9.2 The duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Financial Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the Executive if it appears to her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 9.3 In setting the Council Tax the Council is required to have regard to the various determinations set out in the Local Government Finance Act 1992, as amended by the Localism Act 2011 and the decision of the Secretary of State in relation to the determination of excessive Council Tax rises.

## **10 EQUALITIES IMPLICATIONS**

- 10.1 When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate.

## **11 CARBON REDUCTION IMPLICATIONS**

11.1 There are no implications arising directly from this report.

## **12 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are no implications arising directly from this report.

## **13 RECOMMENDATIONS**

13.1 Cabinet recommends to Budget Council a budget proposal for 2015/16:-.

- a) That the savings 2015/18, set out at Appendix 1, be agreed.
- b) That the Budget Growth 2015/18, set out in Appendix 2, be agreed.
- c) That the fees and charges, as in Appendix 3, be noted and delegated authority be given to the Acting Section 151 Officer to update the Council's Fees and Charges Directory prior to publication before 1 April 2015.
- d) That delegated authority be given to the relevant Portfolio Holder and Strategic Director, in consultation with the Director of Resources /Acting Section 151 Officer, in respect of varying charges particularly for leisure and cultural activities.
- e) That the level of General Fund balances recommended, as detailed in Appendix 4, continues to be based on a locally determined approach based on an assessment of the financial risks that the Council may face in the future and that the Council maintains balances at, or above, this level.
- f) That the release of reserves by Directorates, as detailed in Appendix 5, be agreed and transferred to the Remodelling Restructure Reserve.
- g) That the Chief Financial Officer Statement regarding the robustness of the estimates made for the purpose of the Budget and the adequacy of the General Fund balances and reserves at Appendix 6 be noted.

13.2 Cabinet recommends to Budget Council that a separate vote be taken in respect of Council Tax levels for 2015/16 and :-

- a) That, with reference to Sections 2.38 and 8.2 of this report, a recommendation be made on Council Tax levels for 2015/16.
- b) That the Wirral Council Tax will include the precepts from the Police & Crime Commissioner for Merseyside and from the Merseyside Fire & Rescue Service.

- c) That, having regard to the fact that the precepts may be determined after the Council has determined its Council Tax for 2015/16 authority be delegated to the Acting Section 151 Officer to publish the final Wirral Council Tax for 2015/16.

## **14 REASON FOR RECOMMENDATIONS**

- 14.1 Cabinet are required to recommend a Budget to Council on 24 February 2015. The issues detailed in this report support the recommendations which all contribute to enabling Cabinet to be in a position to recommend a Budget proposal.
- 14.2 The Police Commissioner for Merseyside and the Merseyside Fire & Rescue Service issue a precept on the Council to be paid through the Council Tax. The bodies concerned may take their decisions in respect of 2015/16 after the Council has determined its Budget and Council Tax levels for 2015/16.
- 14.3 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 requires that a recorded vote, detailing the names of all Councillors voting and how they voted, be taken in respect of all votes involved in setting the Budget and Council Tax levels.

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## **APPENDICES**

- Appendix 1 Savings 2015/16 to 2016/17.  
Appendix 2 Growth Submissions 2015/18.  
Appendix 3 Fees and Charges. (the draft Fees and Charges Directory can be accessed through the Background Documents to this Cabinet Agenda).  
Appendix 4 Level Of General Fund Balances.  
Appendix 5 Reserves.  
Appendix 6 Robustness of the Estimates.

## **REFERENCE MATERIAL**

Council Budget 2014/15 agreed by Council on 25 February 2014.  
Autumn Statement issued by HM Treasury on 3 December 2014.  
Provisional Local Government Finance Settlement 2015/16 issued by the Department for Communities and Local Government – 18 December 2014.  
Section 25 - Local Government Act 2003.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet	12 February 2014
Budget 2014/15 and Medium Term Financial Strategy	7 July 2014
Council Budget 2015/16 to 2017/18	6 November 2014 and
Future Council Consultation Findings	27 November 2014
Corporate Plan (including updated MTF Strategy)	9 December 2014
Overview Of the Council's Future Financial Position)	9 December 2014
Budget Council Procedure	9 December 2014

APPENDIX 1

SAVINGS 2015/16 TO 2016/17

<b>FAMILIES AND WELLBEING</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Leisure Review	1,000	0
West Kirby Marine Lake	25	0
Schools Budget	2,300	0
School Redundancy Costs	350	0
Working Together with Schools	580	220
Transport Policies	526	460
Early Intervention to Support Families	1,950	0
Family, Parenting and Youth Commissioning	500	100
Children's Centres	1,500	0
CYP Departmental Efficiencies	400	0
Troubled Families	800	0
Careers Information and Advice	100	0
All Age Disability Service	600	0
Managing Buildings	458	0
Shared Services and Integration	10	1,200
Commissioning and Contracting	165	0
Service Design and Improvement	1,975	0
Targeted Support through NHS Contracts	994	0
Day Care and Day Services Transformation	950	0
Girtrell Court	385	0
Promoting Independence	900	0
Reduction in Long Term Placements	500	0
Asset Based Approaches	750	0
Care for Older People	250	0
Supported Living Contract Efficiencies	230	0
Savings Achieved from Public Health investment	4,000	0
<b>Families and Wellbeing Total</b>	<b>22,198</b>	<b>1,980</b>

<b>REGENERATION AND ENVIRONMENT</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Garden Waste Collection Service	393	0
Regeneration General Running Costs	40	0
Floral Pavilion Review	300	0
Williamson Art Gallery	250	0
Preventative Maintenance	370	0
Commemorations, Registrations and Memorials	100	100
Allotments, Bowling and parks	35	0
Parking at Fort Perch Rock	25	10
Litter and Dog Fouling Enforcement	31	0
Environmental Health / T Standards Merged Service	85	0
Street lighting LED conversion	100	390
Schools Ground Maintenance	70	45
Street works Permits	100	100
Parking Enforcement Contract	20	60
Waste Contract Changes	700	300
Alley Gating	22	0
Housing: New build rental income	60	0
Supporting People Contract Efficiency	150	0
Pre-advice Income	5	0
Invest Wirral budget support	25	0
Review of Community Safety	185	0
<b>Regeneration and Environment Total</b>	<b>3,066</b>	<b>1,005</b>

<b>TRANSFORMATION AND RESOURCES</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Reducing the Cost of Democracy	130	25
Libraries and One Stop Shops	307	0
IT and Telecommunications	70	0
Managing the Money	30	0
Improving Access to the Council	69	0
Shared Service Coroners	50	0
Treasury Management cost reductions	1,700	0
Telecommunications and printing	135	120
Council Tax Over 70s Discount	600	0
Salary Sacrifice Scheme	30	0
Insurances	88	0
Advertising income	110	0
Transaction Centre: Postal and Cashiers	141	0
<b>Transformation and Resources Total</b>	<b>3,460</b>	<b>145</b>

<b>CORPORATE / EFFICIENCIES</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Council Tax Freeze Grant	1,300	0
Business Rates	2,000	0
Remodelling the Council	4,500	0
Senior Management Restructure	1,500	0
<b>Corporate / efficiencies Total</b>	<b>9,300</b>	<b>0</b>

<b>SUMMARY OF THE SAVINGS</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Families and Wellbeing	22,198	1,980
Regeneration and Environment	3,066	1,005
Transformation and Resources	3,460	145
Corporate / Efficiencies	9,300	0
<b>TOTAL</b>	<b>38,024</b>	<b>3,130</b>

## GROWTH SUBMISSIONS 2015/18

DIRECTORATE	DESCRIPTION	2015/16 £000	2016/17 £000	2017/18 £000
	<b>DEMOGRAPHIC GROWTH</b>			
Families Children's	Increase in Special Guardianship and Adoption numbers	410	410	400
Families Adults	Increase in Demand (Young Adults with Learning Disabilities)	930	934	940
Families Adults	Increased demand Older People	949	937	940
	<b>Demographic Growth</b>	<b>2,289</b>	<b>2,281</b>	<b>2,280</b>
	<b>OTHER GROWTH</b>			
Families Children's	Staying Put Policy	100	0	0
Families Children's	Leasowe Millennium Centre	76	0	0
Families	Social Workers – new pay structure	400	200	200
Regeneration	United Utilities Standing Water Charges	0	92	0
Regeneration	New System for administering Resident Parking Schemes (Year 2)	-10	0	0
Regeneration	Biffa Property Uplift	13	15	0
Regeneration	Selective Licensing of Landlords (Year 2)	-163	0	0
Regeneration	Prevention and support services (presently from Community Fund)	500	0	0
Regeneration	Housing Standards and Renewal (presently from Community Fund)	250	350	0
Regeneration	Housing Options/Homeless Prevention Team (presently from Community Fund)	0	400	0
Transformation	Council Tax Support Scheme: Uprating	266	0	0
Transformation	Marketing	100	0	0
Transformation	Elapsing of unpaid leave 3 year savings option	0	1,400	0
	<b>Other Growth</b>	<b>1,532</b>	<b>2,457</b>	<b>200</b>

DIRECTORATE	DESCRIPTION	2015/16	2016/17	2017/18
		£000	£000	£000
	<b>INFLATION</b>			
Families Children's	Increasing Fostering & Adoption Allowances	200	200	200
Families Children's	PFI Affordability Gap	150	150	150
Families Children's	Teacher Retirement Costs	60	60	60
Families Children's	Transport Contracts	0	70	70
Families Children's	Energy and CRC Allowances price increases	160	0	0
Families Adults	Contract inflation	843	852	850
Regeneration	Highway Services Contract	48	0	0
Regeneration	Contract for Parking Enforcement Services	15	15	20
Regeneration	Biffa Contract Inflation	338	348	200
	<b>Inflation</b>	<b>1,814</b>	<b>1,695</b>	<b>1,550</b>
	<b>UNALLOCATED AND HELD CENTRALLY</b>			
Corporate	Levies	0	900	900
Corporate	Pension Deficit	400	400	0
Corporate	Pension Revaluation	0	0	2,500
Corporate	National Insurance Rate Change (+3.4%)	0	3,500	0
Corporate	Capital Financing	0	0	1,000
Corporate	Pay Inflation	1,500	3,000	2,500
Corporate	Price Inflation	0	0	500
Corporate	Education Services Grant	1,100	500	300
Corporate	Unallocated Growth and Inflation	398	1,865	2,270
	<b>TOTAL UNALLOCATED GROWTH</b>	<b>3,398</b>	<b>10,165</b>	<b>9,970</b>
	<b>TOTAL GROWTH</b>	<b>9,032</b>	<b>16,598</b>	<b>14,000</b>

## **FEES AND CHARGES**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 In accordance with best practice, fees and charges the authority should be reviewed on a regular basis. Whilst this is undertaken by Directorates it is good practice for the Council to maintain, and publish, a comprehensive Directory of Fees and Charges.

### **2.0 BACKGROUND AND KEY ISSUES**

#### **CHARGING POLICY AND DIRECTORY**

- 2.1 The development and implementation of a Corporate Charging Policy is a key strand of the Council's Annual Budget Strategy in order to:
- Ensure that current charges are set and uplifted correctly.
  - Ensure collection of fees and charges in an effective and efficient manner.
  - Take an active approach in identifying and implementing new charging opportunities.
  - Ensure the approach to charging helps the achievement of the Council's overall strategic goals.
- 2.2 Directorates have examined their fees and charges for the 2015/16 financial year and set them according to the circumstance of their services. A comprehensive Directory of Fees and Charges containing a description of the charge, VAT status and the charges covering the new and previous years is held on the Council web-site and updated at least annually.

#### **REVIEW OF CHARGES FOR 2015/16**

- 2.3 Of the proposed fees and charges for 2015/16, 70% are unchanged from 2014/15. Changes resulting from new legislation or from savings agreed by the Council have been included in the Directory. Some have to be finalised and will be confirmed prior to publication of the Directory before 1 April 2015.
- 2.4 Under the Council Constitution Financial Regulations - Chief Officers are responsible for establishing a charging policy for the supply of goods and services, and, in consultation with the Director of Resources, for reviewing annually the levels of fees and charges relating to services under their control.

#### **INFLATION**

- 2.5 For 2015/16, no general inflationary increase was applied. This reflected the difficulties the Council had faced in achieving income targets in previous years. Whilst adjustments were made to Budgets in previous years the ongoing economic situation meant that a general increase would potentially result in further unachievable budgets.

## **TRADING SERVICES**

- 2.6 Charges for Hackney Carriage and Private Hire Licences are an example of a Trading Service. These charges are ring-fenced to only pay for the service. The current fees and charges are sufficient to cover the costs of the service and therefore any increase is prohibited.
- 2.7 Building Regulation Charges are a complex issue. The Council is required by Statute to recover the costs of the charge earning element of work over a rolling three year accounting period. Fees are set to recover costs provided that they are set within 'a scheme'. Guidance issued to authorities to aid the establishment of the appropriate charges dictates that the method of establishing the hourly rate must be indicated and potential applicants must be advised of the charge together with the level of service they will receive upon application. Given the complexity of the charging regime and the wide range of different scenarios the building control charges have been included in as separate schedules.

## **DISCRETIONARY CHARGES**

- 2.8 Increases in fees and charges may impact upon certain groups such as those on lower incomes. Policies to offer discounts or apply means tests may help to mitigate these impacts. The implications of specific charges will be addressed by the relevant Chief Officer when implementing any changes.
- 2.9 The largest source of income is from Adult Social Care charges which are presently being consulted upon as part of the Budget 2015/16. Once confirmed they will be incorporated into the Council fees and Charges Schedule.
- 2.10 The largest range of income is that encompassing leisure and cultural service activities. Possible changes to leisure and cultural services fees and charges are being considered as part of a general review of these services. To maximise income and enable changes to be implemented Council is to be requested to approve delegated authority to the relevant Portfolio Holder and Strategic Director, in consultation with the Director of Resources / Acting Section 151 Officer, to vary fees and charges. Fees and charges are currently approved by Cabinet and Council annually with any in year changes reported to Cabinet. The proposed introduction of delegated authority for changes to existing charges is to enable the service to maximise income generating opportunities without delay.

- 2.11 Car parking is a significant source of income. Parking fees continue to be regularly reviewed having regard to competing providers as well as highways and traffic management issues. A comprehensive review of parking has been undertaken during 2014/15 with the outcome reported for consideration by Cabinet on 10 February 2015. Any changes agreed will be incorporated within the Fees and Charges Schedule.

### **3.0 RELEVANT RISKS**

- 3.1 Whilst budgets for income from fees and charges are set having regard to whether they are statutory or discretionary the achievement of the level of income can be influenced by a number of factors including the local economic situation. These are mitigated by the annual review and the budgets are amended where required to reflect what is deemed unachievable.

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

- 4.1 Income from Fees and Charges is an integral part of the Council Budget.

### **5.0 RECOMMENDATIONS**

- 5.1 That the Directory be noted and Delegated Authority be given to the Director of Resources / Acting Section 151 Officer to update the Directory as charges are finalised prior to publication before 1 April 2015.
- 5.2 That delegated authority be given to the relevant Portfolio Holder and Strategic Director, in consultation with the Director of Resources /Acting Section 151 Officer, in respect of varying charges particularly for leisure and cultural activities.

#### Note

The draft Fees and Charges Directory can be accessed through the Background Documents to this Agenda Item.

### LEVEL OF GENERAL FUND BALANCES

#### 1.0 EXECUTIVE SUMMARY

- 1.1 This Appendix sets out the level of General Fund balances the Council maintains and the approach that has been used to determine this level.

#### 2.0 BACKGROUND AND KEY ISSUES

##### INTRODUCTION

- 2.1 Sound financial management principles require that sufficient funds are retained by the Council to provide a stable financial base at all times. To retain this stable financial base the Council needs to maintain a General Fund balance that is sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that is of an unforeseen, emergency nature.
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to Councils on the assessment of the adequacy of unallocated general reserves. This recommends that an assessment of risks both external and internal should take place when the Council is setting its annual budget. The Grant Thornton report on Financial Resilience at Wirral Council made reference to the need for robust financial control and the continuing financial challenges. The Council needs to have in place arrangements to ensure its' sustainable financial health and have measures in place to mitigate against financial risks. One aspect of this is the maintenance of sufficient General Fund balances.

##### LOCALLY DETERMINED LEVEL OF GENERAL FUND BALANCES

- 2.3 The level should be based on the Council's own specific circumstances. Grant Thornton in their report of December 2014, "Rising to the Challenge: the evolution of local government" identified best practice as follows:
- The Council operates within a locally determined appropriate level of reserves and balances.
  - The General Fund balance is maintained at or above the locally agreed minimum level.
- 2.4 The setting and justification of General Fund balances is part of the Council Medium Term Financial Strategy. It is crucial the Council has sufficient balances, and earmarked reserves, to maintain financial standing and resilience. For local authorities there is no statutory minimum level and it is for each Council to take a view on the required level having regard to matters relevant to its local circumstances.

- 2.5 CIPFA guidance issued in summer 2014 states that in order to assess the adequacy of unallocated general reserves the Chief Financial Officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include external risks, such as natural disasters as well as internal risks such as the achievement of savings. The Local Government Finance Act 1992 required Councils to consider their level of reserves at least once a year.
- 2.6 CIPFA state that the financial risks should be assessed in the context of the Council's overall approach to risk management. In its paper "Local Authority Reserves and Balances" the following factors are relevant to determining the level of balances.
- The treatment of inflation and interest rates.
  - Estimates of the level and timing of capital receipts.
  - The treatment of demand led pressures.
  - The treatment of planned efficiency savings/productivity gains.
  - The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.
  - The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.
  - The general financial climate to which the authority is subject.
- 2.7 In determining the appropriate level of balances the Council takes account of the strategic, operational and financial risks facing the Council. In planning the financial future and the level of reserves the Council takes into account of the main risks and uncertainties including:-
- Legislative changes
  - Inflation and Interest Rates
  - Grants
  - Volume and Demand Changes
  - Budget Savings
  - Insurance and Claims
- 2.8 This approach commenced in November 2012 and has been reviewed further following the CIPFA guidance. A consideration of the risks faced by and the financial circumstances of Wirral for the coming three years have been made. The risk factors used on the Councils assessment are similar to those recommended by CIPFA guidance. It proposes a minimum level which the Council must work towards funding and updates the previous assessment of February 2014.

## FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

- 2.9 The Revenue Monitoring throughout 2014/15 has shown that the Council has been overspending in specific areas. Work continues to balance the outturn for this financial year so that it is delivered within the resources available. At December 2014 (Month 9) the projected overspend was £0.82 million. The process for the 2015/16 Budget has been enhanced with work undertaken on a risk assessment of all savings.
- 2.10 Based upon the approach set out above and having regard to both the current financial position and the Budget for 2015/16 and beyond the calculation has been updated and is detailed in the Annex.

### SUMMARY OF THE ASSESSED GENERAL FUND BALANCES

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Assessed level February 2013	17.7	13.1	-	-
Assessed level February 2014	17.3	15.4	13.9	-
Assessed level February 2015	17.3	17.4	17.3	17.0

- 2.11 The February 2015 assessment for 2015/16 is an increase on the amount that previously projected for February 2014. This includes revisions to the risks in relation to the capital receipts, the Better Car Fund and new delivery models that the Council is moving towards. Changes to risk on the waste levy and inflation on transitional payments have been made to reflect revised assessment of risk in these areas.
- 2.12 The 2014/15 General Fund balance risk calculation is for a minimum of £17.3 million at 31 March 2015 and the level to be achieved for 2015/16 is £17.4 million. The latest Monitoring Report (November 2014 - Month 9) showed:-

### SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details		£m
Balance 31 March 2015 when setting the Budget 2014/15		+17.3
Less: Potential overspend, at Month 9	-0.8	
Add: Additional New Homes Bonus	+0.2	-0.6
Projected balance 31 March 2015		16.7

- 2.13 Based upon the target for 31 March 2015 the current projections show the Council will not achieve the target level of balances for 2014/15 and 2015/16. Further work is required to identify funding to supplement the balances to reach the required level.

### **3.0 RELEVANT RISKS**

- 3.1 The Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The holding of sufficient funds is part of the move to improve resilience. The locally and risk based approach to the level of General Fund balance is in line with the achievement of this approach.
- 3.2 The calculation of the level of General Fund balances is based upon an assessment of risk against a series of key areas which takes into consideration the specific issues as they affect Wirral.
- 3.3 Setting General Fund balances to a % of the net budget or at a level of balances based on the level of regular Council expenditure and income eg two months of regular expenditure and income do not assess the specific circumstances that the Council faces.

### **4.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

- 4.1 The locally determined approach to General Fund Balances results in an assessed level of balances.

### **5.0 RECOMMENDATIONS**

- 5.1 The level of General Fund balances recommended continues to be based on a locally determined approach to the assessment of the financial risks that the Council may face in the future.
- 5.2 The Council maintains its level of balances at, or above, the locally determined level of General Fund balances.

RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES

ANNEX

2014/15			Area of Risk	2015/16			2016/17			2017/18		
Budget £000	Risk Level	Value £000		Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000
			<b>Legislative Changes</b>									
Detail below			Formula Grant / Business Rates									
32,525	2.00%	650.5	Local Business Rates Income	33,276	2.00%	665.5	33,276	2.00%	665.5	33,276	2.00%	665.5
23,800	2.00%	476.0	Council Tax Benefit	23,800	2.00%	476.0	23,800	2.00%	476.0	23,800	2.00%	476.0
0	0.00%	0.0	Council Tax Grant Reduction	0	0.00%	0.0	0	0.00%	0.0	0	0.00%	0.0
From 2016/17			Health & Social Care Act				20,000	2.00%	400.0	40,000	4.00%	1,600.0
From 2015/16			Bail in Arrangements	1,000	9.00%	90.0	1,000	9.00%	90.0	1,000	9.00%	90.0
14,687	3.00%	440.6	Waste Levy - recycling target	0	3.00%	0.0	0	3.00%	0.0	0	3.00%	0.0
3,750	3.00%	112.5	Single Status	3,000	3.00%	90.0	3,000	3.00%	90.0	3,000	3.00%	90.0
<b>74,762</b>		<b>1,679.6</b>		<b>61,076</b>		<b>1,321.5</b>	<b>81,076</b>		<b>1,721.5</b>	<b>101,076.0</b>		<b>2,921.5</b>
			<b>Inflation</b>									
129,115	0.10%	129.1	Employees	121,286	0.10%	121.3	121,286	0.10%	121.3	121,286	0.10%	121.3
17,146	0.75%	128.6	Premises	15,208	0.75%	114.1	15,208	0.75%	114.1	15,208	0.75%	114.1
7,222	1.00%	72.2	Transport	6,631	1.00%	66.3	6,631	1.00%	66.3	6,631	1.00%	66.3
117,211	1.00%	1,172.1	Supplies	123,881	1.00%	1,238.8	123,881	1.00%	1,238.8	123,881	1.00%	1,238.8
119,558	0.50%	597.8	Services	122,501	0.50%	612.5	122,501	0.50%	612.5	122,501	0.50%	612.5
140,727	1.00%	1,407.3	Transfer	143,656	0.00%	0.0	143,656	0.00%	0.0	143,656	0.00%	0.0
44,000	1.00%	440.0	Capital Programme	30,000	3.00%	900.0	30,000	1.00%	300.0	30,000	1.00%	300.0
<b>574,979</b>		<b>3,947.1</b>		<b>563,162</b>		<b>3,053.0</b>	<b>563,162</b>		<b>2,453.0</b>	<b>563,162</b>		<b>2,453.0</b>
			<b>Interest Rates</b>									
12,644	0.00%	0.0	Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0
875	0.00%	0.0	Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0
<b>13,519</b>		<b>0.0</b>		<b>13,519</b>		<b>0.0</b>	<b>13,519</b>		<b>0.0</b>	<b>13,519</b>		<b>0.0</b>

2014/15			Area of Risk	2015/16			2016/17			2017/18		
Budget £000	Risk Level	Value £000		Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000
			<b>Grants and Partnerships</b>									
140,036	0.50%	700.2	Housing Benefits incl Admin Grant	140,727	0.50%	703.6	140,727	0.50%	703.6	140,727	0.50%	703.6
62,486	1.00%	624.9	Other General Fund Grants	60,286	0.50%	301.4	58,086	0.50%	290.4	55,886	0.50%	279.4
From2015/16			Better Care Fund	30,000	1.00%	300.0	30,000	1.00%	300.0	30,000	1.00%	300.0
From2015/16			Alternative Delivery operation			200.0			500.0			600.0
<b>202,522</b>		<b>1,325.0</b>		<b>231,013</b>		<b>1,505.1</b>	<b>228,813</b>		<b>1,794.1</b>	<b>226,613.0</b>		<b>1,883.1</b>
			<b>Volume / Demand Changes</b>									
3,000	2.00%	60.0	Capital Receipts	10,000	9.00%	900.0	10,000	9.00%	900.0	3,000	2.00%	60.0
47,808	1.00%	478.1	Customer and Client Receipts	49,018	0.50%	245.1	47,808	0.50%	239.0	47,808	0.50%	239.0
89,140	2.00%	1,782.8	Demand Led Budgets (S/ Care)	92,000	2.00%	1,840.0	94,000	2.00%	1,880.0	96,000	2.00%	1,920.0
111,357	0.25%	278.4	Collection Fund	114,000	0.25%	285.0	114,000	0.25%	285.0	114,000	0.25%	285.0
400	50.00%	200.0	Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0
<b>251,705</b>		<b>2,799.3</b>		<b>265,418</b>		<b>3,470.1</b>	<b>266,208</b>		<b>3,504.0</b>	<b>261,208</b>		<b>2,704.0</b>
			<b>Budget Savings</b>									
<b>45,000</b>	<b>15.00%</b>	<b>6,750.0</b>	Budget Reductions	<b>38,000</b>	<b>19.00%</b>	<b>7,220.0</b>	<b>28,000</b>	<b>25.00%</b>	<b>7,000.0</b>	<b>25,000</b>	<b>25.00%</b>	<b>6,250.0</b>
			<b>Insurance/Public Liability Third Party Claims</b>									
498	5.00%	24.9	MMI Liabilities	498	5.00%	24.9	498	5.00%	24.9	498	5.00%	24.9
10,000	2.00%	200.0	Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5
2,977	2.00%	59.5	Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5
<b>13,475</b>		<b>284.4</b>		<b>13,198</b>		<b>278.9</b>	<b>13,198</b>		<b>278.9</b>	<b>13,198</b>		<b>278.9</b>
			<b>Energy Security and Resilience</b>									
<b>3,000</b>	15.00%	450.0	Infrastructure failure	<b>3,000</b>	15.00%	450.0	<b>3,000</b>	15.00%	450.0	<b>3,000</b>	15.00%	450.0
<b>294</b>	20.00%	58.8	Carbon Tax Legislation	<b>400</b>	20.00%	80.0	<b>400</b>	20.00%	80.0	<b>400</b>	20.00%	80.0
		<b>17,294.3</b>	<b>TOTAL</b>			<b>17,378.5</b>			<b>17,281.5</b>			<b>17,020.5</b>

**REVIEW OF RESERVES**

**1.0 EXECUTIVE SUMMARY**

1.1 This is the mid-year review of the amounts held in reserves. It recommends the release of those reserves which are no longer required and for them to be added to the Remodelling Reserve.

**2.0 BACKGROUND AND KEY ISSUES**

2.1 Integral to the effective use of resources is an understanding of the overall financial position of the Authority. The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on the establishment and maintenance of local authority reserves which makes it clear that Councils when reviewing their Medium Term Financial Strategies should consider the establishment and maintenance of reserves.

2.2 Resources set-aside for specific purposes reserves should be established and used in accordance with the purposes intended. The minimum level of new reserves and provisions is set at £20,000 unless these relate to amounts held in trust all reserves are reviewed at least twice a year.

2.3 The Council Constitution and Financial Regulations require that any reserves which are established are then monitored and used in accordance with statutory financial guidelines.

2.4 For each reserve there needs to be a reason for / purpose of the reserve and details of how and when the reserve can be used.

**RESERVES**

2.5 Reserves are set aside by the Council to meet future expenditure such as decisions causing anticipated expenditure to be delayed. As such they are only available to be spent on specific purposes. The categories of earmarked reserves are as follows:

Category and Description
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc
RE-MODELLING Support Future Council which includes costs of investment to deliver future savings and one-off workforce reduction costs
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and

spend incurred in the following year such as Public Health, Supporting People and Troubled Families and were the sums held are earmarked for the completion of Council programmes such as Community Asset Transfer, planned maintenance and parks improvements

2.6 Annex 1 provides details of all existing reserves including together with details of the usage during the current and future financial years, those required to be retained for the purposes intended and those which are no longer required and can be released.

2.7 As reported on 12 February 2014 the Council is undertaking a major remodelling in order to deliver the Council Vision. This requires investment and also incurs costs associated with implementing workforce changes. To assist a Remodelling Restructuring Reserve was created in 2013/14. In 2014/15 the Reserve will be increased by the transfer of the Collection Fund surplus distribution of £3.7 million and from the £2.8 million released from the review of reserves held by Directorates and which are deemed to be no longer required.

### **3.0 RELEVANT RISKS**

3.1 Regular Balance Sheet management is required to ensure that the authority has a sufficient level of funds to cover any future liabilities whilst being able to release any funding not required back to the General Fund for use in funding services and/or reducing Council Tax levels.

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

4.1 The setting and justification of provisions and reserves is a key element of the Councils financial process. At the start of 2014/15 the Council held over £83.6 million in earmarked reserves. With the Waste Development Fund, this will increase by £6.7 million to £93.3 million prior to any release or use of reserves.

4.2 With available reserves transferred to the Remodelling Reserve there will be no sums returned to General Fund balances.

### **5.0 RECOMMENDATIONS**

5.1 That the release of £2.8 million of Reserves by Directorates be agreed.

5.2 That all released Reserves be added to the Remodelling Reserve.

## REVIEW OF RESERVES AS AT JANUARY 2014

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Insurance & Taxation	T & Resources	FR012 - Housing Benefit	-5,451,523	-5,451,523	-
		FR018 - HB/CT Liabilities	-1,436,385	-836,385	600,000
		FR106 - Business Rates Equalisation	-3,258,550	-3,258,550	-
		FR110 - Business Rates Appeals Reserve	-1,000,000	-1,000,000	-
		IF018 - Motor Reserve B/F	-200,000	-200,000	-
		IF020 - Fire Reserve B/F	-2,500,000	-2,500,000	-
		IF021 - Civil Contingency Fund	-1,500,000	-1,500,000	-
		IF022 - M.M.I. Run Off	-430,192	-430,192	-
		IF023 - Contaminated Land	-750,000	-750,000	-
		IF024 - Risk Management	-144,400	-144,400	-
		IF028 - PI/EI/Pi Reserve	-2,157,619	-2,157,619	-
		IF046 - P I Reserve	-50,000	-50,000	-
		IF047 - Claims Mgmt Reserve	-150,000	-150,000	-
		IF051 - PFI Balance of Risks	-54,498	-54,498	-
		IF052 - Budget Surplus / Deficit	-82,993	-82,993	-
		IF056 - Uninsured Liability	-1,006,000	-1,006,000	-
				IF103 - Plate Glass Insurance Fund	-40,000
		IF104 - Equipment Insurance Fund	-75,000	-75,000	-
		IF105 - Fidelity Fund	-10,500	-10,500	-
<b>Total</b>			<b>-20,297,660</b>	<b>-19,697,660</b>	<b>600,000</b>

Remodelling	T & Resources	FR009 - IT Development	-1,632,555	-1,632,555	-
		FR024 - ITS Replacement Programme Reserve	-2,159,511	-2,159,511	-
		FR027 - Efficiency Investment Fund	-1,289,025	-1,289,025	-
		FR031 – Remodelling	-14,156,239	-14,156,239	-
		FR032 - Transformation Challenge Award	-75,000	-75,000	-
<b>Total</b>			<b>-19,312,330</b>	<b>-19,312,330</b>	<b>-</b>

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
<b>Schools</b>	<b>Families CYP</b>	EG252 - Schools - Oaklands NoF Extension	-75,753	-75,753	-
		ER012 - SCHOOLS - Nursery Educ Grant	-108,000	-108,000	-
		ER112 - SCHOOLS - Schools Balances C/Fwd	-10,774,620	-10,774,620	-
		ER115 -SCHOOLS - Schools Excess Balances	-9,504	-9,504	-
		ER116 - SCHOOLS -Schools Special Contingency C/Fd	-368,269	-368,269	-
		ER118 - SCHOOLS - Schools Harmonisation Costs	-1,077,156	-1,077,156	-
		ER119 - SCHOOLS - DSG Carry Forward	-1,401,504	-1,401,504	-
		ER160 - SCHOOLS -Cash Management Schools	-908,310	-908,310	-
		ER482 - Schools - Foxfield School	-244,000	-244,000	-
		ER751 - SCHOOLS - Automatic Meter Readers	-415,000	-415,000	-
		ER765 - SCHOOLS - MUGA Wirral Hospital School	-26,384	-26,384	-
		ER769 - SCHOOLS - CLC Contingency	-114,369	-114,369	-
		ER770 - SCHOOLS - AST Contingency	-1,180	-1,180	-
		ER772 - SCHOOLS - Premature Retirement Costs	-108,568	-108,568	-
		ER774 - SCHOOLS - DSG Contingency	-193,795	-193,795	-
		ER802 - CYP CAPITAL -Bebington High	-4,101	-4,101	-
		ER805 - CYP CAPITAL – Oldershaw	-17,178	-17,178	-
		ER817 - CYP CAPITAL -Birkenhead Academy	-68,931	-68,931	-
		ER818 - CYP CAPITAL - Gayton	-55,267	-55,267	-
		ER820 - CYP CAPITAL - Irby Primary	-21,000	-21,000	-
		ER825 - CYP CAPITAL - Pensby Primary	-28,095	-28,095	-
		ER829 - CYP CAPITAL – Somerville	-113,000	-113,000	-
		ER830 - CYP CAPITAL - Ridgeway Roof	-9,000	-9,000	-
		ER831 - CYP CAPITAL - Park Primary	-15,000	-15,000	-
		ER839 - Schools - Pensby Sports Complex	-64,110	-64,110	-
		ER840 - Schools - Mersey Park Primary	-81,000	-81,000	-
		ER841 - Schools - Great Meols Primary	-125,000	-125,000	-
		ER843 - Schools - Woodlands Primary	-36,000	-36,000	-
		ER845 - Schools - Orrets Meadow	-30,000	-30,000	-
		ER846 - Schools - St Albans	-100,000	-100,000	-

		ER847 - Schools - Somerville Primary	-81,000	-81,000	-
		ER848 - Schools - Hayfield School	-35,000	-35,000	-
		ER849 - ND Schools - SEN Top-up Minimum Funding Guarantee	-330,000	-330,000	-
		ER850 - ND Schools - Post 16 Data Service	-49,000	-49,000	-
		ER851 - Schools - Meadowside School	-100,000	-100,000	-
		ER852 - ND Schools - Youth Justice Board	-47,000	-47,000	-
		ER853 - Schools - PFI Affordability Gap	-600,000	-600,000	-
<b>Total</b>			<b>-17,836,094</b>	<b>-17,836,094</b>	<b>-</b>

<b>Reserve Category</b>	<b>Directorate</b>	<b>Brief Description and summary code</b>	<b>2014/15 Balance</b>	<b>Predicted Use</b>	<b>Amount to be released</b>
<b>Support</b>	<b>Corporate</b>	CR014 - Investment Marketing Campaigns	-50,000	-50,000	-
		CR022 - EVR Costs	-47,429	0	47,429
		CR038 - Discover Wirral Marketing Campaigns	-68,790	-68,790	-
		CR047 - The Open 2014	-146,536	-146,536	-
		CR048 - Wirral MCO Strategic Leadership	-30,000	-30,000	-
		CR061 - ERDF Wirral Events MF	-15,406	0	15,406
		CR062 - Wirral Visitor Guide	-820	0	820
		CR063 - Wirral Attractions Group	-750	0	750
		CR070 - Public Health Outcomes	-1,952,690	-1,952,690	-
		CR071 - Champs Innovation Fund	-186,213	-186,213	-
		CR072 - Information and Performance	-563,785	-563,785	-
		CR073 - Public Health Implementation Fund	-23,715	-23,715	-
		CR074 - Public Health Innovation Fund	-34,040	-34,040	-
		CR075 - Constituency Committees	-143,752	-143,752	-
	<b>Families- CYP</b>	CR002 - A/MGMT -Birkenhead Registrars Renovation	-16,500	-16,500	-
		CR027 - A/MGMT - Asset Review	-210,629	-210,629	-
		CR044 - A/MGMT - Community Fund CAT	-1,530,671	-1,530,671	-
		CR060 - A/MGMT - PPM	-279,112	-279,112	-
		E0074 - CYP - India Exchange	-1,303	-1,303	-
		ER002 - CYP - Childrens LCL safeguarding	-4,148	-4,148	-
		ER113 - CYP - DAT Pooled Budgets (Res)	-67,911	-67,911	-

		ER121 - CYP - Help for Young People	-50,938	-50,938	-
		ER178 - CYP CAPITAL Forcap For Cap Prog	-62,907	-62,907	-
		ER199 - CYP - Adoption & Fostering Reserve	-7,143	-7,143	-
		ER201 - CYP - School Improvement IT Programme	-61,012	0	61,012
		ER601 - CYP CAPITAL -PFI Capital Reserve	-85,730	-85,730	-
		ER684 - CYP CAPITAL Cap Financing Contrib's	-20,000	-20,000	-
		ER746 - CYP Capital - WASP	-6,246	-6,246	-
		ER754 - CYP - School Improvement Reserve	-64,365	-64,365	-
		ER755 - CYP - Music Service Income	-97,526	-97,526	-
		ER758 - CYP - ASB Reserve	-33,818	-33,818	-
		ER763 - CYP - CAMHS Reserve	-24,314	-24,314	-
		ER764 - CYP Capital - PPM	-200,000	-200,000	-
		ER767 - CYP - Stay, Work, Learn Wise	-907,820	-907,820	-
		ER768 - CYP - YPLA / LSC Funding Balance	-74,862	-74,862	-
		ER771 - CYP - CWDC	-468,876	-468,876	-
		ER806 - CYP - YOS - Multi Systemic Therapy	-136,299	-136,299	-
		ER808 - CYP - Childrens Centre Income Reserve	-32,240	-32,240	-
		ER833 - CYP - Intensive Family Intervention Project	-914,676	-914,676	-
		ER834 - CYP - Child Poverty	-250,000	-250,000	-
		ER838 - CYP Capital / Raeburn	-20,987	-20,987	-
		ER854 - CYP - Adoption Reform Grant	-52,738	-52,738	-
		ER855 - CYP - Social Worker Retention	-349,000	-349,000	-
		ER856 - CYP - Staying Put	-92,666	-92,666	-
		ER857 - CYP - Extended Free Rights to Travel	-104,400	-104,400	-
		ER858 - CYP - Payments by Results	-33,624	-33,624	-
		ER859 - CYP - Childrens Centre Nurseries	-322,000	-322,000	-
		TP008 - CYP CAPITAL - Vehicle Purchase	-157,750	-157,750	-
		TP025 - H&S - Armed Forces - Welfare Pathway	-17,400	-17,400	-
		TP026 - H&S - Flooding Prevention	-283,968	-283,968	-
		TP029 - H&S - Occupational Health	-5,300	-5,300	-
	<b>Families -DASS</b>	SR001 - SHE Royden Park Scheme	-770	-770	-
		SR002 - Heswall Day Centre	-7,331	-7,331	-

		SR005 - Mapleholme Donation	-264	-264	-
		SR007 - Star Design Donation	-5,860	-5,860	-
		SR008 - Cambridge Road Day Centre	-414	-414	-
		SR009 - Balls Road Birkenhead Supported Living	-36,358	-36,358	-
		SR010 - North Road Birkenhead Supported Living	-10,980	-10,980	-
		SR109 - Funding for End of Life Care	-13,164	-13,164	-
		SR110 - DASS Development Programme	-38,223	-38,223	-
		SR114 - Winter Money	-48,774	-48,774	-
	<b>Families-Sport</b>	LR202 - Sports Centre Contingency	-50,000	-50,000	-
		LR260 - Sports Development Reserve	-131,663	-131,663	-
		LR412 - PCT - Physical Activities Grant	-103,500	-103,500	-
		TP019 - Leisure Equipment	-48,556	-48,556	-
	<b>Regen &amp; Env</b>	CR018 - Local Develop F/Work PDG	-197,998	-197,998	-
		CR026 - Seaside Town Strategy	-20,891	-20,891	-
		CR030 - West Wirral Schemes	-76,134	-76,134	-
		CR040 - HRA Loan Repayments	-96,280	-96,280	-
		CR056 - ERDF 4.2 Match Funding	-730,119	-730,119	-
		CR058 - BIG Capital Grants	-327,844	-327,844	-
		CR064 - Trading Standards Modern Apprentices	-35,130	-35,130	-
		CR065 - Licensing Legal Costs	-25,000	-25,000	-
		CR066 - Empty Prop Council Tax	-44,472	-44,472	-
		CR067 - Trading Standards	-113,762	-113,762	-
		CR068 - Environmental Health	-22,291	-22,291	-
		CR069 - Community Patrol	-100,000	-100,000	-
		LR140 - Art Fund	-30,333	-30,333	-
		LR143 - Rangers Activities	-52,015	-52,015	-
		LR144 - Hilbre Island - Sec 106	-21,172	-21,172	-
		LR196 - Reeds Lane Play - Sec 106	-59,820	-59,820	-
		LR199 - NOF Transform Space C7317	-78,708	-35,000	43,708
		LR222 - Outdoor Gyms	-1,827	-1,827	-
		LR229 - PPM Reserve	-311,000	-311,000	-
		LR306 - Beechwood Park Play Area - Sec 106	-61,152	-61,152	-

	LR408 - Beechwood Community Spaces S106	-100,000	-100,000	-
	LR417 - A/MGMT - Allotments Officer	-15,000	-15,000	-
	R5000 - Supporting People Grant Admin	-109,033	-109,033	-
	R5002 - Supporting People Grant Programme	-795,704	-795,704	-
	R8004 - Taxi Demand Survey	-80,495	-80,495	-
	R8007 - New Homes Bonus	-145,084	-145,084	-
	R8012 - Wirral Executive	-9,920	-9,920	-
	R8026 - Dog Wardens Bequests	-2,236	-2,236	-
	R8034 - Psl Tenancy Deposits	-23,280	-23,280	-
	R8035 - Group Repair Scheme	-120,040	-120,040	-
	R8036 - HMRI	-133,567	-133,567	-
	R8041 - Wirral H I A	-495,269	-495,269	-
	R8072 - Community Safety Initiatives	-162,648	-162,648	-
	R8073 - HMO Licence Fees	-79,726	-79,726	-
	R8074 - Homeless Prevention	-271,064	-271,064	-
	R8075 - Cosyhomes Insulation	-163,090	-163,090	-
	R8077 - Housing Priority Panel	-98,580	-98,580	-
	R8078 - Financial Assistance Fees	-44,582	-44,582	-
	R8079 - Neptune S.106 Works	-18,333	-18,333	-
	R8080 - DCLG Empty Shops Grant	-44,212	-44,212	-
	R8081 - Challenge Fund Properties	-47,808	-47,808	-
	R8082 - Worklessness Programme	-195,177	-195,177	-
	R8083 - Apprentice Programme Phases 2 & 3	-159,980	-159,980	-
	R8084 - Unlawful Subletting/Under Occupation Project	-60,000	-60,000	-
	R8260 - WNF Balance	-760,898	-760,898	-
	R8300 - Heritage Fund	-95,875	-95,875	-
	T1106 - Insurance Contribution - Highway Safety	-54,582	-54,582	-
	TP003 - Wheelie Bin Replacement	-31,542	-31,542	-
	TP022 - BikeSafe	-6,733	-6,733	-
	TP023 - Street Cleansing - You Decide	-2,175	-2,175	-
	TP027 - Asset Management	-39,234	-39,234	-
	TS068 - Hiways Write Off Fund	-15,994	-15,994	-

		Waste Development Fund	-6,700,000	-6,700,000	-
	<b>T &amp; Resources</b>	CR001 - Coroners Office	-79,569	0	79,569
		CR011 - Local Pay Review	-296,110	-296,110	-
		CR028 - Legal Case Mgmt System	-11,546	0	11,546
		FR008 - One Stop Shop I T Networks	-1,877,685	-1,877,685	-
		FR015 - PRINTING UNIT	-35,445	0	35,445
		FR025 - Schools Broadband	-76,500	-76,500	-
		FR105 - Support & Assistance to Public in Need	-625,534	-625,534	-
		FR107 - Budget Equalisation Fund	-1,859,987	0	1,859,987
		FR108 - Schools Service IT Reserve	-294,181	-294,181	-
		FR111 - Budget Stabilisation - Families and WellBeing	-3,431,000	-3,431,000	-
<b>Total</b>			<b>-32,884,027</b>	<b>-30,728,356</b>	<b>2,155,672</b>
<b>Grand Total</b>			<b>-90,330,112</b>	<b>-87,574,440</b>	<b>2,755,672</b>

### Summary By Reserve Category and By Directorate

Reserve Category	Directorate	2014/15 Balance	Amount to be released
Insurance & Taxation	Transformation & Resources	20,297,660	-600,000
Remodelling	Transformation & Resources	19,312,330	0
Schools	Families & Well Being – CYP	17,836,094	0
Support	Chief Executive & Corporate Responsibility	3,263,926	-64,405
	Families & Well Being – CYP	7,048,880	-61,012
	Families & Well Being – DASS	162,138	0
	Families & Well Being - Sports & Rec	333,719	0
	Regeneration & Environment	13,487,808	-43,708
	Transformation & Resources	8,587,557	-1,986,546
	Total		32,884,027
<b>Grand Total</b>		<b>90,330,112</b>	<b>-2,755,672</b>

**BUDGET 2015/16 - CHIEF FINANCIAL OFFICER STATEMENT**

**1.0 EXECUTIVE SUMMARY**

1.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently Acting Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund balances and reserves.

**2.0 BACKGROUND AND KEY ISSUES**

2.1 The budget setting process sets out to estimate spend and income based on the combined effect of many assumptions, projections, estimates and uncertainties. These are based on a professional analysis at a point in time supported by comprehensive risk assessment. The finances of any organisation are subject to constant change and review and their integrity is based on balancing accuracy and certainty with the uncontrollable aspects of the economy, the environment and demand.

2.2 This Statement is designed to give Members a reasonable assurance that the Budget has been based on the best available information and assumptions. Variances are a fact of life, the financial soundness of the authority is dependant on responding quickly to variances, identifying pressures early and being agile about resolutions. In addition, there is a need to maintain an adequate level of reserves to allow for unplanned events; balancing the need to be financially prudent with a desire to use funds for the overall benefit of the Wirral Community. Holding reserves at too high a level can be too risk averse but equally in a time of such severe austerity and constrained flexibility it is imperative that sufficient reserves are held to mitigate risks of overspend, phasing of savings and unplanned events.

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

- the issuing of guidance on preparing budget growth and savings options for the three year period 2015/18.
- peer review by finance staff involved in preparing the base budget namely the existing budget plus necessary inflation.
- the use of financial monitoring, and re-alignment of budgets with current demand for 2014/15 and future years.
- a review by the Chief Executive Strategy Group of proposed savings and their achievability.
- a Member review and challenge of proposals through the Policy & Performance Committees and Cabinet.
- the Director of Resources and providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy).

- consultation with the public and various groups including the voluntary sector and community and faith groups.
- 2.4 Besides these arrangements, which are designed to test the Budget throughout its various stages of development, considerable reliance is placed on Managers having proper arrangements in place to identify issues, project demand for services, and consider value for money and efficiency. Directors and managers are accountable for their budgets, for managing demand and for highlighting emerging pressures.
- 2.5 A key part of improving these processes is the ongoing development, and refinement, of data and information to monitor service volume and unit costs and track changes in both. This will also assist with the Council's Medium Term Financial Strategy.

### **3.0 RELEVANT RISKS**

- 3.1 A formal Risk Review of the Revenue Budget is undertaken to reflect local circumstances and from this it is proposed that Balances be set at a level appropriate to the identified risks. This is a separate section in this report and Appendix 4 details the risk assessment on General Fund balances.
- 3.2 Risks in relation to the Revenue Budget and Capital Programme flow from the assumptions in the Annex and will be kept under review as part of the Financial Monitoring Reports to Cabinet throughout the 2015/16 financial year.

### **ROBUSTNESS OF THE REVENUE ESTIMATES**

- 3.3 The 2015/16 Budget process followed that in place for 2014/15 including a robust process to identify, review and assess both growth and savings proposals. This saw the production of proposals from the Chief Executive which were subject to public consultation and review by Elected Members.
- 3.4 Cabinet agreed proposals in December 2014 to assist in the production of a balanced Revenue Budget for 2015/16. This now has to be formally concluded with the setting of Council Tax levels for 2015/16 and the identification of areas for 2016/18 that seek to address the deficits in these years. The development of the Medium Term Financial Plans will improve the 2016/18 savings and efficiency proposals. The Annex shows the factors taken into account in developing the draft Budget.
- 3.5 In assessing the robustness of Revenue Budgets it is expected that the key risks remaining will be:
- The actual delivery of the approved savings and efficiencies and, in particular those relating to Remodelling the Council, Social Services and commissioning/procurement.
  - Changes to employees costs including equal pay as the Council has yet to conclude its equal pay arrangements.

- The ongoing impact of increasing demand for services, particularly within care services, and reducing grant funding from which the Government have made no detailed announcements beyond 2015/16.
- The confirmation of Government grants, of which a number remain currently unknown.
- The adequacy of the New Burdens funding in meeting the demands such as those from the Care Act.
- Changes to the Capital Programme, to achieve the policy objective of eliminating Prudential Borrowing and associated revenue costs.
- The possibility of legal challenge including judicial review.
- On-going review of the risks relating to Council Tax and Business Rates collection levels and appeals as the new schemes start to have an effect.

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

### **ROBUSTNESS OF THE CAPITAL PROGRAMME**

3.7 The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance. This is a known risk and can be managed through phasing or reduction in specification.

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

3.9 These are the main risks:-

- The ability to deliver the Programme within the agreed timescales. The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2015/16 Programme.
- The future Programme includes new starts based on the availability of resources. There is a number of significant asset disposals planned over the next 1-3 years and in today's climate, the capital receipts may be higher / lower than expected, which will have to be managed.
- The lack of capacity to manage large schemes as well as the on-going risk of insufficient capital receipts to fund future schemes alongside a reduced ability to fund capital financing from a constrained revenue budget.

### **ADEQUACY OF THE GENERAL FUND BALANCES AND RESERVES**

- 3.10 The recommended approach to determining the level of General Fund balances and reserves is locally determined based upon an assessment of the financial risks that the Council may face in the future. This follows the guidance issued by Grant Thornton (the Council's External Auditor) and CIPFA (the professional organisation responsible for the Accounting Code). The Level Of General Fund Balances for 2014/15 is referred to in the main report.

#### **4.0 RESOURCE IMPLICATIONS**

- 4.1 In the Overview Of The Council's Future Financial Position report to Cabinet on 9 December 2014 the Budget Projections 2015/18 indicated a shortfall between spend and resources of £70 million.

**Table 1 : Summary of the Budget Funding Gap**

Funding Gap	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Forecast Expenditure (including demographic changes)	275	277	264	
Forecast income (including reduced grants)	257	250	239	
Forecast Funding Gap	18	27	25	70

- 4.2 Cabinet agreed savings options totalling £2.4 million for 2015/16 on 9 December 2014 which were agreed by Council on 15 December 2014. Along with the Chief Executive's Efficiency Options which totalled £15.5 million this saw the Forecast Funding Gap met for 2015/16. These included a Council Tax Freeze which was subject to further consideration by Cabinet once the Local Government Finance Settlement was received.
- 4.3 Since the December Cabinet meeting new information has been received about the Finance Settlement, Council Tax Freeze Grant and Council Tax setting arrangements. The proposals in the main body of the Cabinet report reflect a revised position, where necessary to ensure best use of public funds and a Budget set within the constraints of central government parameters.

#### **5.0 RECOMMENDATIONS**

- 5.1 That the Statement of the Chief Finance Officer be noted.

## ANALYSIS OF ROBUSTNESS OF REVENUE ESTIMATES

Budget Assumption	Financial Standing and Management
1. The treatment of growth pressures	<p>The major demand factors affecting the 2015/18 budgets:-</p> <ul style="list-style-type: none"> <li>Demographic demand pressures have been identified within Social Care - the elderly, children and the vulnerable.</li> </ul> <p>The 2015/16 Budget has been based upon 2014/15 budget monitoring reports and projections made by Managers of demand in future years.</p>
2. The treatment of inflation	<p>Pay – The agreed pay award for 2014 also covers 2015/16 and has been provided for in the 2015/16 Budget with future years provision for pay awards for staff. The overall planning totals have provided for an estimate for the implementation of equal pay.</p> <p>Pensions – Employer rates and the funding of the Deficit fully reflect the most recent actuarial review which took place in 2013.</p> <p>Price inflation is only been provided on contractual arrangements at the rate stated in the relevant agreement.</p>
3. Surplus cash balances (income, capital, receipts and grants)	<p>At any time the Council will have a number of positive cash income streams, such as capital receipts and Government grants, etc. These will be invested as part of cash flow management activities undertaken by Treasury Management. This investment income supports the revenue budget.</p> <p>Cash investments can be liquidated at short notice and are available at any point in time to meet the Council's day-to-day requirements for cash funding.</p>
4 The treatment of income	<p>Changes to fees and charges have been presented as individual budget options being generally reviewed in light of prevailing inflation.</p>
5. The treatment of efficiency savings / productivity gains.	<p>All Managers have a responsibility to ensure the efficient delivery of services and, when savings are proposed, they are realistic in terms of the level and the timing. Should these vary due to unforeseen events management action or policy actions within the relevant Directorates, or corporately, will be implemented.</p>
6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets and use of General Fund balances restored to at least the minimum prudent level.</p> <p>Responsibility for Public Health transferred to the Council from 1 April 2013. For 2015/16 the Government has provided a specific grant to cover the costs.</p> <p>From April 2013 the Government transferred responsibility for a Local Welfare Assistance to the Council but only provided funding to 2014/15. Additionally Government funding changes gave the Council a financial incentive / pressure in relation to Business Rates. These placed additional risks upon the Council which have been assessed in the level of General Fund balances.</p> <p>From April 2013 the Council has been allocated additional Government Grant to fund the cost of the implications of the Care act and from mid-2015 will receive grant funding to provide the Independent Living Fund. The savings proposals for 2014/15 onwards include significant savings in respect of Remodelling which includes Alternative Delivery Models</p>

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
	and the risks have been assessed in the level of General Fund balances.
7. The availability of other funds to deal with major contingencies	The minimum level of balances assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient balances may have to be used temporarily but restored to at least their minimum prudent level through future budgets. This risk based approach is set out in the report on General Fund balances.
8. The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc)	<p>The Council acts to manage its borrowing prudently and in accordance with statutory guidance regarding affordability and sustainability with regard to debt expenses incurred in its revenue account. This is achieved through the Treasury Management Strategy and Investment Policy approved by Council each year.</p> <p>The level of borrowing is restrained through reducing the need for unsupported borrowing so the Capital Programme seeks to minimise new borrowing. Any additional costs of financing this debt are built into the budget and future Medium Term Financial Strategy assumptions and are contained within the overall parameters set by the Council for prudential borrowing,</p> <p>The assumed Council Tax collection rate for 2015/16 onwards is 96.75% and judged to be achievable. This reflects collection resulting from the approved Local Council Tax Support scheme and the agreed Council Tax Discounts and exemptions.</p> <p>Legislation requires that any Collection Fund deficit be corrected through the Council Tax in the next year. For 2014/15 there was a surplus which will be distributed in 2015/16.</p>
9. The authority's track record in budget and financial management.	<p>In 2012/13 actions to address a projected General Fund overspend of £17 million reported at the end of Month 3 resulted in a final position of an overspend of £4.7 million.</p> <p>Whilst the underlying overspends were largely addressed in 2013/14 funding from balances was required to address the shortfalls in Adults and Children's Services. The final position was an underspend of £5 million through the early delivery of 2014/15 savings.</p> <p>Throughout 2014/15 the monthly Financial Monitoring Report has been projecting an overspend which at Month 9 was £0.8 million.</p> <p>Ultimately, financial performance relies on all budget managers actively managing their budgets and complying with financial regulations, including not committing expenditure if there is no budget provision available.</p>
10. The authority's capacity to manage in-year budget pressures	<p>The improvements to the financial monitoring system, the frequency of reporting and the challenge process commenced in 2012 have been kept under review.</p> <p>The preparation for the 2015/16 Budget involved rigour and challenge as well as involvement from those delivering the services and the savings. This enabled earlier efficiencies to be identified and decisions in December 2014 over Budget savings for 2015/16 and beyond.</p> <p>The ability to manage in-year pressures has been recognised in the local approach in reflecting risk in determining the appropriate level of General Fund balances and Reserves.</p>
11. The strength of the financial information and reporting	<p>The financial monitoring arrangements continue to be built upon with a comprehensive monthly report produced (per 9)</p> <p>The draft Medium Term Financial Strategy has been improved and will further strengthen the basis of reporting. Appendices to the Budget</p>

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
arrangements.	report will show the budget over the three years 2015/18 and a detailed Budget Book and Forecasts will be published in March.
12. The authority's virement and end of year procedures in relation to budget under / overspends at authority and directorate level.	The Council's Financial Regulations and Contract Procedure Rules were reviewed and updated in 2013. The Budget virement policy includes disciplines to ensure management and policy actions are also considered in relation to overspending budgets. A section on Budget carry-forwards has also been incorporated. Virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of General Fund reserves.
13. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. The level of the Insurance Fund Provisions and Reserves are regularly reviewed and is judged to be adequate in that estimated outstanding liabilities are covered by the balances in the Provisions and Reserves.

### **ANALYSIS OF ROBUSTNESS OF CAPITAL ESTIMATES**

<b>Budget Assumption</b>	<b>Financial Standing and Management</b>
1. Estimates of the level and timing of capital receipts.	<p>The Council policy is to fund its Capital Programme over the three year Medium Term Financial Strategy cycle, from three sources:</p> <ul style="list-style-type: none"> <li>• Borrowing (with provision made in the Revenue Estimates),</li> <li>• Grants, Government and Other;</li> <li>• Capital Receipts.</li> </ul> <p>In respect of borrowing the objective is to minimise / eliminate:</p> <ul style="list-style-type: none"> <li>▪ Prudential Borrowing, and</li> <li>▪ Revenue contributions,</li> <li>▪ Unless Invest-To-Save.</li> </ul> <p>Capital Receipts are managed and work to income generation targets as part of delivering the 2015/18 Capital Programme. Capital Receipts are invested as part of the Council's Treasury Management activity. The investment income continues to be used to help to support the Council's revenue expenditure.</p>

## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>CAPITAL PROGRAMME AND FINANCING 2015/18</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

## 1 EXECUTIVE SUMMARY

- 1.1 This report provides Cabinet with a draft Capital Programme for 2015/18 for consideration and referral to Council for approval. It also includes information regarding the revenue implications of this Programme.

## 2 BACKGROUND AND KEY ISSUES

### CAPITAL STRATEGY

- 2.1 The Capital Strategy provides the framework that enables the Council to work with partners and stakeholders to prioritise and effectively deliver the capital investment that contributes to the achievement of Council objectives.

### CAPITAL WORKING GROUP (CWG)

- 2.2 This Officer Group was re-established during 2013 to improve the co-ordination and management of the Capital Programme. The Group includes representatives from all Directorates and the Terms of Reference include:-

- Review of the Capital Strategy and policies relating to capital.
- Review and recommend new schemes for inclusion in the Programme.
- Manage the delivery of the approved Capital Programme.

The Capital Working Group (Disposals) has been established to maximise Capital Receipts from the sale of surplus assets.

### CAPITAL PROGRAMME

- 2.3 The Capital Programme details the schemes being undertaken over the medium term which help the Council achieve its objectives. It is aligned to Council plans and strategies, including the Corporate Plan and Medium Term Financial Strategy and is reviewed, updated and considered by Council each year as part of the annual budget setting process.

- 2.4 Government announcements may include grant support for specific themes but other investment is based upon affordability and there is limited scope for unsupported capital expenditure as this adds to revenue costs. Greater reliance is now placed on available capital receipts generated from the disposal of surplus assets.

### **NEW SUBMISSIONS**

- 2.5 As the Council has to manage demands for investment within the financial constraints there has to be a means to prioritise investment. Criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priority areas. These are applied by the CWG to assess individual bids and in making recommendations to Cabinet as to which should be included in the Capital Programme.
- 2.6 All submissions, including revised applications for current schemes, were the subject of a Business Case submission. The CWG challenged the justification and deliverability (with the aim of reducing the significant re-profiling of schemes which has occurred in recent years) prior to scoring the submissions against the prioritisation criteria.

### **2015/18 CAPITAL PROGRAMME**

- 2.7 The 2015/18 Capital Programme therefore represents a combination of:-
- a) Schemes originally approved as part of the 2014/17 Programme and updated through the Capital Monitoring reports in 2014/15.

**Table 1 : Capital Programme (previous approvals and monitoring reports)**

<b>Analysis of the Capital Programme</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Capital Programme (Cabinet February 2014)	17,468	11,020
Re-profiling from 2014/15	14,479	0
Schemes brought forward to prior year	-258	
Increased grants	50	0
Schemes approved subsequent to Cabinet	4,000	0
<b>Current Capital Programme</b>	<b>35,739</b>	<b>11,020</b>

A breakdown of the current Programme is included in Appendix 5.

- b) New / revised bids for consideration at this meeting. Appendix 1 details the criteria against which schemes were scored, Appendix 2 the scoring for each scheme, Appendix 3 provides information regarding the purpose of those schemes and Appendix 4 provides cost and funding details.

**Table 2 : New / revised bids for inclusion in the Programme**

<b>New Bids by Directorate</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Universal & Infrastructure	500	750	250
Families & Wellbeing			
Children & Young People	900	1,350	750
Adult Social Services	5,200	1,000	0
Sport & Recreation	665	690	0
Regeneration & Environment			
Environment & Regulation	2,780	3,530	4,810
Housing & Community Safety	-1,193	379	3,243
Regeneration	1,000	100	0
<b>Total</b>	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>

- c) Government funding has been announced for Highway Maintenance and Integrated Transport and a report on the use of the funding is on this agenda.

**Table 3 : Highway Maintenance and Integrated Transport Allocations**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Highway Maintenance	3,305	3,030	2,938
Integrated Transport	1,058	N/A	N/A
<b>Total</b>	<b>4,363</b>	<b>3,030</b>	<b>2,938</b>
Funding			
<b>Grants</b>	<b>4,363</b>	<b>3,030</b>	<b>2,938</b>

- 2.8 A comprehensive review of the approach to managing and maintaining street lighting included a Street Lighting Strategy and action plan which was approved by Cabinet on 9 October and endorsed by Council on 20 October. The conversion of existing light sources to LED lighting is a way to reduce long-term energy costs. The initial project plan assumes the installation contract will start in May 2015 and finish February 2016. £300,000 is already included in the 2014/15 programme with the additional £4 million included in 2015/16. This expenditure will be funded from borrowing.
- 2.9 The proposed Capital Programme combines Tables 1, 2 and 3 and includes the West Kirby coast protection scheme for which an indicative Government grant allocation has been received. The Programme is detailed in Appendix 6 and Table 4 provides a summary. It should be noted that the bids for Aids/Adaptations/Disabled Facility Grants and Housing Renewal update schemes which had previously been approved.

**Table 4 : Proposed Capital Programme 2015/18**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Expenditure</b>	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>
Funded From			
Borrowing	18,990	3,626	0
Capital Receipts	12,693	6,135	2,414
Grants	17,734	11,968	9,511
Revenue/Reserves	537	120	66
<b>Total Funding</b>	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>

### **CAPITAL RECEIPTS**

- 2.10 Capital receipts generated from the sale of Council assets are becoming of increased importance in funding the Capital Programme. All borrowing to fund the Programme has an impact on the Council Tax so maximising the use of capital receipts reduces impact on revenue.
- 2.11 As reported to Cabinet on 7 November 2013 the Council could realise £20 million from asset disposals including Acre Lane, former Rock Ferry High School and Manor Drive, Upton. The latest projections from Lambert, Smith, Hampton suggest a figure closer to £22 million; however the market is subject to fluctuations. It is anticipated that the disposal for Acre Lane will occur early in 2015, for Manor Drive will occur in 2016 and that for Rock Ferry (presently seeking Secretary of State consent to dispose of the former school facility) in 2016/17. This has been reflected in Table 5. In addition to these major disposals it has been assumed that a further £1 million will be generated from minor asset sales for 2015/16 onwards.
- 2.12 There are caveats. Additional costs in preparing the sites for disposal may be incurred and these would need to be included in the Capital Programme and met from the available capital receipts. Secondly, the anticipated receipts are only estimates at this stage and will likely change.
- 2.13 Capital receipts can only be utilised when the receipt is guaranteed. Based on the current Programme and planned funding it is projected that there will be £3.2 million available at 31 March 2015. £12.7 million has provisionally been identified as funding for the 2015/16 Programme with a further £6.1 million for 2016/17 and £2.4 million for 2017/18. This assumes that any new bids requiring funding from Council resources will be funded from capital receipts as opposed to borrowing. This will be re-assessed as further information becomes available in relation to both the disposals and the Future Council Programme.

**Table 5 : Capital Receipts Projections**

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Receipts Reserve	8,800	3,227	534	8,399
In – Receipts Assumption	2,500	10,000	14,000	1,000
Out - Funding assumption	-8,073	-12,693	-6,135	-2,414
Closing Balance	3,227	534	8,399	6,985

### **3 RELEVANT RISKS**

- 3.1 All relevant risks have been discussed within Section 2 of this report. The robustness of the capital estimates is contained within the Chief Financial Officer Statement (see Revenue Budget 2015/18 on this agenda).

### **4 OTHER OPTIONS CONSIDERED**

- 4.1 Each submission for a scheme to be included in the Capital Programme is supported by a Business Case. This Business Case includes an assessment of the alternative options and has been reviewed by the Capital Working Group as to timing and deliverability.

### **5 CONSULTATION**

- 5.1 There has been no specific consultation with regards to this report. In terms of the delivery of schemes consultation will take place as part of the scheme development and implementation.

### **6 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 There are no outstanding actions

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

- 7.1 There are none arising directly out of this report.

### **8 RESOURCE IMPLICATIONS**

- 8.1. The proposed 2015/18 Capital Programme is a combination of the currently approved Capital Programme, the New Bids and Highways and Transport funding. This will require a maximum of £19 million of unsupported borrowing in 2015/16 and £3.6 million in 2016/17.

**Table 6 : Borrowing Requirement**

	<b>2015/16</b>
	<b>£000</b>
Council funding for the original approved 2015/16 Programme	9,824
Less: use of capital receipts	-2,500
<b>Borrowing required</b>	<b>7,324</b>
Add: Additional borrowing for schemes approved in 2014/15	4,000
Less: Borrowing associated with schemes b/forward to 2014/15	-258
Less: Borrowing no longer required (resulting from new bids)	-1,532
<b>New Borrowing for 2015/16</b>	<b>9,534</b>
Add: Borrowing for schemes re-profiled from 2014/15	9,456
<b>Total Borrowing per proposed 2015/16 Programme (See Appendix 6)</b>	<b>18,990</b>

- 8.2 The revenue borrowing costs associated with the re-profiled schemes have been included in the 2014/15 revenue budget and therefore do not represent an additional requirement.
- 8.3 The spend and funding of the Capital Programme are linked to the Treasury Management activity. The return on investment income continues to be low and the policy of borrowing internally has enabled us to avoid any long term borrowing. However, this will not be sustainable in the medium term. It has been reported in the Revenue Monitoring Reports during 2014/15 that there is a net underspend from borrowing and investment of £0.41 million.
- 8.4 The revenue impact of the new borrowing required for 2015/16 of £9.534 million and that required for 2016/17 of £3.626 million represents a cost in 2015/16 of £0.2 million, in 2016/17 £0.9 million and in 2017/18 £1.2 million. However, the policy of internal borrowing during 2014/15 realised significant savings in interest payments associated with long term borrowing. On the assumption therefore that the 2015/16 interest budget will be maintained at its current level the additional costs can be accommodated within existing resources.

## **9 LEGAL IMPLICATIONS**

- 9.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **10 EQUALITIES IMPLICATIONS**

- 10.1 There are none arising directly from this report as they will be identified as each scheme is progressed. Individual schemes within the Programme will have a direct impact upon groups for example the Aids and Adaptations investment within Regeneration.

## **11 CARBON REDUCTION IMPLICATIONS**

- 11.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **12 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are none arising directly from this report as they will be identified as each scheme is progressed.

## **13 RECOMMENDATIONS**

- 13.1 That the new bids as detailed in Appendix 4 be approved.
- 13.2 That any new bids supported by grant funding do not commence until written confirmation has been received from the granting authority that such grant(s) have actually been approved.
- 13.3 That progress on delivering the Capital Programme be presented in accordance with the agreed Capital Monitoring arrangements.
- 13.4 That Cabinet recommend to Budget Council for approval the Capital Programme 2015/18 (as detailed in Appendix 6).

## **14 REASONS FOR RECOMMENDATIONS**

- 14.1 The purpose of the Capital Programme is to enable the Council to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 14.2 Links to the revenue budget ensure that revenue funding is provided to meet the financing costs, and any running costs, as a result of the Capital Programme investment.

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## **APPENDICES**

- Appendix 1 – Capital Programme Prioritisation Evaluation Criteria.  
Appendix 2 – Scoring Summary for new capital bids 2015/18.  
Appendix 3 – Schemes recommended for inclusion.  
Appendix 4 – New Bids Submitted 2015/18.  
Appendix 5 – Currently Approved Programme 2015/16 and 2016/17.  
Appendix 6 – Proposed Capital Programme 2015/16 to 2017/18.  
Appendix 7 – Technical capital information on expenditure and funding.

## REFERENCE MATERIAL

Prudential Code for Capital Finance in Local Authorities, CIPFA 2013.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Capital Programme 2014/17	12 February 2014
Cabinet - Capital Monitoring 2014/15 - monthly basis	Various

## CAPITAL PROGRAMME PRIORITISATION EVALUATION CRITERIA

Scheme Title		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A x B)
<b>A</b>	<b>Direct Links to Council Themes (16%)</b>			
1	Driving growth in our economy		5	
2	Protecting the vulnerable		5	
3	Tackle health inequalities		5	
<b>B: Outcomes (32%)</b>				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		6	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		12	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		12	
<b>C: Finance (52%)</b>				
1	Business case demonstrates achievable and realistic revenue savings.		15	
2	Attracts noticeable outside funding		20	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
<b>OVERALL WEIGHTED SCORE</b>				
<b>(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)</b>				
<b>A scoring threshold of 250 has been used to determine those schemes to be recommended for inclusion in the Capital Programme.</b>				

Scoring Summary For New Capital Bids 2015-18

APPENDIX 2

SCHEME	Comments	Total Score	Scheme Estimate			Total £000
			2015-16 £000	2016-17 £000	2017-18 £000	
Development of Extra Care Housing	Extends existing scheme, grant funded	428	1,000	0	0	1,000
Dock bridges replacement	Significant grant funding	395	280	2,530	4,310	7,120
Stanley Special School - additional classrooms, medical hygiene provision	Assists vulnerable pupils	390	150	600	0	750
Refurbish various buildings to increase occupancy	Invest to save	376	500	750	250	1,500
Support for Aids & adaptations/Disabled Facility Grant	Replaces existing scheme	369	-633	439	2,573	2,379
West Kirby flood alleviation	Reflects the Council's Coastal Strategy	369	1,500	500	0	2,000
Housing renewal	Replaces existing scheme	365	-560	-60	670	50
Community intermediate care services	Possible invest to save	350	1,000	1,000	0	2,000
Refurbish artificial turf pitch and perimeter fence repairs at Tennis & Sports centre	Prevent future loss of income	333	240	0	0	240
Integrated social care & health learning disability service at Girtrell Court	Possible invest to save	332	2,000	0	0	2,000
Hamilton Square accessibility improvements	Supports Community Strategy and Asset Mgt Plan	324	1,000	100		1,100
West Kirby Marine Lake - integrated accommodation and service delivery	Links to local/national sports development strategies	317	0	690	0	690
PPM to unclassified and residential streets	Invest to save	312	500	500	500	1,500
Bidston Tennis Centre re-roofing	Prevent future loss of income	310	425	0	0	425
PPM to classified roads	Invest to save	302	500	0	0	500
School remodelling and additional classrooms	Extension of existing scheme	284	750	750	750	2,250
Pensby Wood - day service remodelling and additional rooms	Helps to address demand for day services	260	1,200	0	0	1,200
Revitalise leisure centre entrances, foyers and service	To be funded from PPM	0				0
Fort Perch Rock car park charging policy	To be funded from reserves	0				0
Parks infrastructure improvement	Deleted from consideration	0				0
			9,852	7,799	9,053	26,704

## CAPITAL PROGRAMME 2015/18

## SCHEMES RECOMMENDED FOR INCLUSION FOLLOWING EVALUATION

<b>Project title and description</b>
<p><b>Extra Care Housing</b> Represents an extension of the current programme to develop extra care housing units in Wirral. Will contribute significantly to the shift required from residential and nursing care placements, to community based living options. The average weekly cost of residential or nursing placement is higher than the cost of support in an Extra Care unit. Would contribute to savings targets from Contracting and Commissioning.</p>
<p><b>Dock Bridges Replacement</b> The project will replace two very old substandard structures, which are structurally complex and difficult and expensive to maintain, with modern fit for purpose structures. The existing structures present a risk to both harbour and strategic highway requirements, in the event of failure to either the lifting mechanism on 'A' bridges or structural failure on either bridge, and have limited provision for pedestrians and cyclists.</p>
<p><b>Stanley Special School</b> The project would support an increase in pupil numbers to accommodate approximately 15 pupils with profound and multiple learning difficulties for whom additional classrooms are required.</p>
<p><b>Refurbish buildings to increase occupancy</b> Will enable existing buildings to operate more efficiently, enable the vacation of various buildings that will reduce revenue costs and generate capital receipts. Is a key driver to enable the Council to continue to deliver efficiencies from office accommodation.</p>
<p><b>Aids &amp; Adaptations/Disabled Facilities Grants</b> Support the Authority to meet its statutory duty with regards to grant aiding the provision of essential aids &amp; adaptations to give disabled persons better freedom of movement into and around their homes and to give access to essential facilities</p>
<p><b>West Kirby Flood Alleviation</b> The provision of a safe highway network is a statutory duty, and the project will remove the requirement to close South Parade when conditions are unsafe due to tidal overtopping. Will reduce significant flood risk to 140 properties following completion.</p>
<p><b>Housing Renewal</b> Will deliver a mixture of Home Repair Assistance and Renovation loans and Cosy Homes Heating Grants to assist low income vulnerable home owners with essential repairs and heating improvements to enable them to stay in their homes. Will assist in securing the remaining property acquisitions and cover the Council's ongoing commitment, in relation to properties acquired for demolition and eventual housing redevelopment.</p>

**Community Intermediate Care Services**

The project will enable the council to protect a vulnerable group in the borough, namely those patients who have require access to appropriate advice/support and care to enable faster recovery from illness, prevent unnecessary hospital admissions and premature admissions to long term residential care, support timely and planned discharge from hospital and maximise potential for independent living

**Tennis & Sports Centre – Artificial Pitch and Fencing**

Failure to replace the pitch will result in closure of the facility due to the rapid deterioration and unsafe nature of the playing surface with loss of income in the region of £50k per annum. Currently, due to the poor and unsafe condition of the pitch, only 50% of the pitch surface area is playable for football and hockey can no longer be played. The perimeter fence of this facility is badly damaged in certain areas due to continual vandalism and age related wear & tear and some replacement is necessary.

**Integrated Social Care – Girtrell Court**

The project is a refurbishment and reuse of Girtrell Court as a residential unit for a variety of Learning Disability services provided jointly by the Department of Adult Social Services (DASS) and Cheshire and Wirral Partnership (CWP) and other currently commissioned services. The aim is to bring these services together in a purpose provided unit and to derive efficiencies while providing a safe and protected environment for vulnerable people.

**Hamilton Square Accessibility**

The project will provide improved accessibility and traffic movements within Hamilton Square. Revised traffic management measures as follows:

- Re-opening of Hamilton Street outside the Town Hall
- Creation of a Hamilton Street/ Duncan Street junction
- Duncan Street becoming two-way
- Hamilton Street becoming two-way between the square, the railway station and the A41 gyratory
- Hamilton Street becoming two-way throughout its full length

The proposals will allow for southbound movement between the A41 gyratory, Hamilton Square railway station and into the square itself. This would better link the north-east corner of the square with the busy A41 gyratory, whilst allowing southbound bus services to call directly at the railway station, and enable a good quality public transport interchange to be established.

Ultimately this will reduce traffic levels on Argyle Street whilst increasing the accessibility and improving the connectivity of the square to the surrounding area

**West Kirby Marine Lake**

Enhance the facilities and operational control at the north end of the Lake to include complete revamp of existing facilities with a combination of refurbishment and “wrap around” new building which could incorporate the ranger station and beach patrol services. There is also a good business opportunity for a catering facility at the site. Upgrading the facilities is essential to the continuing success of the lake development and business plan. Upgrading these facilities will make it more accessible to all potential users and resolve the potential conflict with the Equalities Act.

**Preventative Maintenance to Unclassified Roads and Residential Streets**

This project allows increased investment in the highway network to limit the further deterioration of minor roads, which otherwise would result in higher levels of reactive maintenance in response to actionable defects, higher levels of payments in response to claims against the Council for slips, trips and falls and higher cost capital investment in future years to repair roads with escalating deterioration in structural condition.

**Bidston Tennis Centre Re-roofing**

The project will enable the building to operate normally without the disruption to business and loss of income due to water ingress issues. It will also involve minor refurbishment of areas previously damaged by water ingress. The project will significantly reduce the revenue strain on constant repairs to the roof.

**Preventative maintenance to unclassified roads**

This project allows limited investment in the highway network in order to reduce the further deterioration of classified roads, which otherwise would result in higher levels of reactive maintenance in response to actionable defects, higher levels of payments in response to claims against the Council for slips, trips and falls and higher cost capital investment in future years to repair roads with escalating deterioration in structural condition.

**School Remodelling**

There is a requirement for a flexible approach in providing adequate space which is suitable for the various neighbourhoods and educational demands. Capital funding will ensure that adequate resource is available to meet fluctuations in pupil numbers and suitability needs e.g. DDA, medical needs, team around the child meetings, out of hours provision etc. The project will create a suitable learning environment for some of the Borough's most vulnerable children, by ensuring they are safe and secure, have spaces for movement and play, creating an learning environment which will help them achieve their potential.

**Pensby Wood Day Service Remodelling**

There is a statutory obligation to meet the needs of individuals who are assessed as being in the critical/substantial banding of the assessment process, currently there is no provision in the external market to provide this service due to the complexity of the needs of the individuals. Pensby Wood is the only current service to offer this facility and provides for 25 adults. The project could extend this offer to 60 - 70 places by the development of an extension and improvements to the facilities that are currently there.

## APPENDIX 4

### NEW BIDS SUBMITTED FOR THE CAPITAL PROGRAMME 2015/16 TO 2017/18

	2015/16	2016/17	2017/18
<b>Expenditure</b>			
Universal and Infrastructure Services	500	750	250
Families and Wellbeing			
CYP	900	1,350	750
DASS	5,200	1,000	0
Sport & Recreation	665	690	0
Regeneration & Environment			
Environment & Regulation	2,780	3,530	4,810
Housing & Community Safety	-1,193	379	3,243
Regeneration	1,000	100	0
	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>
<b>Resources</b>			
Borrowing	-1,532	0	0
Capital Receipts	6,935	5,385	2,414
Grants	4,089	2,294	6,573
Revenue/Reserves	360	120	66
	<b>9,852</b>	<b>7,799</b>	<b>9,053</b>
<b>Universal and Infrastructure Services</b>			
<b>Expenditure</b>			
Building refurbishment to increase occupancy	500	750	250
	<b>500</b>	<b>750</b>	<b>250</b>
<b>Resources</b>			
Capital Receipts	500	750	250
	<b>500</b>	<b>750</b>	<b>250</b>
<b>Families and Wellbeing - CYP</b>			
<b>Expenditure</b>			
Stanley Special School - additional classrooms,	150	600	0
School remodelling and additional classrooms	750	750	750
	<b>900</b>	<b>1,350</b>	<b>750</b>
<b>Resources</b>			
Capital Receipts	650	1,100	500
Grant	250	250	250
	<b>900</b>	<b>1,350</b>	<b>750</b>

**Families and Wellbeing - DASS****Expenditure**

Extension of existing capital scheme for the development of Extra Care Housing	1,000	0	0
Community Intermediate Care Services	1,000	1,000	0
Integrated Social Care and Health Learning Disability Service - Girtrell Court	2,000	0	0
Pensby Wood - day service remodelling	1,200	0	0
	<b>5,200</b>	<b>1,000</b>	<b>0</b>

**Resources**

Capital Receipts	3,200	1,000	0
Grant	2,000	0	0
	<b>5,200</b>	<b>1,000</b>	<b>0</b>

**Families and Wellbeing - Sports & Recreation****Expenditure**

Artificial Turf Pitch & fence at Tennis & Sports Centre	240	0	0
West Kirby Marine Lake – Integrated accommodation	0	690	0
Bidston Tennis Centre re-roofing	425	0	0
	<b>665</b>	<b>690</b>	<b>0</b>

**Resources**

Capital Receipts	665	690	0
	<b>665</b>	<b>690</b>	<b>0</b>

**Regeneration and Environment - Environment & Regulation****Expenditure**

West Kirby Flood Alleviation	1,500	500	0
Dock Bridges Replacement	280	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500	500
Preventative Maintenance to Classified Roads	500	0	0
	<b>2,780</b>	<b>3,530</b>	<b>4,810</b>

**Resources**

Capital Receipts	1,280	1,705	560
Grant	1,300	1,825	4,250
Revenue/Reserves	200	0	0
	<b>2,780</b>	<b>3,530</b>	<b>4,810</b>

The Autumn Statement in December 2014 announced an indicative grant allocation for flood alleviation works at West Kirby.

**Regeneration and Environment - Housing & Community Safety  
Expenditure**

Housing Renewal ***	-560	-60	670
Aids & Adaptations/Disabled Facilities Grant ***	-633	439	2,573
	<b>-1,193</b>	<b>379</b>	<b>3,243</b>

**Resources**

Borrowing	-1,532	0	0
Capital Receipts	0	80	1,104
Grant	179	179	2,073
Revenue/Reserves	160	120	66
	<b>-1,193</b>	<b>379</b>	<b>3,243</b>

**Regeneration and Environment - Regeneration  
Expenditure**

Hamilton Square Accessibility Improvements	1,000	100	0
	<b>1,000</b>	<b>100</b>	<b>0</b>

**Resources**

Capital Receipts	640	60	0
Grant	360	40	0
	<b>1,000</b>	<b>100</b>	<b>0</b>

\*\*\* Bids included for these schemes replace the amounts already approved in the 2015/16 and 2016/17 Programme. They represent either a reduction or increase in the overall resource now required. Taken together with the existing programme they therefore represent the overall scheme cost for 2015/18.

## APPENDIX 5

### CURRENTLY APPROVED CAPITAL PROGRAMME 2015/16 TO 2016/17

	2015/16	2016/17
<b>Expenditure</b>		
Universal and Infrastructure Services	8,456	750
Families and Wellbeing		
CYP	7,617	5,350
DASS	3,063	1,604
Sport & Recreation	1,200	0
Regeneration & Environment		
Environment & Regulation	5,490	150
Housing & Community Safety	7,605	2,866
Regeneration	808	300
Transformation & Resources	1,500	0
	<b>35,739</b>	<b>11,020</b>
<b>Resources</b>		
Borrowing	20,522	3,626
Capital Receipts	5,758	750
Grants	9,282	6,644
Revenue/Reserves	177	0
	<b>35,739</b>	<b>11,020</b>

### Universal and Infrastructure Services

#### Expenditure

Building refurbishment to increase occupancy	2,262	750
Fund to assist land assembly and re-sale	736	0
Cleveland St Transport Depot	3,050	0
Park depot rationalisation	600	0
Energy efficiency Initiatives	500	0
Energy schemes	300	0
Demolish Stanley Special & External Renovation Work	115	0
Demolish Bebington Town Hall and Liscard Municipal	378	0
Demolish former Rock Ferry High	395	0
Demolish Foxfield	120	0
	<b>8,456</b>	<b>750</b>

#### Resources

Borrowing	4,948	0
Capital Receipts	3,508	750
	<b>8,456</b>	<b>750</b>

**Families and Wellbeing - CYP****Expenditure**

Elleray Park Special School redevelopment	900	0
School remodelling and additional classrooms	1,850	750
Condition/Modernisation	4,500	4,500
PFI	150	0
Vehicle Procurement	17	0
Children's centres	100	0
Family Support Scheme	100	100
	<b>7,617</b>	<b>5,350</b>

**Resources**

Borrowing	2,300	600
Grants	5,150	4,750
Revenue/Reserves	167	0
	<b>7,617</b>	<b>5,350</b>

**Families and Wellbeing - DASS****Expenditure**

Citizen and Provider Portal for Social and Health Services	167	0
Extra Care Housing	1,500	0
LD extra care housing	1,396	1,604
	<b>3,063</b>	<b>1,604</b>

**Resources**

Borrowing	1,396	1,604
Grants	1,667	0
	<b>3,063</b>	<b>1,604</b>

**Families and Wellbeing - Sports & Recreation****Expenditure**

West Kirby/Guinea Gap/Europa Pools	1,200	0
	<b>1,200</b>	<b>0</b>

**Resources**

Borrowing	1,200	0
	<b>1,200</b>	<b>0</b>

## **Regeneration and Environment - Environment & Regulation**

### **Expenditure**

Cemetery Extensions and Improvements	150	150
Road Safety	84	0
Active Travel	84	0
Bridges	664	0
Highway Maintenance	254	0
Start Active, Play Active, Stay active	10	0
Wirral Way - widening and safety improvements	13	0
Coast Protection	231	0
Energy schemes (LED Street Lighting)	4,000	0
	<b>5,490</b>	<b>150</b>

### **Resources**

Borrowing	5,480	150
Revenue/Reserves	10	0
	<b>5,490</b>	<b>150</b>

## **Regeneration and Environment - Housing & Community Safety**

### **Expenditure**

Aids, Adaptations and Disabled Facility Grants	3,206	2,134
Clearance	1,321	0
Home Improvement	912	0
Empty Property Interventions	156	102
Housing Renewal	1,030	630
New House Building Programme	980	0
	<b>7,605</b>	<b>2,866</b>

### **Resources**

Borrowing	4,390	972
Capital Receipts	750	0
Grants	2,465	1,894
	<b>7,605</b>	<b>2,866</b>

## **Regeneration and Environment - Regeneration**

### **Expenditure**

Business Investment Grants	808	300
	<b>808</b>	<b>300</b>

### **Resources**

Borrowing	808	300
	<b>808</b>	<b>300</b>

## **Transformation & Resources**

### **Expenditure**

I.T Development	1,500	0
	<b>1,500</b>	<b>0</b>

### **Resources**

Capital Receipts	1,500	0
	<b>1,500</b>	<b>0</b>

**APPENDIX 6**

**PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Expenditure</b>			
Universal and Infrastructure Services	8,956	1,500	250
Families and Wellbeing			
CYP	8,517	6,700	750
DASS	8,263	2,604	0
Sport & Recreation	1,865	690	0
Regeneration & Environment			
Environment & Regulation	12,633	6,710	7,748
Housing & Community Safety	6,412	3,245	3,243
Regeneration	1,808	400	0
Transformation & Resources	1,500	0	0
	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>
<b>Resources</b>			
Borrowing	18,990	3,626	0
Capital Receipts	12,693	6,135	2,414
Grants	17,734	11,968	9,511
Revenue/Reserves	537	120	66
	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>

**Universal and Infrastructure Services**

**Expenditure**

Building refurbishment to increase occupancy	2,762	1,500	250
Fund to assist land assembly and re-sale	736	0	0
Cleveland St Transport Depot	3,050	0	0
Park depot rationalisation	600	0	0
Energy efficiency Initiatives	500	0	0
Energy schemes	300	0	0
Demolish Stanley Special & External Renovation Work	115	0	0
Demolish Bebington Town Hall and Liscard Municipal	378	0	0
Demolish former Rock Ferry High	395	0	0
Demolish Foxfield	120	0	0
	<b>8,956</b>	<b>1,500</b>	<b>250</b>

**Resources**

Borrowing	4,948	0	0
Capital Receipts	4,008	1,500	250
	<b>8,956</b>	<b>1,500</b>	<b>250</b>

**Families and Wellbeing - CYP****Expenditure**

Elleray Park Special School redevelopment	900	0	0
School remodelling and additional classrooms	2,600	1,500	750
Condition/Modernisation	4,500	4,500	0
PFI	150	0	0
Vehicle Procurement	17	0	0
Children's centres	100	0	0
Family Support Scheme	100	100	0
Stanley Special School - additional classrooms	150	600	0
	<b>8,517</b>	<b>6,700</b>	<b>750</b>

**Resources**

Borrowing	2,300	600	0
Capital Receipts	650	1,100	500
Grants	5,400	5,000	250
Revenue/Reserves	167	0	0
	<b>8,517</b>	<b>6,700</b>	<b>750</b>

**Families and Wellbeing - DASS****Expenditure**

Citizen and Provider Portal for Social and Health Services	167	0	0
Extra Care Housing	2,500	0	0
LD extra care housing	1,396	1,604	0
Community Intermediate Care Services	1,000	1,000	0
Integrated Social Care and Health Learning			
Disability Service - Girtrell Court	2,000	0	0
Pensby Wood - day service remodelling	1,200	0	0
	<b>8,263</b>	<b>2,604</b>	<b>0</b>

**Resources**

Borrowing	1,396	1,604	0
Capital Receipts	3,200	1,000	0
Grants	3,667	0	0
	<b>8,263</b>	<b>2,604</b>	<b>0</b>

**Families and Wellbeing - Sports & Recreation****Expenditure**

West Kirby/Guinea Gap/Europa Pools	1,200	0	0
Artificial Turf Pitch & fence at Tennis & Sports Centre	240	0	0
West Kirby Marine Lake – Integrated accommodation	0	690	0
Bidston Tennis Centre re-roofing	425	0	0
	<b>1,865</b>	<b>690</b>	<b>0</b>

**Resources**

Borrowing	1,200	0	0
Capital Receipts	665	690	0
	<b>1,865</b>	<b>690</b>	<b>0</b>

**Regeneration and Environment - Environment & Regulation  
Expenditure**

Cemetery Extensions and Improvements	150	150	0
Road Safety	84	0	0
Active Travel	84	0	0
Bridges	664	0	0
Highway Maintenance	3,559	3,030	2,938
Integrated Transport	1,058	0	0
Start Active, Play Active, Stay active	10	0	0
Wirral Way - widening and safety improvements	13	0	0
Coast Protection	231	0	0
Energy schemes (LED Street Lighting)	4,000	0	0
West Kirby Flood Alleviation	1,500	500	0
Dock Bridges Replacement	280	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500	500
Preventative Maintenance to Classified Roads	500	0	0
	<b>12,633</b>	<b>6,710</b>	<b>7,748</b>

**Resources**

Borrowing	5,480	150	0
Capital Receipts	1,280	1,705	560
Grants	5,663	4,855	7,188
Revenue/Reserves	210	0	0
	<b>12,633</b>	<b>6,710</b>	<b>7,748</b>

**Regeneration and Environment - Housing & Community Safety  
Expenditure**

Aids, Adaptations and Disabled Facility Grants	2,573	2,573	2,573
Clearance	1,321	0	0
Home Improvement	912	0	0
Empty Property Interventions	156	102	0
Housing Renewal	470	570	670
New House Building Programme	980	0	0
	<b>6,412</b>	<b>3,245</b>	<b>3,243</b>

**Resources**

Borrowing	2,858	972	0
Capital Receipts	750	80	1,104
Grants	2,644	2,073	2,073
Revenue/Reserves	160	120	66
	<b>6,412</b>	<b>3,245</b>	<b>3,243</b>

**Regeneration and Environment - Regeneration**

**Expenditure**

Business Investment Grants	808	300	0
Hamilton Square Accessibility Improvements	1,000	100	0
	<b>1,808</b>	<b>400</b>	<b>0</b>

**Resources**

Borrowing	808	300	0
Capital Receipts	640	60	0
Grants	360	40	0
	<b>1,808</b>	<b>400</b>	<b>0</b>

**Transformation & Resources**

**Expenditure**

I.T Development	1,500	0	0
	<b>1,500</b>	<b>0</b>	<b>0</b>

**Resources**

Capital Receipts	1,500	0	0
	<b>1,500</b>	<b>0</b>	<b>0</b>

## TECHNICAL DETAILS

### 1 CAPITAL EXPENDITURE

- 1.1 Capital expenditure is defined under the Financial Reporting Standard (FRS) 15 as expenditure incurred on the creation, purchase or enhancement of a tangible asset required over the long term to carry out the activities of an organisation. Expenditure which purely maintains the useful life or open market value of an asset should be charged to revenue. The Local Government Act 2003 amended the definition to allow expenditure on computer software and on the making of loans or grants for capital expenditure by another body to be treated as the capital expenditure of a local authority.
- 1.2 Local Authorities can also apply to the Secretary of State for a determination to re-classify revenue spend as capital spend based upon a Capitalisation Direction. The Government introduced changes in 2014/15 over the use of capital receipts so they could be used to transform and reform services but this remains subject to a bidding process and requires Secretary of State approval.

### 2 SOURCES OF CAPITAL FUNDING

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

#### **Borrowing**

- 2.2 The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.
- 2.3 As a guide, borrowing incurs a revenue cost of approximately 8% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £1 million of borrowing the annual revenue borrowing costs are around £80,000.
- 2.4 The Government has given Local Authorities greater freedom in the way they provide for their debts. Local Authorities have to earmark revenues each year as provision for repaying debts incurred on capital projects. Since 1 April 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.

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

### **Grants**

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

### **Capital Receipts**

- 2.7 Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include the release of assets no longer required, development sites, former school sites and the agreement with Wirral Partnership Homes / Magenta Living for the sharing of receipts from sales of former Council houses. Receipts are critical to delivering our capital programme and reducing the level of borrowing we require.

### **Revenue / Other Contributions**

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

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## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>MEDIUM TERM FINANCIAL STRATEGY 2015-18</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

1.1 This report sets out the Medium Term Financial Strategy 2015-18. It is a strategic, financial document that set outs the Councils financial approach for the planning period 2015-16 to 2017-18. It also incorporates the Treasury Management for 2015-18 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

#### 2.0 BACKGROUND AND KEY ISSUES

2.1 Over the next three years the services the Council provides are facing a very challenging financial future with a £49 million anticipated funding gap. The size of this funding gap is leading the Council to consider how the total financial resources of the Council and its partners will need to be maximised, prioritised and channelled to the right areas and activities. The Medium Term Financial Strategy focuses on ensuring that resources are matched to priorities as identified in the Corporate Plan whilst ensuring that statutory functions are provided in the most efficient way.

2.2 The Council has and will continue during the period 2015-18 to realign itself to the financial reality it faces. The Government has set out how it aims to eliminate the budget deficit. The savings introduced in Spending Review 2010 (SR2010) and continued in Spending Review 2013 (SR2013) from 2011/12 to 2015/16 represent the largest reduction in public government spending since the Second World War. The Government has subsequently announced that public finances will not be balanced until 2018/19. The latest spending round period ends in 2015/16 and further detailed announcements of future public sector expenditure will be made following the election in May 2015. However it is anticipated that further reductions due to austerity will continue until at least 2017/18.

- 2.3 At the same time the Council is facing financial pressures from the increasing demand for certain services. This increased demand comes from demographic and recession linked changes. In contrast the financial effects of changes in services such as car parking and the introduction of new services will lead to further challenges.
- 2.4 The Medium Term Financial Strategy as well as providing financial background, sets out the Councils budget strategy over the next few years, the responses and approaches that will be adopted to meet the challenges faced and close the funding gap. The Medium Term Financial Strategy contains the following sections:
- Overview the period 2015-18
  - Forecast Income
  - Forecast Expenditure
  - General Fund Balances and Earmarked Reserves
  - Capital, Treasury Management and Asset Management
  - Risk Management and Business Continuity
  - Managing the Medium Term Financial Strategy

Wherever a financial estimate can be made of likely events this has been included. Given the level of assumptions for any projection of this type, only significant items have been included. The aim of this Strategy is not to give provisional budget figures, but to provide the Council with a framework with which to support planning considerations for the medium term. The tables within the Medium Term Financial Strategy are dependent on the completion of the 2015/16 budget.

- 2.5 The Medium Term Financial Strategy incorporates the Treasury Management Strategy. This remains a key area of the financial strategy, especially with low interest rates and limited investment opportunity. It is included in appendix 2 and is subject to approval by the Council at the same time as the budget. The following paragraphs are specific to the strategy and highlighted to assist Members in their consideration of the Treasury Management Strategy.
- 2.6 CIPFA has defined treasury management as: *“the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

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

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

- The Treasury Management Strategy for 2015-18 - The long term direction for Council borrowing, debt rescheduling and investments.
- The Treasury Management Policy Statement.
- The Annual Investment Strategy for 2015-18.
- The Prudential Indicators – information to ensure the Council’s capital investment is affordable, prudent and sustainable.
- The Minimum Revenue Provision (MRP) Statement – The Council’s policy on the repayment of long term debt.
- Authorised signatories for treasury management activities.

### **3.0 RELEVANT RISKS**

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

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

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

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 There are no other options considered in this report.

### **5.0 CONSULTATION**

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

### **6 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 None

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

7.1 There are none arising out of this report.

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

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

## **9.0 LEGAL IMPLICATIONS**

9.1 There are none arising out of this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 There are none arising out of this report.

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

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are none arising out of this report.

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

12.1 There are none arising out of this report.

## **13.0 RECOMMENDATIONS**

13.1 That in respect of the Treasury Management Strategy 2015-18

- i) The Treasury Management Strategy for 2015-18 be approved.
- ii) The Prudential Indicators be adopted.
- iii) The Council's Minimum Revenue Provision policy be approved.
- iv) The Council Officers listed in Appendix G be authorised to approve payments from the Council's bank accounts for all treasury management activities.

13.2 That in respect of the Medium Term Financial Strategy 2015-18

- i) The Medium Term Financial Strategy be approved.
- ii) Regular updates of the Medium Term Financial Strategy be reported to Cabinet.

## **14.0 REASON FOR RECOMMENDATIONS**

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

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## **APPENDICES**

Appendix 1 Medium Term Financial Strategy including Treasury Management Strategy Statement 2015-18

## **REFERENCE MATERIAL**

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

## SUBJECT HISTORY

Council Meeting	Date
<u>Medium Term Financial Strategy</u> Cabinet - Medium Term Financial Strategy Cabinet - Future Financial Position Cabinet - Medium Term Financial Strategy Cabinet - Future Financial Position	18 February 2013 10 December 2013 12 February 2014 9 December 2014
<u>Treasury Management &amp; Investment Strategy</u> Cabinet - Treasury Management and Investment Strategy 2012 to 2015 Cabinet - Treasury Management Annual Report 2011/12 Cabinet - Treasury Management and Investment Strategy 2013 to 2016 Cabinet - Treasury Management Annual Report 2012/13 Cabinet - Treasury Management Annual Report 2013/14	20 February 2012 21 June 2012 18 February 2013 10 October 2013 7 July 2014

# 2015-18 Medium Term Financial Strategy

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# 1 Overview

## 1.1 Purpose of the Document

The Medium Term Financial Strategy (MTFS) is intended to provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which Wirral Council's services can operate. It sets out a broad framework for the Council's future budget and a proposed approach to budget planning.

The Council is facing a challenging financial future. The setting of next and future years' budgets will be difficult. The level of savings required to balance the Council's budget are considerable. Significant savings are expected throughout the next 3 years and beyond as public sector expenditure is reduced.

It is through the MTFS process that the Council sets out how it will respond to the new financial realities it faces over the period 2015-18. The strategy also links with Wirral's Corporate Plan. It shows how our finances will be structured and managed to ensure that they meet future financial challenges, as well as supporting the priorities of the Council and its partners.

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

- Income - forecast future income levels on both revenue and capital;
- Expenditure - forecast service pressures as a result of the impact of demographic and other changes on service demands;
- Plan - provide a financial framework within which business planning can proceed effectively.

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

- Capital Strategy including capital programme;
- Asset Management Plan;
- Treasury Management Strategy.

These Strategies lay out the strategic aims of the Council's capital and investment plans. They are integral to the MTFs and also the annual budget setting process. The Capital Strategy sets out how capital investment will be prioritised. The capital resources available to the Council play a key role in how services can be transformed in the future, through investing in innovative approaches to service delivery. There are revenue implications to these capital decisions in the form of capital financing costs and ongoing maintenance costs. There are two way links to the Treasury Management Strategy and the Asset Management Plan.

The MTFs and annual budget bring together both revenue and capital so that decisions on the amount of borrowing can be made. The challenging financial environment has resulted in restricted capital investment. There is a difficult mix between capital demands and restrictions on the revenue costs of the demands.

## **1.2 Links to the Corporate Plan**

The MTFs complements the Corporate Plan as a means of ensuring that Wirral Council's finances are aligned with its vision, aims & priorities. The Council adopted a refreshed Corporate Plan 2014 – 2016 in December 2014. The approach to the MTFs is to ensure that the Council makes the best use of its financial resources in the delivery of key Corporate Plan outcomes, the key themes of which have been designed to ensure that the Council is focused on the appropriate activities and doing these activities in an appropriate way.

It is clear that the Council needs a focused approach to commissioning its services, to integrating services with others, where relevant, and to ensure that it decommissions services where they do not align with priorities or can not be afforded. This can be considered as outcomes based approach. Work continues on commissioning. This can be expressed as starting well, developing well, living and working well, and ageing well. The council is being remodelled to ensure alignment to absolute priorities, optimal delivery models and maximum efficiency. The financial resources available will strongly shape the strategy as will the strategy contents significantly affect the financial strategy and prioritisation.

### **1.3 National and External Influences**

#### National Influences

The MTFS for the three years 2015/16 to 2017/18 has been developed against a difficult financial picture. Despite recent improvement the outlook for the next 3 years for the British economy continues to be uncertain. The Council must realign its services to the reduced funding levels and contain its spending to the overall income available. Wirral has made savings of £147.2m between 2011/12 and 2014/15. This has enabled the Council to respond to the reduced levels of government funding in addition to meeting the additional spending demands faced. The Council is going to need to make new savings in the next 3 years. Less reliance can be placed on government grants and a higher proportion of local income will need to come from local sources – council tax, business rates and economic factors.

The major national influences on the Councils MTFS are detailed in the following paragraphs.

#### The Governments Deficit Reduction Programme

The public sector since 2010 has seen a permanent reduction of its spending. This has resulted in unprecedented financial challenge for local government.

The Government's aim is to eliminate the budget deficit. In the Chancellor's Autumn Statement on 3 December 2014 the Public Sector net borrowing (PSNB) requirement for 2014/15 was forecast to be £91.3bn. This is £6.3bn below last year but the decline is only half that forecast in the March 2014 Budget. The deficit represents 5% of Gross Domestic product and is half the peak it reached in 2009/10. PSNB is forecast to fall to 4% of GDP in 2015-16, the final year for which the government has set departmental spending plans; and to reach a small surplus of 0.2% of GDP in 2018/19 and 1% of GDP in 2019/20. The size of the Government policy on deficit reduction is leading to massive change in all public sector services including local government. The forecasts are uncertain and may vary, with the deficit being potentially cleared in 2018/19.

The Government has in two Spending Rounds (2010 and 2013) set out plans to reduce public expenditure as part of its strategy to eliminate the deficit and eventually reduce the debt. The Government's Spending Round 2013 set out public expenditure plans (including local government expenditure) up to and including 2015/16. This followed on from and was similar to the Spending Round 2010 and entailed cuts in expenditure in certain areas including local government and increases in other areas such as Health, Schools and Overseas Aid. Whilst the next Spending Round that will cover the years 2016/17 onwards, being determined by the next Government, the current Government has said that they expect public expenditure to continue to fall in real terms up to 2017/18 in roughly the same proportion as it fell in the period set out in the 2010 Spending Round. If protection is again given to Health, Schools and Overseas Aid then local government expenditure will be lower in 2017/18 compared to 2014/15. The Autumn Statement 2014 suggests that with continued ring-fencing of these services, the cuts to local government funding will continue.

### The National Economy

The UK economy performed better during 2014 than was predicted. Economic recovery as mentioned before is key to the Government meeting its deficit reduction targets and in turn spending plans.

The Office for Budget Responsibility (OBR) has published revised economic predictions. The economic forecast for this year has been confirmed at 3% and it is estimated to be 2.4% in 2015/16, 2.2% in 2016/17, 2.4% in 2017/18 and 2.3% in 2018/19 and 2019/20.

The health of the economy is a key factor in the MTFS. This strategy recognises that the economic recovery has begun but that substantial reductions in the public sector including local government spending will take place to enable the government to meet its budget targets.

### The National Impact on the Local Outlook

The Spending Round 2013 (SR 2013) June 2013 set out total departmental expenditure limits to 2015/16. The Local Government amount for 2015/16 is based on the Spending Review 2013. The reductions for 2015/16, as a result of SR 2013, in baseline funding for local authorities are 13.1%.

There are currently no Spending Review announcements beyond 2015/16. However there are initial indications that the age of austerity will continue until at least 2018/19 no matter which political party is elected in May 2015. The Chairman of the Office for Budget Responsibility (OBR) has recently commented that the next parliament will see a "very sharp squeeze" on spending. The OBR has stated that the implied cuts in the next parliament would "pose a significant challenge if they are confirmed as firm policy, one that would be all the greater if existing projections were maintained."

The Autumn Statement 2014 announced the government's high level expenditure plans for the next parliament. These show that total managed expenditure will fall in real terms in 2016/17 and 2017/18 at the same rate as between 2010/11 and 2014/15. Therefore it can be assumed that the level of reductions over the 2 years will be consistent with the total reductions between 2010/11 and 2014/15. This means that challenging reductions will take place in the two years 2016/17 and 2017/18. It is not known how further reductions in public sector expenditure or central government spending will affect funding to local government. As such the future years of this MTF period continues to be cloaked in uncertainty. The risk is that there will be more reductions in the next spending review period from 2015/16. There is however, as stated before, little information available about future funding levels.

#### **1.4 Budget Priorities**

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

In approving the budget savings options for 2015/16 the council has had regard for those services deemed to be of the highest priority.

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

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

Subject to the above, unavoidable and essential growth items will be funded by the making of savings from elsewhere within the Wirral Council budget, or the generation of additional income. The Council will manage its budget as a corporate whole, if necessary transferring money from one activity to another if this is what is necessary to match limited resources to the highest priorities.

## 2. Forecast Income

### 2.1 Local Government Grant Funding

The Spending Review 2013 (SR2013) announced departmental spending totals to 2015/16. These totals represented planned reductions in local government spending of 28% over the SR2010 timeframe. Beyond 2015/16 the Government has made no detailed announcements, this will take place following the election in May 2015. The Autumn Statement in 2014 updated the forecasts for Government finances; these indicated that the period of austerity will continue in future years. The decrease in government funding is the single biggest factor driving the forecast funding gap for the Council. Like for like funding has decreased and this will continue to take place. The reductions for Wirral since the start of 2010 have been over 50%. The latest announcement of grant funding to the Council was made in December 2014 and was in line with SR2013 plus the Councils own projections.

#### Local Government Finance Settlement

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

	<b>2014/15 Funding £m</b>	<b>2015/16 Funding £m</b>
Upper Tier Funding	118.155	97.742
Lower Tier Funding	20.825	17.402
<b>Formula Funding</b>	<b>138.980</b>	<b>115.144</b>
Grants Held Back	0.213	0
Council Tax Freeze Compensation Part 1	3.271	3.259
Council Tax Freeze Compensation Part 2	n/a	1.354
Early Intervention Funding	10.251	9.336
Homelessness Prevention Funding	0.065	0.065
Lead Local Authority Funding	0.121	0.120
Learning Disability and Health Reform	7.141	7.114

Funding		
Local Welfare Provision 2015/16 only.	n/a	1.210
<b>Total Grants Rolled in</b>	<b>21.062</b>	<b>22.458</b>
<b>Total Settlement Funding</b>	<b>160.042</b>	<b>137.602</b>

\*For 2014/15 Council Tax Freeze Compensation Part 2 was paid as a separate grant. In 2015/16 the grant has been rolled into general grants. Local Welfare Assistant Grant was paid in 2014/15 as a specific grant. This ceased in 2015/16. The amount included above is a purely indicative figure and no grant has rolled in.

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

	£m	£m
Net Forecast rate yield	65.377	66.629
Less: Amount to be paid to Central Government (50%)	32.689	33.314
<b>Business Rates Baseline</b>	<b>32.688</b>	<b>33.315</b>
Less: Amount to be paid to Merseyside Fire and Civil Defence Authority (1%)	0.654	0.666
<b>Retained Business (RBR) element:</b>	<b>32.034</b>	<b>32.649</b>

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

		<b>2014/15</b>	<b>2015/16</b>
		<b>£m</b>	<b>£m</b>
Retained Business Rates (RBR)	Variable amount	32.034	32.649
RBR Top up from Government	Fixed amount	40.513	41.287
Revenue Support Grant	Fixed amount	87.493	63.667
<b>Total Funding</b>		<b>160.040</b>	<b>137.603</b>

Actual retained business rates income for 2015/16 will be dependent on the assessed rateable values, effect of appeals and collection rates. The NNDR1 return estimates this amount and this is the amount that is included in the Councils budget. Business rates present significant risk to the Council. Any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resources available and therefore on resources available to fund and to provide services.

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

## **2.2 Local Taxation**

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

The Government has implemented a referendum regime from 2012 onwards, for Council Tax increases that it regards as excessive. For 2014/15, under the Government's regulations the Council was allowed to increase Council Tax by 2%. The Government has stated the Councils must hold referendums with local residents if it proposes to increase Council Tax by more than 2% in 2015/16. The alternative is a Freeze Grant. A freeze grant of 1% will be available to all Councils who freeze Council Tax levels.

The five years of Freeze Grants has the following history

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

- Percentage - 2.5%
- Grant amount - a grant of £3.285 million pa

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

- Percentage - 2.5%
- Grant amount - a grant of £3.285 million pa

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

**2014/15 Council Tax Freeze Grant** – income that is received by Wirral

- Percentage - 1%
- Grant amount - a grant of £1.354 million pa

**2015/16 Council Tax Freeze Grant** – Decision to take grant was provisionally agreed by Cabinet 9 December 2014

- Percentage - 1%
- Grant amount - a grant of £1.358 million pa

### **3. Forecast Expenditure**

#### **3.1 Cost Pressures**

The financial pressures in the period 2015-18 facing Wirral Council are considerable. There will be a number of items of additional expenditure that are likely to be incurred in future years. There are also other issues that will occur that will require funding for which uncertainties exist, but will eventually involve expenditure for the Council.

The MTFS projections contain anticipated cost pressures and changes that the Council has to manage. These result from a number of sources and can be summarised as follows:

##### Growth Changes

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

There are a number of areas where there may be additional costs to the Council in future years which are uncertain at the present time. The following have not been added into the 3 year forecasts but remain a potential risk to the Council:

- Provision for redundancy/severance. The Council will require an adequate provision for such costs. While an earmarked reserve contains provision for these costs there are no other amounts included over the period of the MTFS.
- Transformation of Services costs. To achieve the required level of future savings the Council will need to be remodelled. The MTFS does not contain any anticipated costs of remodelling its services.

A fundamental issue to be addressed in the period of the MTFS is the Council's approach to cost pressures and growth in a period when it's funding is reducing. For 2015/16 growth and inflation has been examined and challenged to explore alternative options for meeting the cost pressures faced. Cost pressures are offset by savings. It is however proposed that in future years Directorates will be required to manage their pressures within their resources as far as possible.

Wirral Council has never attempted this degree of budgetary and organisational change before, both in the size of the task and the pace at which it has to be delivered. The degree of risk in 2015/16 will be reflected in the level of General Fund Balances that the Council should hold to cover exposure to risks. The challenges facing the Council are considerable.

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

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

### **3.2 Overall Financial Projections for 2015-18**

Bringing together the picture relating to forecast income and forecast expenditure, there is a forecast funding gap of £18 m in 2015/16 rising to £70m by 2017/18. This is a cumulative position and is reduced by the value of savings agreed in December 2014 to a gap of £49m. Details of the build-up of the forecast are set out in the following paragraphs.

#### **Developments in the Overall Financial Projections**

The MTFS approved for 2014-17 reflected the financial projections for the Council based on the SR 2013, a forecast of reductions in funding for 2016/17 beyond SR2013 and a number of budget assumptions. This forecast that the Council would have an overall deficit of £45 million for the period 2014-17.

#### **MTFS March 2014 Forecast Funding Gap 2014-17**

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Forecast Expenditure (including demographic changes)</b>	276	275	277	828
<b>Forecast Income (including reduced grants)</b>	276	257	250	783
<b>Forecast Funding Gap</b>	<b>0</b>	<b>18</b>	<b>27</b>	<b>45</b>

In December 2014 the gap presented in the MTFs was updated. The revised position highlighted a gap of £70 million for the period 2015/18. The March 2014 MTFs forecast has been updated for the announcement of the Autumn Statement in December, a review of assumptions and the addition of the anticipated budget gap for 2017/18. This has resulted in a new financial forecast for the period 2015-18.

#### **MTFS December 2014 Forecast Funding Gap 2015-18**

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
Forecast Expenditure (including demographic changes)	275	277	264	816
Forecast Income (including reduced grants)	257	250	239	746
<b>Forecast Funding Gap</b>	<b>18</b>	<b>27</b>	<b>25</b>	<b>70</b>

The forecast funding gap for 2015-18 has been updated below to reflect savings agreed in December 2014 by the Council, the provisional local government finance settlement and revisions to budget assumptions that have been identified.

The updated position shows a balanced budget for 2015/16. The forecast funding gap for 2015-18 is £49 million. This will be subject to change as the Government has yet to finalise the Local Government Finance Settlement for 2015/16 and the Spending Review for the final two years of the period will not be announced until after the election in May 2015.

#### **MTFS February 2015 Forecast Funding Gap 2017-18**

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
<b>Forecast Funding Gap</b>	<b>0</b>	<b>24</b>	<b>25</b>	<b>49</b>

Note: The following table is to be confirmed following agreement of the Revenue Budget 2015/18.

The 3-year financial projections highlights that there continues to be a gap between the Councils available resources and spending pressures. As mentioned before the Council has been, and will continue to work through one of the most challenging financial periods it has ever faced. The Spending Review period to 2015/16 has seen the greatest ever post war reduction in Local Government funding. It is anticipated that similar reductions will occur in 2016/17 and 2017/18. To respond to this the Council must reshape to meet this new financial reality. Wirral has made savings in the period 2011-2015 and will do so again in 2015/16. Significant savings are expected throughout the spending review period and beyond. The Council is working in an increasingly difficult and unpredictable financial environment.

### 3.3 The Revenue Budget Strategy to meet Pressures

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

#### Prioritisation

The medium term planning cycle aims to link resources to Wirral objectives and priority areas. The Council recognises the pressures on its budget and, while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible. The approach will be to continue to avoid direct cuts to services where possible and deliver transformational change. The budget building has been informed by valuing what is most important for residents. To enable this, savings are differentiated between those that do not directly affect residents, such as efficiency gains, and savings that have an impact on residents, such as reduced standards or stopping services. The prioritised approach reflects the Corporate Plan and the way we need to deliver services in the future.

In setting the budgets for 2013/14, 2014/15 and 2015/16 the Council has agreed savings which impacted upon those years as well as into 2015/16 and 2016/17. The priority approach in each year has assessed savings options under the following classifications of savings:-

For Savings in 2015/16 agreed in February 2013 savings were prioritised as follows:

Highest Priority: Savings that affected residents least:

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

Lower Priority: Savings that affect residents directly

<b>Type of Saving</b>	<b>Nature of Saving</b>
Change Standards	Usually reduce Service Standards
Stop Doing Things	Cease Services

For savings in 2015/16 agreed in December 2013 the Council adopted a number of principles when proposing budget options. The budget consultation used a priority approach to assess savings options under the following classification of savings:

- Being more efficient – Making sure that services are delivered in the most cost effective way possible – streamlining processes, joining up back office functions and never wasting money on administration that could be invested in services.
- Working together – working more in partnership with others in the public, community, voluntary and faith sectors, reducing duplication and delivering better outcomes for residents.
- Promoting Independence – moving away from the Council doing everything and instead encouraging self help and community empowerment and resilience.
- Targeting resources – resources have to be targeted on those who need most help – this will mean cuts in some services – which the Council are trying to deliver in a way that is both fair and equitable.

For savings in 2015/16 agreed in December 2014 the focus has again been on series of changes to services without closing services that residents rely on. The following programmes have been used to classify and assess proposed savings:

### **Delivery Programmes**

- Delivering Differently – Assessing the best means of delivering a service-choosing the most efficient and effective option.
- Managing Demand – Reducing demand and the costs of specialist, substantial services through empowering people and communities to help themselves.
- Income and Efficiency – By stopping subsidising chargeable services unless it helps up to meet another objective.
- Customer Contact – Moving Council customers away from expensive forms of contact and targeting those who need face to face support.

### **Support Programmes**

- People – Enabling the Council to define and deliver workforce requirements for the future, enabling people based change such as culture, up-skilling of staff and ensuring appropriate policies and procedures are in place.

- Technology and Information – Driving a strategic approach to the use of systems, data and information to support Council Services.
- Assets – Delivering the consolidated asset requirements of the services, enabling key service changes through the rationalisation and future proofing of the asset base.

#### Partnership

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

#### Efficiency and Productivity

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

#### Pressures

That the Council has determined, that given the financial pressures faced by Wirral, growth can only be supported in priority areas, or where the Council is required to fund new items e.g. by new legislation. Demand across a number of services will increase in the future, especially in social care areas, at a time when grant funding from the Government is reducing.

#### Multi Year

The budget will be agreed in February 2015 and will cover a three year period to avoid taking a series of annual short term decisions. The vision is to define the outcomes the Council wants to achieve by April 2016 and beyond as part of its commissioning strategy - and look back on how well the journey, over the three years, was accomplished.

#### Capital and Revenue

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

#### Transparent

The budget consultation process shared with residents budget saving options at the beginning of the process and categorised them in terms of their effect on residents. Residents were able to see the range of options that Members would consider.

#### Consultative

The budget process has sought as wide a canvass of views as possible. It has used a number of methods to gain everyone's opinions and views. The Council through What Really Matters 2014, consulted on £4 million of the Chief Executive's savings.

## 4. General Fund Balances and Earmarked Reserves

### 4.1 Background

The maintenance of general fund balances and earmarked reserves is part of the Council's strategic financial planning and approach to the management of risks it will face in the future.

The Council's approach to how it manages its reserves is based on Wirral's local circumstances. The amount held is decided by the Council in line with its perceived future local demands. As such there is no standard approach to the level of reserves that could be applicable to every Council.

Wirral Council adopts a risk-based approach to financial planning, which is used to determine the minimum level of reserves required. The aims of the strategy are to:-

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

### 4.2 General Fund Balances

Wirral Council's risk-based reserves strategy is applied in the context of the current state of the economy, the other financial risks facing the council and the underlying financial assumptions within the medium term financial plan. The level of the Working Balance has to be maintained at £17.4m for 2015/16.

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

Salaries budget: £121.286m      Risk: low      Factor: 0.1% Value: £121k

The areas of risk considered in the general contingency are set out in the report on the Revenue Budget 2015-18, with an explanation of the potential risks faced by Wirral Council. The calculation of the level of General Reserves Balances is as follows:-

2014/15	2015/16	2016/17	2017/18
£17.3m	£17.4m	£17.3m	£17.0m

### 4.3 Earmarked Reserves

The Council maintains earmarked reserves in addition to its General Fund Balances, which are set aside for specific purposes. The Council is obliged to maintain a number of Legally Restricted Reserves; these are sums of money that the Council is required to set aside for legally defined purposes (e.g. the Dedicated Schools Grant). Reserves are set aside by the Council to meet future expenditure such as decisions causing anticipated expenditure to be delayed. As such they are only available to be spent on specific purposes. The categories of earmarked reserves are as follows:

Category and Description
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc.
RE-MODELLING Support Future Council which includes costs of investment to deliver future savings and one-off workforce reduction costs.
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services.
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and spend incurred in the following year such as Public Health, Supporting People and Troubled Families and were the sums held are earmarked for the completion of Council programmes such as Community Asset Transfer, planned maintenance and parks improvements and waste development initiatives.

### 4.4 Monitoring and Management

Compliance against a benchmark for general fund balances is monitored on a regular basis and reported to Members through the Revenue Monitor report. The aims of this approach are to:

- Ensure the General Fund Balances are set at a reasonable level- this is the Councils 'last line of defence' should unforeseen financial difficulties emerge;
- Compliance against this benchmark is monitored on a regular basis and reported to Members through the revenue budget monitor.

## 4.5 Summary

Although the budget position is very challenging and will remain so for the foreseeable future, the Acting Section 151 Officer considers the level of reserves and balances to be reasonable for 2015/16 based on:-

- Working Balances of £17.4m, which assessed as reasonable given the financial risks the council is facing;
- Current level of general fund earmarked reserves.

If the Council uses its reserves instead of making budget reductions they would be used up in a short amount of time. Reserves can be used to smooth budget reductions but they cannot be used to avoid them. In addition using reserves means that the Council is less likely to be able to fund unforeseen events or plan for future transformational changes without the need to make further reductions in expenditure. A key financial priority is the bolstering of reserves to fund the future transformational changes that will be required to close the Councils funding gap.

## **5. Capital, Treasury Management and Asset Management.**

### **5.1 Balance Sheet Management**

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

The Council already have embedded processes to review its fixed assets and strategies for treasury management and borrowing. Over the course of 2015/16 it will undertake a self-assessment of process for managing and making provisions for outstanding debtors to ensure that it is effective and will implement any appropriate changes.

### **5.2 Capital Overview**

The MTFS includes the capital strategy for a three year period 2015/16 to 2017/18. The strategy is designed to maximise outcomes through a prioritisation of limited resource allocations. The Council will continue to identify future capital resources including a review of its own asset holding, the latter aiming to generate receipts to be reinvested into its capital resources. In addition the strategy seeks to minimise the level of unsupported borrowing where no additional source of income or saving can be identified to cover the ongoing revenue costs.

### **5.3 Capital Strategy**

The Capital Strategy (Appendix1) is concerned with, and sets the framework for, all aspects of the Council's capital expenditure over the 3 year period 2015/16 to 2017/18 – its planning, prioritisation, management and funding. It is closely related to, and informed by; the Council's Asset Management Plan and is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS). It is also essential that the strategy reflects the wider private sector investment into the overall regeneration of the area.

The key aims of the Capital Strategy are:

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

## 5.4 Treasury Management

The Treasury Management Strategy is detailed in Appendix 2 and sets out the expected treasury operations for this period, linked to the Council's Medium Term Financial Strategy, Capital Strategy, Asset Management Plan and the Council's Corporate Plan. It is inextricably linked to delivering the Council's priorities and strategy. It contains four key legislative requirements:-

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

Revised editions of the CIPFA Prudential Code for Capital Finance in Local Authorities and CIPFA Treasury Management Code of Practice were published in November 2011. The changes are largely regulatory updates and there is little material change affecting the Council. The Council has adopted the codes and the Treasury Management Strategy Statement 2015-18 reflects the updated codes.

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

## **5.5 Asset Management**

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

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

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

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

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

### **Key Challenges**

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

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

## 6 Risk Management and Business Continuity

The MTF5 demonstrates how financial planning over the medium term enables Wirral Council to invest in its priority services, and deliver its objectives within the resources available, whilst ensuring the sustainability of the Council's finances over future years. The degree of certainty about assumptions and figures reduces in relation to future years, so it is vital that the council has the flexibility to manage the risks of reduced funding and growing costs and demands.

Wirral Council is also budgeting to hold a suitable level of general balances, based on an assessment of the financial risks facing the authority. This is summarised in the above section on General Fund Balances and Earmarked Reserves. The level of risk is below the level of balances currently held, which is therefore deemed to be at an appropriate level. The level of balances and reserves will be reviewed on an ongoing basis. Whilst many budgets carry a low level of risk, assumptions concerning demand led services can prove to be inaccurate. Where overspending occurs, directorate monitoring procedures allow it to be identified and addressed at an early stage. These procedures may not be sufficient to mitigate all risk and a residual risk is recognised.

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

A statement on the robustness of the estimates for 2015/16 to 2017/18 was reported to Cabinet on the 10 February 2015 giving reasonable assurances about the estimates and setting out the key processes that were followed including:-

- the issuing of guidance on preparing budget growth and savings options for the three year period 2015-18.
- peer review by finance staff involved in preparing the base budget namely the existing budget plus necessary inflation.
- the use of financial monitoring, and re-alignment of budgets with current demand for 2014/15 and future years.
- a review by the Chief Executive Strategy Group of proposed savings and their achievability.
- a Member review and challenge of proposals through the Policy & Performance Committees and Cabinet.
- the Director of Resources providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy).
- consultation with the public and various groups including the voluntary sector and community and faith groups.

In assessing the robustness of Revenue Budgets it is expected that the key risks remaining will be:

- The actual delivery of the approved savings and efficiencies and, in particular those relating to Remodelling the Council, Social Services and commissioning/procurement.
- Changes to employees' costs including equal pay as the Council has yet to conclude its equal pay arrangements.
- The ongoing impact of increasing demand for services, particularly within care services, and reducing grant funding from which the Government have made no detailed announcements beyond 2015/16.
- The confirmation of Government grants, of which a number remain currently unknown.
- The adequacy of the New Burdens funding in meeting the demands such as those from the Care Act.
- Changes to the Capital Programme, to achieve the policy objective of eliminating Prudential Borrowing and associated revenue costs.
- The possibility of legal challenge including judicial review.
- On-going review of the risks relating to Council Tax and Business Rates collection levels and appeals as the new schemes start to have an effect.

## **7 Managing the Medium Term Financial Strategy**

### **7.1 Achieving a Balanced Budget 2015-18**

#### 2015/16 Financial Strategy

In developing the 2015/16 Budget the approach to balancing the budget initially focused in February 2013 on the agreement of a range of savings in areas which were identified as those that would affect residents less. This prioritised this type of saving over those that would have greatest effect on residents. Further details of the approach over a number of years are set out in section 3.3.

Further savings for 2015/16 and 2016/17 were agreed in December 2014. In developing this tranche of savings the Council has adopted a number of principles when proposing budget options. The budget consultation used a priority approach to assess savings options under the following classification of savings:

#### **Delivery Programmes**

- Delivering Differently – Assessing the best means of delivering a service-choosing the most efficient and effective option.
- Managing Demand – Reducing demand and the costs of specialist, substantial services through empowering people and communities to help themselves.
- Income and Efficiency – By stopping subsidising chargeable services unless it helps up to meet another objective.
- Customer Contact – Moving Council customers away from expensive ways of contacting us and targeting those who need face to face support.

#### **Support Programmes**

- People – Enabling the Council to define and deliver workforce requirements for the future, enabling people based change such as culture, up-skilling of staff and ensuring appropriate policies and procedures are in place.
- Technology and Information – Driving a strategic approach to the use of systems, data and information to support Council Services.
- Assets – Delivering the consolidated asset requirements of the services, enabling key service changes through the rationalisation and future proofing of the asset base.

### 2016/17-2017/18 Financial Strategy

To tackle the magnitude of the future financial challenge 2016/17 to 2017/18 requires a new approach to the identification of savings. At the same time the Council needs to make sure that its Medium Term Financial Strategy enables the achievement of the Corporate Plan and its objectives. It is clear that in the period 2015-18 the total financial resources of the Council and its partners need to be maximised, prioritised and matched to key services and activities.

The Council therefore needs to ensure that the resources that are available are focused on its priorities as set out in the Corporate Plan. Since 2010 the Council has examined and challenged the way services are delivered. A lot has been achieved through examining the way its services are being delivered to make cost efficiencies. The experience in recent years is that reducing budgets across all services is not the most effective way to respond to the reductions required since 2010. This has and will continue to take a planned, longer term approach. It will examine how to prioritise resources over a number of years to determine how to provide services with less funding.

The period 2016/17-2017/18 will see further reductions in grant funding. There will be significant reductions in the grant funding received from Central Government. This will coincide with increasing demands for our services. The resulting increasing deficit combined with the reduced ability of the Council to get “the same for less” means that there are considerable financial challenges and decisions to be taken. Very difficult decisions are going to be needed to prioritise spend and ensure a viable budget in the future. The emphasis for future years will be challenging services the Council continues to fund, working with partner organisations and driving out efficiencies in ways of working.

However, efficiencies alone cannot solve the funding gap. To resolve the Council must evaluate everything it does, to ensure that it delivers the most sustainable, effective and targeted services possible for its communities. By continuing the approach developed since 2013/14 of getting better value for money and using new ways of providing services the aim remains of reducing the impact on front line services.

The approach that the Council has taken through Future Council is different from arbitrary cutting budgets across the board. It has led to service reviews to consider proposals on how the Council can achieve key outcomes with less funding.

It is planned to continue to use the Future Council approach in developing savings for future years. The key focus is on outcomes instead of reducing every Council service by a set amount. This enables Wirral to maintain what its residents want the most and keep those key services that make a real difference. There is and will continue in the future to be a commitment to reduce the impact of any changes on the most vulnerable members of society.

There are four key principles to how this work is being carried out:

**1. All proposals for changes will be subject to a sound business case and options appraisal.**

This means that **all** options will be assessed to ensure they make good financial and business sense for the council. This approach will be used consistently across the council which means we will be able to make the necessary reductions in staffing in a targeted, strategic way. A fair and consistent approach will be taken to all employees regardless of service area.

**2. Every team will be assessed.**

Regardless of how a service may be delivered in the future, all teams will be assessed using the same business case process, as explained above. All teams will be evaluated to see how staffing structures and service delivery can be made more efficient.

**3. Nothing will be done in isolation.**

Wherever possible, any data or information which is collected will be used to inform all parts of the 'Future Council' project, to avoid duplication.

**4. Communication will be regular.**

Regular updates will be given through the Chief Executive's weekly email, meetings with groups of employees and 'One Brief'.

Further work will be undertaken in the coming year, linked to the Corporate Plan, to prioritise resources to the achievement of priorities in addition to identify ways that the Council's funding gap will be closed. This work will result in further plans to implement the medium term financial strategy in the period 2016/17 to 2017/18 and beyond. Reports detailing the development of plans will be presented to Members as part of the budget and strategic financial planning process. The approach to commissioning, an outcomes approach to it and a focus on lifecourse thinking (early years, childhood and adolescence, adults, older age, end of life) will be key to a focused discussion and decision making approach to the changes required. The approach to the budget needs a step change in thinking to ensure that real and difficult decisions are made whilst protecting the most vulnerable and future income streams e.g. business rates.

Whilst the Future Council project provides a framework for savings the Council continues to assess the more “traditional” approaches to closing its funding gap and balancing its budget. These will include the following:

- Service change – identifying areas where services standards can be changed or services decommissioned. Focusing resources towards priority areas.
- Review Expenditure – across all departments expenditure in specific areas will be examined, this includes looking for savings through the commissioning and procurement of services.
- Income Generation – examine fees and charges and explore the potential for new and increased income from existing areas. This includes a focus on business rates and the effect of regeneration policy and success on the income of the Council.
- Asset Review – examination of the Councils asset base and rationalise to ensure that its properties are in line with its service needs.
- Council Tax Levels – additional income beyond that included in the estimated forecast income for 2016/17- 2017/18 could be realised. However this needs to be assessed against any Council Tax Freeze Grant made available by the Government and the requirement to hold a local referendum if the increase exceeds the amount specified for this to take place.
- Change Future Assumptions – future areas of budgetary growth will be examined to, where possible, reduce the level of financial demands.

These approaches are the way savings will be identified. It will result in an analysis of how, with fewer resources, the Council plans with less funding, to continue to provide services and work on the areas challenging social and economic issues. Reducing all budgets in all Council services is being avoided. However the approach adopted still requires difficult decisions to be made in the future. But the approach will provide a rationale for decisions rather than cutting all services.

The Council's approach over the last few years has been led by its core values and objectives as set out in the Corporate Plan. It sets out what and how the Council will tackle the most challenging issues the area faces and deliver services. The Council's vision is:

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

As discussed above the Council has used and will continue to use the Future Council approach to balance its budget. The overriding aim is to deliver on the outcomes in the Corporate Plan whilst meeting our statutory obligations. This means that the approach will continue to be around:

- Matching available resources to the achievement of key corporate plan outcomes.
- The identification of efficiencies and the protection of front line services.

Since 2010 the savings have been hard to make, significant savings have been made in back office functions and this has reduced the impact on front line services. The scope for making such savings has reduced. Many savings agreed in 2014/15 and 2015/16 are efficiencies and changes in management so protecting front line services. However the size of the challenge to save in future years is so great it means that it is not possible to continue to provide the same services in the same way.

## **7.2 Equality**

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

### **7.3 Consultation**

The Future Council project for 2015/16 identified £15.5 million of changes and efficiencies that did not require public consultation. Options were proposed for public consultation that totalled £3.7 million. Of these £2.5 million was required to close the budget gap. These budget proposals through Future Council were consulted on using a number of means including:-

- Questionnaire and consultation pack;
- Online communications with emails being sent to Wirral residents;
- Council website also via social media, as well as partner and community owned websites;
- Regular communications were also provided via local and regional media organisations;
- Statutory consultation with the voluntary, community and faith organisations;
- Targeted consultation with specific groups;
- Use of a dedicated email address to ask questions and put forward comments/ suggestions;
- Staff consultation via meetings;
- Trades Union Consultation via meetings with representatives;
- Scrutiny of budget proposals by Members of the Policy and Performance Committees and Constituency Committees;
- Partner agencies were engaged through the Public Services Board;
- Consultation on specific service budget proposals as necessary.

### **7.4 Review of Medium Term Financial Strategy**

The Council is facing a massive challenge to implement its financial strategy. This is in response to the Governments reductions in public expenditure. The budget set for 2015/16 reflects the strategy contained in this MTFS through the minimisation of cost pressures and the plans for savings. It is clear that further savings in the coming years are required to close the funding gap. The MTFS will be reviewed and updated at regular intervals during 2015/16 to assess the Council progress towards this key objective.

## **Appendices**

Appendix 1 Capital Strategy 2015-18

Appendix 2 Treasury Management and Investment Strategy 2015-18



**WIRRAL COUNCIL**  
**CAPITAL STRATEGY 2015-18**

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1. Overview and Purpose of the Capital Strategy
2. Influences on the Capital Strategy
3. Definition and Eligibility of Capital Expenditure
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5. Sources of Capital Funding
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## Overview and Purpose of the Capital Strategy

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

Capital plays an important role in delivering long term priorities as it can be targeted in creative and innovative ways.

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

With a challenging financial environment for the foreseeable future that is influenced by a variety of external factors, there will only ever be a limited amount of capital resources available. The more funded from capital receipts (nil revenue impact) the less the pressure imposed on otherwise scarce revenue resources. Therefore, it is vital that we target limited resources to maximum effect with a focus on our strategic and financial priorities.

The Council's 2015-18 revenue budgets severely limit the scope for unsupported capital expenditure (that generated revenue costs) compared to schemes that generate revenue savings. This is evidenced by the £1.7 million reduction in the financing costs budget for 2015/16 and increased emphasis on realising capital receipts as part of the overall package of revenue savings.

The Council does have a duty of care and certain statutory responsibilities. Therefore, priority will be given to:

- a) Invest to Save schemes
- b) Essential health and safety works
- c) Grant funded schemes
- d) Schemes generating capital receipts

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

## Influences on the Capital Strategy

We are still faced with unprecedented change and uncertainty in the public sector and the following are some of the major influences on our capital strategy.

### A difficult economic environment

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

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

### Strategic asset management

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

### Definition and Eligibility of Capital Expenditure

Local authority capital expenditure must comply with legislative and accounting requirements.

Capital expenditure can fall into one of two main categories

**The acquisition, creation or installation of a new fixed asset.** The Council must have the right to some future economic benefit which for the public sector is broadly equivalent to where the expenditure allows us to provide goods and services in accordance with our objectives.

**Increase the service potential of an asset, rather than just maintaining it by.**

- Lengthening substantially the life of the asset; or
- Increasing substantially the asset's market value or
- Increasing substantially either the extent to which an asset can be used or the quality of its output.

These rights must also extend into the future, at least more than one year.

A de minimis level is applied – for Wirral this is £10,000 i.e. anything below this value individually is classed and treated as revenue.

Expenditure which merely maintains the value of an existing asset cannot be classified as capital expenditure.

In addition to the categories above an Authority can in certain circumstances also give of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the authority, be capital expenditure.

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the secretary of state has powers to widen (or indeed narrow) the definition of capital expenditure and can issue specific capitalisation directions to local authorities whereby expenditure that is revenue in nature can be capitalised if a number of strict criteria are met. These powers have in the past been used sparingly.

### Financial Implications of the Capital Programme

Over the last three years Wirral will have spent on average £35m per year on capital projects. We plan to invest £84 million over the next three years. Out of this £22.6 million or 27% of the programme will be funded from unsupported borrowing. If the Council actually borrowed this from the various financial institutions it would generate a revenue cost of £2.0 million by March 2018. Taking into account re-profiling from 2014/15 a net increase in the revenue budget of £1.2 million would actually be required. Internal borrowing, the temporary use of cash flow monies arising from the Council's holding of earmarked reserves and balances to delay external borrowing has been used to reduce interest costs. The importance of internal borrowing is referred to in the Capital Programme 2015-18.

*“The policy of internal borrowing in 2014/15 has produced significant savings in interest payments associated with long term borrowing. On the assumption therefore that the 2015/16 interest budget will be maintained at its current level the additional costs referred to above can be accommodated from existing resources”.*

Capital resources are not unlimited or “free money” – our capital funding decisions can have major revenue implications. Two costs are incurred when a capital scheme is funded from borrowing;  
A Minimum Revenue Provision – the amount we have to set aside each year to repay the loan and this is determined by the life of the asset associated with the capital expenditure; and  
Interest costs for the period of the actual loan.

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

On present interest rates every £1 million of prudential borrowing costs approximately £90,000 per annum in financing costs (revenue) up to a maximum of 25 years. This is in addition to any ongoing maintenance and running costs associated with the investment.

### Sources of Capital Funding

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

#### Borrowing

By the end of March 2015 it is estimated that Wirral's long term borrowing will be in the region of £204 million. Our policy is that net debt costs must not exceed 10.5% of the net revenue budget over the next three years. The level of borrowing to fund the capital programme must take into account the revenue implications. The Prudential Capital Finance system allows Local Authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.

As a guide, borrowing incurs a revenue cost of approximately 9% of the loan each year, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual revenue cost i.e. for every £1 million of borrowing our annual revenue borrowing costs are around £90,000.

The Government has given Local Authorities greater freedom in the way they provide for their debts. We have to earmark revenues each year as provision for repaying debts incurred on capital projects. When the MRP regime changed on 31 March 2008 it became a duty on each local authority to make provision for debt which the local authority considers prudent.

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

#### Grants

The challenging financial environment means that national government grants are reducing, or changing in nature. A large proportion of this funding is currently not ring-fenced which means it is not tied to particular projects. However, it is often tied to a particular area such as education or highways so we do not have complete freedom on where to spend our grants. Where possible we will not use unsupported borrowing as a 'top up' for a scheme unless there is a sound business case or an element of match funding is required. We must also meet our statutory obligations and where the grant is not sufficient, other sources of funding will be sought to fund the gap.

### Capital Receipts

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

The following table shows the anticipated receipts and how they will be used to fund the capital programme. This profile forms an integral part in calculating a number of the Prudential Indicators.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	£000	£000	£000	£000
Capital Receipts Reserve	8,800	3,227	534	8,399
In – Receipts Assumption	2,500	10,000	14,000	1,000
Out - Funding assumption	-8,073	-12,693	-6,135	-2,414
Closing Balance	3,227	534	8,399	6,985

The anticipated receipts are only estimates at this stage and will likely change. In the main they reflect the anticipated dates for the disposal of the 3 major sites- Acre Lane, Manor Drive and the former Rock Ferry High School.

### Revenue / Other Contributions

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

### Investment decisions

The strategy requires a mechanism for determining the Councils most important schemes that will implement change in Council services and yet are in line with the financial constraints that Wirral operates under. This means that decisions have to be made as to which projects go ahead and which don't. The following table explains the criteria that have been developed to assess capital bids, to ensure that our capital programme is targeted to our priority areas. This forms the basis for the Capital Working Group to independently assess individual bids before recommending them or not for inclusion in the draft Capital Programme presented to Cabinet for approval.

**Factor to be used to appraise and assess bids for the capital programme 2015-2018**

Investment Title		Dept		Date
<b>A: Direct links to Council Themes (16%)</b>		(A) Score 1 to 5	(B) Multiplier	Weighted Score (A * B)
1	Driving growth in our economy		5	
2	Protecting the vulnerable		5	
3	Tackle health inequalities		5	
<b>B: Outcomes (32%)</b>				
1	Realistic and detailed time table with key events and dependencies rigorously addressed		6	
2	Realistic and clearly stated outcomes with achievable, measured outputs that the investment will produce.		12	
3	Demonstrates need for, benefits of and priority for investing and evaluation of alternate options.		12	
<b>C: Finance (52%)</b>				
1	Business case demonstrates achievable and realistic revenue savings.		15	
2	Attracts significant funding or generates capital receipts.		20	
3	Accommodates all revenue borrowing or ongoing revenue running costs.		15	
<b>Total weighted score – maximum 475</b>				
Scored by: Name			Position	
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				

Governance and process

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

The terms of reference for the Capital Working Group are included in Appendix 2A.

Capital Programme and Financing 2015-18

Cabinet on 10 February 2015 agreed a capital programme and financing 2015-18.

**TO BE INCLUDED AFTER PROGRAMME AGREED**

### **Capital Working Group – Terms of Reference**

The CWG shall meet fortnightly and at a minimum shall comprise Senior Managers/Heads of Service or above from each of the three Strategic Directorates.

Specifically the group will:

1. Agree the format and content of the monthly capital monitoring reports, prior to submission to the Chief Executive's Strategy Group (CESG).
2. Develop, monitor and keep under review the Council's capital investment appraisal system which will provide guidance for departments when submitting annual bids for possible inclusion in the three year capital programme. This guidance should support corporate priorities and the overall budget and planning processes.
3. To assess, approve or reject such bids in accordance with the above appraisal system. This will form the basis of the new capital programme presented to CESG for their consideration.
4. To determine the annual Capital Strategy report.
5. To ensure that programme managers produce a realistic expenditure profile for all capital schemes for which they have responsibility.
6. To assess any in year demands to increase the capital programme, being mindful of any impact on the revenue budget.
7. Monitor and review the progress of projects through the Concerto system and provide the necessary leadership to ensure that Concerto is being used to its full potential.
8. To discuss any ad hoc items that might be of relevance in the context of the capital programme.
9. The Group should review the risks managed in respect to completed Capital Projects and undertake a formal assessment to identify areas where the programming and monitoring can be improved and also areas of good practice.



# Wirral Council's Treasury Management Strategy Statement 2015/18

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## 1. BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services 2011 (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Annual Investment Strategy (AIS) that is a requirement of the Department for Communities and Local Government (CLG) Investment Guidance (revised 2010).

1.2 This report fulfils the Authority's legal obligation under the Local government Act 2003 to have regard to both the CIPFA Code and the CLG guidance.

1.3 Wirral Council defines its treasury management activities as:

*"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.4 The Council will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement (see Appendix A), stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.5 Treasury Management is about the management of risk. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk.

1.6 As per the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code of Practice. All treasury activity will comply with relevant statute, guidance and accounting standards.

1.7 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2015/18.
- Annual Investment Strategy for 2015/16
- Minimum Revenue Provision (MRP) Statement
- Treasury Management Policy Statement

- Prudential Indicators for 2015/16, 2016/17 and 2017/18
- Authorised Signatories for Treasury Management Activity

## 2. CAPITAL FINANCING REQUIREMENT

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's strategy will be to minimize external borrowing, where possible, through, the utilisation of investment balances, sometime known as internal borrowing.
- 2.2 The Authority's current level of debt and investments are set out in Appendix B.
- 2.3 CIPFA's Prudential Code of Practice recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

**Table 1: Balance Sheet Summary Analysis**

	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Financing Requirement (CFR)	344	346	332	314
Less: Existing Profile of Borrowing and Other Long Term Liabilities	257	266	260	249
<b>Cumulative Maximum External Borrowing Requirement</b>	<b>87</b>	<b>80</b>	<b>72</b>	<b>65</b>
Usable Reserves	77	63	52	46
<b>Cumulative Net Borrowing Requirement</b>	<b>10</b>	<b>17</b>	<b>20</b>	<b>19</b>

- 2.5 Table 1 shows that the capital expenditure plans of the Authority over the next three years cannot be funded entirely from other sources and external borrowing will eventually be required.

### **3. BORROWING STRATEGY**

- 3.1 The Authority currently holds £205 million of longer term loans, a decrease of £12 million from March 2014, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that in theory the Authority could borrow up to £80m in 2015/16. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £356 million, as per Appendix D, Table G.
- 3.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 3.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the short term as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The Authority's Treasury Management advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5 In addition, the Authority may borrow short-term to cover unexpected cash flow shortages.
- 3.6 The approved sources of long term and short term borrowing are:
- Public Works Loan Board (PWLB) and its successor body
  - Local authorities
  - Any institution approved for investments
  - any other bank or building society authorised to operate in the UK

- UK public and private sector pension funds (with the exception of Merseyside Pension Fund)
  - Capital market bond investors
  - Local Capital Finance Company and other special purpose companies created to enable joint local authority bond issues
  - Leasing
- 3.7 At present, the PWLB remains the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide.
- 3.8 The Department of Communities & Local Government (CLG) has now confirmed that HM Treasury (HMT) are taking the necessary legislative steps to abolish the Public Works Loan Board (PWLB) in the coming months. This development is purely being taken to address the governance of the PWLB. The CLG have stated that it will have no impact on existing loans held by local authorities or the government's policy on local authority borrowing. Despite its abolition, HMT has confirmed that its lending functions will continue unaffected albeit under a different body. LAs will continue to access borrowing at rates which offer good value for money. Borrowing from the new successor body will be via a similar process to the one that currently exists.
- 3.9 The Treasury Management team will continue to investigate other sources of finance, such as local authority loans and bank loans, which may be available at more favourable rates.
- 3.10 The Local Government Association (LGA) Bond Agency: Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for three reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; there will be a lead time of several months between committing to borrow and knowing the interest rate payable; and up to 5% of the loan proceeds will be withheld from the Authority and used to bolster the Agency's capital strength instead. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

### **Type of borrowing**

- 3.11 As the cost of carry remains high there is a greater reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the spread between variable rate and longer term borrowing costs. A

narrowing in the spread by 0.5% will result in an immediate review of the borrowing strategy to determine whether the exposure to short dated and variable rates is maintained or altered.

### **LOBOs**

- 3.12 The Authority has £155m of exposure to LOBO loans (Lender's Option Borrower's Option) of which £140m of these could theoretically be called within 2015/16. A LOBO is called when the Lender exercises its rights to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion. This refinancing risk is mitigated by the continued climate of low interest rates which reduces the likelihood of options being called.
- 3.13 Any LOBOs called will be discussed with our Treasury Management advisors prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted.

### **Debt Rescheduling**

- 3.14 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 3.15 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. The lower interest rate environment has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities may arise. The rationale for undertaking debt rescheduling would be one or more of the following:
- Savings in risk adjusted interest costs
  - Rebalancing the interest rate structure of the debt portfolio
  - Changing the maturity profile of the debt portfolio
- 3.16 The affordability, prudence and sustainability of borrowing plans will be regulated by a range of Prudential Indicators, which can be found in Appendix D.
- 3.17 Borrowing and rescheduling activity will be reported to Cabinet in the Annual Treasury Management Report and the regular treasury management reports.

#### **4. ANNUAL INVESTMENT STRATEGY**

- 4.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments are important but are secondary considerations.
- 4.2 The Authority and its advisors continually assess economic and market conditions for signs of credit or market distress that might adversely affect the Authority.
- 4.3 As at 31<sup>st</sup> December 2014, the Authority held £56 million of invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £42 million and £136 million. A similar range in investment level is expected in the forthcoming year, depending of the levels of grant received and the payment profiles.
- 4.4 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Specified investments are sterling denominated investments with a maximum maturity of one year. They would also not be deemed capital expenditure investments under Statute. Non-specified investments are effectively, everything else. Both types of investment would have to meet the high credit quality as determined by the Authority.
- 4.5 The Authority may invest its surplus funds with any of the counterparties shown in Appendix C, subject to the cash and time limits shown.
- 4.6 In the past, if a bank failed then the Government could intervene to rescue the bank using public money via a 'bail-out'. In light of the 2008 banking crisis, governments across the world looked for an alternative approach, should banks fail in the future, rather than funding a rescue with public funds. It was this that led to the concept of a 'bail-in'. A 'bail-in' allows regulatory authorities to keep a failing bank open for essential business, but passes the cost of that failure onto investors instead of taxpayers via a bail-out. Previously, bondholders and depositors would only lose money if a bank entered insolvency. Under a bail-in regime, the regulator can take a proportion of bonds and deposits to reduce a bank's liabilities and therefore increase its equity capital, without interrupting the provision of current accounts, mortgages and business loans. As an investor, the council could be subject to such a loss on an investment, should a bank fail in the future.
- 4.7 Under the regime being created, a clear pecking order for this support is set out: shareholders are first; certain types of bondholders; and then

customers who have deposits over the guaranteed level of €100,000 (£85,000). These three types of creditors would need to take minimum losses of 8% of a troubled bank's total liabilities. Under the Deposit Guarantee Directive 2014/49/EU it has been deemed that "Public authorities have much better access to credit than citizens, so should not be eligible for protection". Secured bonds are exempt from bail-in. However, traditional local authority term deposits and call accounts do not fall under this category. The loss incurred by creditors depends on the bank's actual losses and the proportion of secured bonds and other liabilities that are exempt from a bail-in. The greater these elements, the higher the loss to the creditor.

4.8 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2015/16. This is especially the case for funds that are available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will therefore represent a substantial change in strategy over the coming year.

4.9 **Banks Unsecured Investments:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank [Lloyds Bank plc].

**Banks Secured Investments:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These

investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Other Organisations:** The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's Treasury Management advisor.

4.10 **Risk Assessment and Credit Ratings:** The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

4.11 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

4.12 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected immediately in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

4.13 **Specified Investments:** The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of BBB+ or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

- 4.14 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Appendix C
- 4.15 In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.
- 4.16 **Investment Limits:** In order that the risk to the Authority’s finances is further minimised in the case of a single default, a group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers’ nominee accounts (e.g. King & Shaxson), foreign countries and industry sectors as referred to in Appendix C.
- 4.17 Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.
- 4.18 **Liquidity management:** The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium term financial plan and cash flow forecast.
- 4.19 **Debt Management Office:** In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. The rates of interest from the Debt Management Account Deposit Facility are below

equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.

- 4.20 The Director of Resources, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to Cabinet meetings.

## **5. OTHER ITEMS OBLIGED BY CIPFA OR CLG TO BE INCLUDED IN THE TREASURY MANAGEMENT STRATEGY**

- 5.1 **Derivative Instruments:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy
- 5.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 5.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 5.4 The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.
- 5.5 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed regularly as part of the staff 'Performance Appraisal Development' process and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

Relevant staff are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

**5.6 Investment Advisors:** The Authority continues to use Arlingclose Ltd. as independent treasury advisors who provide the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events

The Treasury Management Team within Accountancy monitor the quality of the service provided.

**5.7 Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

**5.8** In 2015/16 the total amount borrowed will not exceed the authorised borrowing limit of £356 million as per Appendix D, Table G. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

## **6. INTEREST RATE FORECAST**

**6.1** The economic interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix E. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

## **7. POLICY ON DELEGATION**

**7.1** The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

**7.2** On a day to day basis the Treasury Management Team within Financial Services undertakes the treasury management activities.

- 7.3 Decisions on short term investments and short term borrowings may be made on behalf of the Director of Resources by the Finance Manager for Treasury Management and Capital or any other members of that team who are empowered to agree deals subject to their conforming to the Authority's Treasury Management Strategy and policies outlined in this report.
- 7.4 Actual authorisation of payments from the Authority's bank account will be made by those listed in Appendix F.
- 7.5 Decisions on long term investments or long term borrowings (i.e. for periods greater than one year) may be made on behalf of the Director of Resources by the Finance manager or the Senior Assistant Accountant on the Treasury Management Team and will be reported to Cabinet.
- 7.6 All officers will act in accordance with the policies contained within this document.

## **8. PERFORMANCE MONITORING AND REPORTING**

- 8.1 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
- 8.2 To ensure adherence to this, the Director of Resources will report to Cabinet on treasury management policies, practices and performance as follows:
- Quarterly against the strategy approved for the year.
  - The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.

## APPENDIX A

### TREASURY MANAGEMENT POLICY STATEMENT

#### 1. Introduction and background

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's Strategy Statement, Treasury Management Practices (TMPs) and CIPFA's Standard of Professional Practice on Treasury Management.

#### 2. Policies and objectives of treasury management activities

- 2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

## APPENDIX B

### EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	<b>Current Portfolio</b>
	as at 31 Dec 14
	£m
<b>External Borrowing:</b>	
Fixed Rate – PWLB	47
Fixed Rate – Market (LOBO and Other Loans)	157
Variable Rate – PWLB	0
Variable Rate – Market	0
<b>Total External Borrowing</b>	<b>204</b>
<b>Other liabilities:</b>	
PFI	54
Finance Leases	0
<b>Total Other Long-Term Liabilities</b>	<b>54</b>
<b>Total External Debt</b>	<b>258</b>
<b>Investments:</b>	
<i>Managed in-house</i>	
Deposits with Banks and Building Societies	37
Deposits with Money Market Funds	10
Deposits with other Public Sector Bodies	8
Deposits in Supranational Bonds and Gilts	0
<i>Managed externally</i>	
Payden Sterling Reserve	1
<b>Total Investments</b>	<b>56</b>
<b>Net Borrowing Position</b>	<b>202</b>

## APPENDIX C

### APPROVED INVESTMENT COUNTERPARTIES

#### Investment Limits

<b>Credit Rating</b>	<b>Banks Unsecured</b>	<b>Banks Secured</b>	<b>Government</b>	<b>Corporates</b>	<b>Registered Providers</b>
<b>UK Govt</b>	n/a	n/a	£ Unlimited 50 years	n/a	n/a
<b>AAA</b>	10% 5 years	15% 20 years	15% 50 years	5% 20 years	5% 20 years
<b>AA+</b>	10% 5 years	15% 10 years	15% 25 years	5% 10 years	5% 15 years
<b>AA</b>	10% 4 years	15% 5 years	15% 15 years	5% 5 years	5% 15 years
<b>AA-</b>	10% 3 years	15% 4 years	15% 10 years	5% 4 years	5% 15 years
<b>A+</b>	10% 2 years	15% 3 years	10% 5 years	5% 3 years	5% 5 years
<b>A</b>	10% 13 months	15% 2 years	10% 5 years	5% 2 years	5% 5 years
<b>A-</b>	10% 6 months	15% 13 months	10% 5 years	5% 13 months	5% 5 years
<b>BBB+</b>	7.5% 100 days	10% 6 months	7.5% 2 years	2.5% 6 months	2.5% 2 years
<b>BBB or BBB-</b>	7.5% next day only	10% 100 days	n/a	n/a	n/a
<b>None</b>	£1m 6 months	n/a	10% 25 years	£50,000 5 years	5% 5 years
<b>Pooled funds</b>	10% per fund				

\*Limits are shown as a percentage of the cash to be invested, however these will be converted into round fixed sums of money for practical purposes. As the amount of cash to be invested will fluctuate throughout the year, limits will also vary. These variations will be monitored by the Treasury Management section.

### Non-Specified Investments Limits

	<b>Cash limit</b>
Total long-term investments i.e. longer than 364 days	£30m
Total investments without credit ratings or rated below [BBB+]	£15m
Total investments with institutions domiciled in foreign countries rated below [AA+]	£20m

### Group Investment and Industry Sector Limits

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	10% each
UK Central Government	unlimited
Any group of organisations under the same ownership	10% per group
Any group of pooled funds under the same management	25% per manager
Negotiable instruments held in a broker's nominee account	50% per broker
Foreign countries	20% per country
Registered Providers	25% in total
Unsecured investments with Building Societies	10% in total
Loans to unrated corporates	10% in total
Money Market Funds	50% in total

## APPENDIX D

### PRUDENTIAL INDICATORS AND MRP STATEMENT 2015/ 2016

**1. Background**

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "Prudential Code") when setting and reviewing their Prudential Indicators. In 2011 the CIPFA Prudential Code was revised and the changes have been incorporated into the Prudential Indicators below.

**2. Estimates of Capital Expenditure**

It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. The table below is based on the proposed capital programme, which is subject to approval and included in the same agenda as this report. As such, these figures may vary depending on Cabinet decision regarding the capital programme.

**Table A:**

	2014/15	2014/15	2015/16	2016/17	2017/18
	Approved	Revised	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	45,294	45,289	49,954	21,849	11,991

Capital expenditure is expected to be financed and funded as follows:

Capital Financing	2014/15	2014/15	2015/16	2016/17	2017/18
	Approved	Revised	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Supported Borrowing	0	0	0	0	0
Unsupported Borrowing	20,717	10,884	18,990	3,626	0
Capital Receipts	3,000	8,073	12,693	6,135	2,414
Capital Grants	21,287	25,587	17,734	11,968	9,511
Revenue Contribution	290	745	537	120	66
<b>Total Financing and Funding</b>	<b>45,294</b>	<b>45,289</b>	<b>49,954</b>	<b>21,849</b>	<b>11,991</b>

**3. Incremental Impact of Capital Investment Decisions:**

As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of

the revenue budget requirement arising from the proposed capital programme.

**Table B:**

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2014/15 Approved</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Increase in Band D Council Tax	2.48	10.26	13.04	2.84

**4. Ratio of Financing Costs to Net Revenue Stream**

The estimate for interest payments in 2014/15 is £12.7 million and for interest receipts is £0.4 million. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability. It highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meeting borrowing costs. The ratio is based on costs net of investment income.

**Table C:**

<b>Ratio of Finance Costs to net Revenue Stream</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Ratio	8.6	9.4	10	10.5

**5. Capital Financing Requirement**

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and it's financing.

**Table D:**

<b>Capital Financing Requirement</b>	<b>2014/15 Approved</b>	<b>2014/15 Revised</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
CFR	362	344	346	332	314

**6. Gross Debt and the Capital Financing Requirement**

This is a key indicator of prudence. Its purpose is to ensure that over the medium term, net debt will only be for a capital purpose. In order to ensure this the Authority should ensure that debt does not, except in the short term exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and the next two financial years.

The Authority had no difficulty meeting this requirement in 2014/15, nor do we envisage any difficulties meeting it in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

**7. Actual External Debt**

The Council's balance of Actual External Debt (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities) as at 31 March 2014 was **£272m**. A breakdown of this figure is provided in Table E below. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

**Table E:**

<b>Actual External Debt as at 31 March 2014</b>	<b>2013/14</b>
	<b>£m</b>
Borrowing	217
Other Liabilities	55
<b>Total</b>	<b>272</b>

**8. The Authorised Limit**

The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet and is the statutory limit determine under Section 3 (1) of the Local Government Act 2003.

**Table G:**

<b>Authorised Limit for External Debt</b>	<b>2014/15 Approved</b>	<b>2014/15 Revised</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	357	370	356	341	325
Other Long-term Liabilities	85	65	63	61	59
<b>Total</b>	<b>442</b>	<b>435</b>	<b>419</b>	<b>402</b>	<b>384</b>

## 9. The Operational Boundary

The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included with the Authorised Limit.

**Table H:**

<b>Operational Boundary for External Debt</b>	<b>2014/15 Approved £m</b>	<b>2014/15 Revised £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
Borrowing	347	360	346	331	315
Other Long-term Liability	80	60	58	56	54
<b>Total</b>	<b>427</b>	<b>420</b>	<b>404</b>	<b>387</b>	<b>369</b>

The Director of Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

## 10. Upper Limits for Fixed Interest Rate Exposure & Variable Rate Exposure

The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

In order to increase the understanding of this indicator, separate upper limits for the percentage of fixed and variable rates are shown for borrowing and investment activity, as well as the net limit.

**Table I:**

	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>Approved</b>	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Lower Limit for Fixed Interest Rate Exposure</b>					
Borrowings	0	0	0	0	0
Investments	0	0	0	0	0
<b>Upper Limit for Fixed Interest Rate Exposure</b>					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100
<b>Lower Limit for Variable Interest Rate Exposure</b>					
Borrowings	0	0	0	0	0
Investments	0	0	0	0	0
<b>Upper Limit for Variable Interest Rate Exposure</b>					
Borrowings	100	100	100	100	100
Investments	100	100	100	100	100

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

#### **11. Maturity Structure of Fixed Rate Borrowing**

The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to offer flexibility against volatility in interest rates when refinancing maturing debt.

**Table J:**

<b>Maturity structure of fixed rate borrowing</b>	<b>Lower Limit 2015/16</b>	<b>Upper Limit 2015/16</b>
	<b>%</b>	<b>%</b>
Under 12 months	0	80
12 months and within 24 months	0	50
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 years and over	0	100

**12. Upper Limit for Total Principal Sums Invested over 364 Days**

The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

**Table K:**

	<b>2014/15 Approved</b>	<b>2014/15 Revised</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Upper Limit for total principal sums invested over 364 days</b>	30	30	30	30	30

**13. Credit Risk**

The Authority considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

**14. Adoption of the CIPFA Treasury Management Code**

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council has previously approved the adoption of the CIPFA Treasury Management Code 2011 Edition.

## **APPENDIX E**

**2015 / 2016**

### **2015/16 MINIMUM REVENUE PROVISION (MRP) STATEMENT**

- 1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision most recently issued in 2012.
- 1.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.
- 1.4 For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £11.5 million. (Option 1 in England & Wales)
- 1.5 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments starting in the year after the asset becomes operational. (Option 3 in England and Wales). For prudence, when Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years the Council will apply a default asset life of 25 years. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations
- 1.6 For assets acquired by finance leases or the Private Finance Initiative and for the transferred debt from Merseyside County Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- 1.7 Capital expenditure incurred during 2015/16 will not be subject to a MRP charge until 2016/17
- 1.8 The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Based on the Authority's estimate of its Capital Financing Requirement on 31st March 2015, the budget for MRP has been set as follows:

	<b>31.03.2015 Estimated CFR £m</b>	<b>2015/16 Estimated MRP £m</b>
Capital expenditure before 01.04.2008	179.1	7.0
Supported capital expenditure after 31.03.2008	10.5	0.4
Unsupported capital expenditure after 31.03.2008	46.6	2.4
Finance leases and Private Finance Initiative	53.1	2.2
Transferred debt	54.6	4.9
Loans to other bodies	0	Nil
<b>Total General Fund</b>	<b>343.9</b>	<b>16.9</b>

## APPENDIX F

### Arlingclose's Economic and Interest Rate Outlook

#### Underlying assumptions:

- The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP throughout this year.
- We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of significant contribution from external demand.
- Inflationary pressure is currently low and is likely to remain so in the short-term. Despite a correction in the appreciation of sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
- Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.
- However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
- In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
- The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.
- While the ECB is likely to introduce outright QE, fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term.

- The probability of potential upside risks crystallising have waned a little over the past two months. The primary upside risk is a swifter recovery in the Eurozone.

### Forecast:

- Arlingclose continues to forecast the first rise in official interest rates in Q3 2015; general market sentiment is now close to this forecast. There is momentum in the economy, but inflationary pressure is benign and external risks have increased, reducing the likelihood of immediate monetary tightening.
- We project a slow rise in Bank Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Bank Rate post-crisis to range between 2.5% and 3.5%.
- The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term.

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Dec-17	Mar-18
<b>Official Bank Rate</b>													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
<b>3-month LIBID rate</b>													
Upside risk	0.05	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.55	0.60	0.65	0.85	1.00	1.15	1.30	1.45	1.60	1.75	1.85	2.05	2.15
Downside risk	0.10	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-1.00
<b>1-yr LIBID rate</b>													
Upside risk	0.10	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.95	1.00	1.05	1.20	1.35	1.50	1.65	1.80	1.95	2.10	2.20	2.40	2.50
Downside risk	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80
<b>5-yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	1.70	1.75	1.90	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.90	2.95
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70
<b>10-yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	2.40	2.45	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.05	3.10
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60
<b>20-yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	2.90	2.95	3.05	3.10	3.15	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.55
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60
<b>50-yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.60
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60

## **APPENDIX G**

### **AUTHORISED SIGNATORIES**

The following officers are authorised to make payments, either via the Council's online banking system or by signing cheques, and issue other instructions relating to Treasury Management transactions on behalf of Wirral Borough Council:

Head of Business Processes – Malcolm J. Flanagan

Head of Branch (Planning & Resources) – Andrew Roberts

Head of Financial Services – Tom Sault

Senior Finance Manager – Peter J. Molyneux

Senior Finance Manager – Jenny Spick

**WIRRAL COUNCIL**

**CABINET**

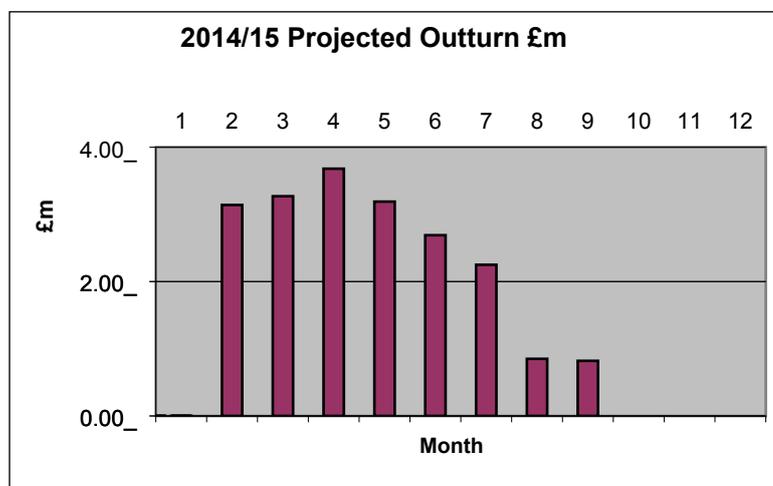
**10 FEBRUARY 2015**

<b>SUBJECT</b>	<b>REVENUE MONITORING 2014/15 MONTH 9 (DECEMBER 2014)</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

**1 EXECUTIVE SUMMARY**

- 1.1 This report sets out the revenue position for 2014/15, which at Month 9 (December 2014) shows a projected General Fund overspend of £0.82 million (0.3% of the net revenue budget). This is a small improvement on the £0.85 million projected overspend reported at Month 8 as shown in Graph 1.
- 1.2 The Adult Social Services projected overspend has increased in the month by £52,000 to £2.77 million. The overspend is mainly due to slippage or non-delivery of in year savings and continued demand pressures. The forecast overspend within Children’s Services has reduced further with a forecast overspend now of £196,000 (down from the Month 8 projection of £330,000). The overspend largely relates to the non-achievement of in year transport savings as well as costs of external placements. The Families and Wellbeing Directorate has implemented a number of management actions to help compensate and/or limit any adverse variances.

**Graph 1: Wirral Council – 2014/15 General Fund Variance, by month**



**2 CHANGES TO THE AGREED BUDGET**

- 2.1 The 2014/15 Budget was agreed by Council on 25 February 2014 and is

detailed in Annex 2; any increase in the Budget has to be agreed by full Council. Any changes to the budget occurring since it was set will be summarised in the table below.

**Table 1: 2014/15 Original & Revised Net Budget by Directorate £000's**

	Original Net Budget	Approved Budget Changes Prior Mths	Approved Budget Changes Month 9	Revised Net Budget
Chief Executive	10,035	-39	-1380	8,616
FWB - Adult Social Services	74,667	-55	-282	74,330
FWB – Children & YP, Schools & Safeguarding	82,877	-87	-3015	79,775
FWB - Sport & Recreation	8,502	-	-66	8,436
Regeneration & Environment	95,190	-622	3400	97,968
Transformation & Resources	20,199	-467	246	19,978
Corporate Growth & Savings	-15,813	1,270	1097	-13,446
<b>Net Cost of Services</b>	<b>275,657</b>	<b>0</b>	<b>0</b>	<b>275,657</b>

## 2.2 Budget changes made in month 9 relate to three areas

- Allocation from corporate to directorates of funding for lump sum payments made in December in respect of pay award.
- Revised depreciation charges in respect of revalued assets.
- Adjustments to reflect achievement of in-year remodelling savings by Directorates against the Corporate target.

## 3 PROJECTIONS AND KEY ISSUES

### 3.1 The outturn position projected as at the end of Month 9, key issues emerging and Directorate updates are detailed below.

**Table 2: 2014/15 Projected Budget variations by Directorate £000's**

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Month 9	RAGBY Classification	Change from prev
Chief Executive	8,616	8,407	-209	B	7
FWB - Adult Social Services	74,330	77,099	2,769	R	52
FWB – Children & YP, Schools & Safeguarding	79,775	79,972	197	A	-133
FWB - Sport & Recreation	8,436	8,651	215	A	78
Regeneration & Environment	97,968	96,493	-1,475	Y	-
Transformation & Resources	19,978	19,306	-672	Y	-33
Corporate Growth & Savings	-13,446	-13,446	-	G	-
<b>TOTAL</b>	<b>275,657</b>	<b>276,482</b>	<b>825</b>		<b>-29</b>

The main report only comments on large variations (Red and Yellow items). The 'variations' analysis over 29 budget areas, distinguishes between overspends and underspends. The 'risk band' classification is:

- Extreme: Overspends - **Red** (over +£301k), Underspend **Yellow** (over - £301k).

- Acceptable: Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k).

## 3.2 Directorate Updates

### Families and Wellbeing: Adults

- 3.2.1 A potential overspend of £2.77 million is forecast at Month 9. This is made up of £2.4 million slippage against current year savings and £0.4 million demand pressures. The level of management actions required to contain budget issues is £3.0 million. Following implementation of the new care management system, financial data has been transferred and an in year reconciliation between old and new systems undertaken which will provide information to monitor future progress.
- 3.2.2 Day Services are likely to only achieve in year £370,000 of the £750,000 2014/15 saving, due to part year impact of implementation, with the balance slipping into 2015/16. The full saving will be made from 1 April 2015 when the new service commences.
- 3.2.3 Targeting support through NHS contracts and targeting Council resources are large 2014/15 savings options. The review of current cases remains challenging, however revised processes and tightened procedures are now in place for all new packages and current packages are being picked up through the review process.
- 3.2.4 Demand for Adult Social Care continues to increase and the mix of services provided to individuals continues to vary as a consequence. These changes together with the outcome of case reviews impact on the forecasted spend across care areas. At this stage there remains a £400,000 projected overspend.
- 3.2.5 The review of Continuing Health Care Appeals has required liaison. Whilst a number of hurdles have now been cleared the NHS project includes a lengthy 10 stage process. This is taking longer than initially envisaged delaying the achievement of the £500,000 saving.
- 3.2.6 A number of the savings are linked to increased income, the main item being the income from the domiciliary care block contracts. The £250,000 target is viewed as achievable but the full target is unlikely to be reached until 2015/16.
- 3.2.7 Management actions include:-
- The assessment and review of cases is key and a Business Case is being prepared about the potential recruitment of additional temporary support in order to progress the reviews.
  - For the high cost placements an additional review is being undertaken by the Head of Service and Director.
  - A Transformation Group supported by colleagues from other Directorates monitors progress and has given greater focus to ensure

that scarce resources are targeted towards achieving the savings.

- Review of other Directorate budgets to ascertain if any efficiencies can be identified to mitigate against the projected overspend being forecast. This includes the use of the monies set-aside as a result of the early delivery of savings achieved in 2013/14.

### **Families and Wellbeing: Children's**

3.2.8 There has been an improvement to the position with the projected overspend reducing from £330,000 to £197,000 due to a number of spending controls put in place across the department. Pressures continue within the areas of Social Care, in particular the costs of agency staff and within the transport budget all of which are being closely managed.

3.2.9 As previously reported the savings attributed to changes in the Day Nursery provision have slipped. This will be compensated for from savings within the service and use of the early learning reserve.

3.2.10 A number of management actions are being taken with regards to controlling the overspend, these are -

- Restructures across the department are being implemented and are closely managed to minimise the impact on services and staff, whilst keeping slippage on savings targets as low as possible.
- There is a rolling programme of recruitment to Social Work positions. Agency costs and placements are reviewed on a monthly basis.
- Residential Care placements are by a multi-agency panel and no decision is made below head of service. Progress and packages of care are closely monitored by the Head of Service in monthly meetings to ensure that decisions are implemented and overall costs for children entering and leaving care are clearly understood.
- Budget progress is reported and reviewed monthly at DMT with opportunities to maximise grant and external funding are constantly reviewed.

3.2.11 **Sport & Recreation:** An adverse variance of £215,000 is currently forecast which is attributable to elements of the transformation programme taking longer to deliver than was originally anticipated.

### **3.3 Other Directorate Variances**

3.3.1 **Chief Executive's:** A potential underspend of £209,000 is currently forecast as a result of staffing vacancies and anticipated non-utilisation of the improvement fund for 2014/15.

3.3.2 **Regeneration and Environment:** This area has a forecast underspend of £1,475,000. This underspend is due to a number of variations with the largest being:

- £500,000 currently set aside for match funding future grant delivery

programmes will not be used in this financial year due to delays in finalising future ERDF & ESF grant programmes.

- £300,000 of savings made in advance plus efficiencies within the Supporting People contract area of Housing & Community Safety.
- £250,000 underspend on staffing costs in various areas including non-filling of posts ahead of implementation of new structures.
- £100,000 from areas increasing their income generation forecasts such as Environment Health from export certificates and Community Safety from community patrol work.

The Floral Pavilion budget position continues to be challenging although the Directorate forecast remains an underspend position.

**3.3.3 Transformation & Resources:** An underspend of £672,000 is currently forecast for the directorate. The main reason being a predicted reduction in revenue funding costs following the review and re-profiling of the 2014/15 Capital Programme, plus savings on directorate staffing and running costs within business processes.

**3.3.4** For libraries and One Stop Shops a saving of £466,000 was predicated upon revised opening hours, introducing lone working with support from volunteers and / or agile workers. These measures have yet to be introduced, but compensatory savings, primarily from vacant posts have been found in the year. Cabinet and Council in December agreed further proposals for future service provision and the undelivered savings will be implemented alongside these from March 2015.

**3.3.5 Corporate Wide Budgets:** A number of high value corporate-wide savings options, because of their size and complexity, are currently classed as red or amber. These include savings from Corporate Commissioning where mitigation has been identified. Given their strategic importance these projects are being very closely monitored and will be further reported upon during the year.

**3.3.6** The Remodelling saving for 2014/15 remains rated as amber. The £9.4 million savings remodelling target was scheduled to deliver over two years - £4.9 million in 2014/15 and £4.5 million in 2015/16. Work to review and remodel the organisation began in February 2014. As the project progressed, the scale of change in some service areas and the statutory consultation process required with all staff affected by remodelling of services became clearer. An implementation date of 1 January 2015 was anticipated which would have led to an in year short fall of £2.55 million, with in-year compensatory savings required. A phased approach has been adopted enabling staff queries raised throughout the consultation process to be fully responded to and this has placed additional pressure on the consultation timetable which is now due to complete in 2015. The latest forecast is that £1.9 million of savings will be delivered in year. The full year effect of these changes will deliver the £9.4 million in 2015/16.

**Table 3: Directorate Business Area Projected Budget variations**

	Chief Exec	FWB	Rege & Environ	Trans & Res	Total
Red Overspend	0	3	0	0	3
Yellow Underspend	0	2	3	1	6

The full Table is set out at [Annex 3](#)

3.4 Directorate budgets are further sub-divided into a number of business areas.

Three business areas are currently flagged as red rated.

3.4.1 Delivery within Families and Wellbeing (Adult Social Services). This relates mainly to the delivery of some 2014/15 savings for which management actions are as outlined earlier in the report.

3.4.2 Integrated Transport Unit within Families and Wellbeing (Childrens). Overall against the £556,000 target for both the Childrens (£306,000) and Adults (£250,000) provision there is £90,000 shown as being achieved. There is £104,000 of travel grant monies brought forward that will help to offset the savings target leaving a potential shortfall of £362,000. The overspend is also attributable to the Depot savings target of £100,000 which has only been partially met by the relocation of the Reeds Lane Depot and the lease of the Salt Barn.

3.4.3 Specialist Services within Families and Wellbeing (Childrens). The main reasons for the projected overspend remains to be in relation to the cost of agency staff (currently 39 in Fieldwork) exceeding the established employee budget however there are contributions from reserves helping to reduce the impact. The forecast for Residential placements exceeds the available budget by £0.6 million with 43 in residential and 16 in semi-independent placements compared to 45 and 34 at the start of the financial year respectively. Fostering is £0.6 million over budget with 37 in non-local authority placements compared to 34 at the start of the year.

Six business areas are currently flagged as yellow rated.

3.4.4 Targeted Services within Families and Wellbeing (Children's). There are reduced budgetary pressures within Youth & Play and, although New Brighton Day Nursery has transferred, the remaining 5 nurseries are subject to ongoing discussions. The additional costs to the end of March have been offset by a reserve and vacancies.

3.4.5 Universal Services within Families and Wellbeing (Children's) - Vacant posts within Admin contribute largely towards the under spend together with a projected £150,000 under spend against the redundancy/severance budget relating to teachers.

- 3.4.6 Resources within Transformation & Resources. Increased Treasury Management savings have been generated from the re-profiling of expenditure following a capital programme review and the use of internal resources to temporarily fund spend. There is a resulting reduction in investment income but this is outweighed by a greater saving on borrowing costs with the net saving being approximately £410,000. There are also some underspends within salary budgets and running costs within business processes.
- 3.4.7 Housing & Community Safety within Regeneration and Environment. The proposed 2015/16 budget saving option for Supported Housing is £150,000 which will be generated from efficiency savings in contract negotiations. These efficiencies have already been negotiated and therefore are reflected in the 2014/15 forecast. There are also further savings (£150,000) from one off in-year variations in contract use. Other smaller savings are from the reduced requirement for repairs & maintenance of alley gates and from vacancies across the service area.
- 3.4.8 Environment & Regulation within Regeneration and Environment. There are currently a number of vacancies in the Parks & Countryside, Traffic and Transport (school crossing patrols) and Waste & Environment Service Areas. There are also budget savings on the wheelie bin replacement budget lines due to the innovative use of the spare parts of discarded bins being used to limit purchase of replacement bins. These underspends have now been offset by the Cabinet approval to postpone £85,000 of street lighting budget savings and the approval for the free after 3pm car parking initiative over the Christmas period.
- 3.4.9 Investment Strategy & Business Support within Regeneration and Environment. Employee costs within the Invest Wirral team are currently being subsidised by ERDF grants, as part of their delivery of the Council's grant funded Business Support programme. This is time limited funding but does enable this service area to declare an underspend of approximately £100,000 in 2014/15. There is also £100,000 of savings from employee costs due to delays in establishing the new Economic Development unit approved as part of the 2014/15 budget. Budgets of £500,000, currently set aside for match funding future grant delivery programmes, will not be used in this financial year due to delays in finalising future ERDF & ESF grant programmes.

#### **4 IMPLEMENTATION OF SAVINGS**

- 4.1 The delivery of the agreed savings is key to the Council's financial health and is tracked at both Council and Directorate level. The assumption is that, where there is slippage, the Strategic Director will implement replacement savings.

**Table 4: Budget Implementation Plan 2014/15 whole Council (£000's)**

BRAG	Number of Options	Nov 2014	Change from prev mnth	Approved Budget Reduction	Amount Delivered at Dec	To be Delivered
B - delivered	49	47	2	10,921	10,921	0
G – on track	24	24	0	5,130	2,232	2,848
A - concerns	22	24	-2	13,119	3,254	9,204
R - high risk/ not achieved	9	9	0	7,089	1,318	1,128
P – mitigation achieved	0	0	0	0	5,354	0
<b>Total at M9 Dec 14</b>	<b>104</b>			<b>36,259</b>	<b>23,079</b>	<b>13,180</b>
<i>Total at M8 Nov 14</i>	<i>104</i>			<i>36,259</i>	<i>18,113</i>	<i>18,146</i>

Note: For 2014/15 the red rating definition has been amended from that used in 2013/14. Red is now classed as high risk or not achieved (in 2013/14 it was defined as failed)

- 4.2 A number of savings options are currently red rated. The 2014/15 red rating definition has been broadened from that used in 2013/14 to now include high risk rather than only failed options.
- 4.3 The mitigation achieved (purple) category is used to show mitigating actions taken against savings that have failed or partially failed within 2014/15. This reflects adjustments including a review of corporate growth assumptions and mitigation against the Corporate Commissioning targets.
- 4.4 The savings tracker contains an assessment of the 2014/15 savings programme. This shows £7.1 million of savings assessed as red (defined as high risk or not achieved) with a further £13.1 million of options rated at amber (concerns). Please note that a red rating does not mean that savings will not be delivered, but that there is a risk to full delivery in the year. Savings of £4.6 million have been delivered so far in year relating to options currently rated red or amber. In addition mitigation has further reduced the amount outstanding required to meet the overall £36 million savings target.
- 4.5 The ratings are a result of robust assessment of progress to date against the original proposed budget options and identification of in year slippage against targets. Red rated options include a number relating to Adult Social Services, transport, Floral Pavilion, the library budget, not yet implemented. The corporate commissioning and procurement savings are still to be identified. However mitigation is in place and being developed as set out below.
- 4.6 A number of identified mitigating actions are in place to assist the Corporate savings delivery and reduce the risks to the budget. These include continuation of the spending freeze, vacancy management, the voluntary redundancy offer, reviewing growth allocations and identification and control of other underspending directorate budgets.
- 4.7 The impact of the above measures combined with the projections for the overall budget position reduces the forecast overspend to £0.82 million.

Projections are updated monthly and further mitigating measures are being identified to cover any potential overspend.

## 5 GROWTH

- 5.1 An allowance for the impact of demographic changes, inflation and other risks - that is outcomes that could be worse than assumed - was built into the budget 2014/15 as detailed at Annex 4. The assumptions which totalled £9.2 million were subject to review resulting in a reduction of £0.9 million as reported in the month 2 monitor. This was removed from the budget in Month 7 and Annex 4 has been adjusted to reflect this. These reductions have contributed to mitigating savings held within the Corporate Growth and Savings area.

## 6 INCOME AND DEBT

- 6.1 Revenue and Income falls into four broad areas for reporting purposes:

**Table 5: Amount to be collected in 2014/15**

	2014/15 Collectable	2014/15 Collected	%
	£000	£000	
Council Tax	137,344	113,164	82.4%
Business Rates	71,656	58,225	81.3%
Fees and charges – Adults & Children	33,803	27,855	82.4%
Fees and charges – all other services	33,081	34,438	104.1%

Note: fees and charges income includes receipts for invoices raised pre 1 April 2014

## COUNCIL TAX

- 6.2 The Council Tax collection after nine months of the year is comparable with the equivalent 2013/14 collection rate. No significant changes to Council Tax apart from the amendment to the Pensioner Discount scheme were implemented for 2014/15. This is now the second year of Local Council Tax Support scheme.
- 6.3 Recovery from non-Council Tax Support recipient debtors is continuing as normal. Action taken to recover from those of Working Age that previously received Council Tax Benefit is on-going. Repayment plans offering weekly/fortnightly instalments were offered to those contacting the Council. Where possible attempts to collect by Attachment of Earnings and Benefits will be prioritised however inevitably in some cases this will not be possible and alternative methods including Bailiffs will need to be utilised.
- 6.4 An exercise is currently underway to check the Single Person Discounts awarded (25%) with in excess of 31,000 of 55,640 discount awards being checked. Council Tax Support recipients are excluded from this exercise. The firm undertaking this work estimates that between 4-6% of the recipients will have the full charge re-instated. The 2015/16 Council Tax Base reflects an estimated £300,000 increase in Council Tax receipts. The exercise will ensure that Wirral council tax payers are not subsidising falsely claimed discounts..

## **BUSINESS RATES**

- 6.5 Following changes introduced by central government, businesses can now have the option to pay Business Rates over 12 monthly instalments. Previously payment options had been over 10 instalments. Income collection to the end of December was 81.3%. This was lower than the 85.9% collected at the equivalent period in 2013/14 and is in line with reported drop in collection for similar authorities who are on average 4.5% down on the previous year.

## **DEBTORS**

- 6.6 On-going work has continued to improve collection and resolve outstanding debts and currently leaves a balance outstanding of £19,336,872. This is less than the £21,209,731 reported at the end of November 2014 and the £29,016,258 at December 2013..

## **BENEFITS**

- 6.7 Discretionary Housing Payments are funded by Government Grant although the Council can increase the funding available through using its own resources. The demands for support in 2014/15 are projected to exceed the grant and the Welfare Reform Update report on this agenda recommends the transfer of £70,000 from the Council Tax Discretionary Hardship Relief Fund in 2014/15 to help meet this demand.

## **7 RELEVANT RISKS**

- 7.1 The possible failure to deliver the Revenue Budget is being mitigated by:
- Tracking system of savings options to ensure delivery.
  - Budget Tracker Officer Group / CESG review savings progress.
  - Future Council Project Governance arrangements.
  - Benefits Realisation Group monitoring the delivery of future savings and delivery of the key change projects.
  - Monthly review by Chief Officers and Cabinet, together with an improved Scrutiny regime and greater transparency.
  - Individual monthly review by Cabinet Portfolio holder at portfolio meeting.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 Any option to improve the monitoring and budget accuracy will be considered.

## **9 CONSULTATION**

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

## **10 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 10.1 There is an ongoing requirement to identify during the financial year necessary actions to mitigate any forecast overspend.

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

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

## **12 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

- 12.1 Cabinet 12 February 2014 agreed a 2014/15 General Fund balance risk calculation of a minimum of £17.3 million. As part of the budget process for 2015/16 the level of risk will be reassessed and incorporated into the Cabinet budget report. This will be reviewed during the year to reflect changing circumstances and any in year developments.

**Table 6: Summary of the projected General Fund balances**

Details		£m
Balance 31 March 2015 when setting the Budget 2014/15		+17.3
Less: Potential overspend, at Month 9		-0.8
Add: Additional New Homes Bonus		+0.2
Projected balance 31 March 2015		+16.7

- 12.2 Earmarked Reserves excluding school balances totalled £66.1 million at 1 April. These include reserves relating to the cost of Council remodelling, mitigation and specific project support and ongoing financial risks. Earmarked reserves will be reviewed during the year.

## **13 LEGAL IMPLICATIONS**

- 13.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to them 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.

## **14 EQUALITIES IMPLICATIONS**

- 14.1 This report is essentially a monitoring report which reports on financial performance. Any budgetary decisions, of which there are none in this report, would need to be assessed for any equality implications.

## **15 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

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

## **16 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

16.1 There are no implications arising directly from this report.

## **17 RECOMMENDATIONS**

17.1 Cabinet is asked to note that at Month 9 (December 2014), the full year forecast projects a General Fund overspend of £825,000.

17.2 Cabinet is asked to note the changes in budget allocations relating to the pay award, revised depreciation charges and re-modelling savings (as outlined in paragraphs 2.1 and 2.2) which do not impact on the General Fund position.

17.3 Cabinet is asked to note the risks relating to non-delivery of savings as detailed within the report and the continued requirement for mitigation and actions to be identified.

## **18 REASONS FOR THE RECOMMENDATIONS**

18.1 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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## **ANNEXES**

Annex 1 Revenue Monitoring and Reporting Timetable 2014/15.  
Annex 2 General Fund Revenue Budget for 2014/15 agreed by Council.  
Annex 3 Monitoring RAGBY Full Details  
Annex 4 Growth and Risk  
Annex 5 Income and Debt

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Since September 2012, a monthly Revenue monitoring report has been submitted to Cabinet. Budget Council	25 February 2014

## REVENUE MONITORING AND REPORTING TIMETABLE 2014/15

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Reports Available For The Executive Strategy Group	Reports Available For Cabinet
			Monthly	Monthly
1	April	N/A	N/A	N/A
2	May	Jun 6	Jun 17	Jul 7
3	June	July 7	Aug 26	Sep 11
4	July	Aug 7	Aug 26	Sep 11
5	August	Sep 5	Sep 22	Oct 9
6	September	Oct 7	Oct 20	Nov 6
7*	October	Nov 7	Nov 20	Dec 9
8*	November	Dec 5	Dec 19	Jan 15
9	December	Jan 8	Jan 19	Feb 10
10	January	Feb 6	Feb 23	Mar 12
11	February	Mar 6	TBC	TBC
12	Outturn (Provisional)	TBC	TBC	TBC

## GENERAL FUND REVENUE BUDGET 2014/15

AGREED BY COUNCIL ON 25 FEBRUARY 2014

Directorate/Service Area	Original Budget	Variances	Revised Budget
	£000	£000	£000
<b>Expenditure</b>			
Chief Executives	10,035	-1,419	8,616
Families and Wellbeing		-	
Children and Young People, Schools and Safeguarding	82,877	-3,102	79,775
- Adult Social Services	74,667	-337	74,330
- Sports and Recreation	8,502	-66	8,436
Regeneration and Environment	95,190	2,778	97,968
Transformation and Resources	20,199	-221	19,978
<b>Net Cost of Services</b>	<b>291,470</b>	<b>-2,367</b>	<b>289,103</b>
Corporate Growth	1,016	-310	706
Corporate Savings	-16,829	2,677	-14,152
<b>Budget Requirement</b>	<b>275,657</b>	<b>-</b>	<b>275,657</b>
<b>Income</b>			
Local Services Support Grant			
New Homes Bonus	1,768	-	1,768
Revenue Support Grant	87,492	-	87,492
Business Rates Baseline	32,036	-	32,036
Top Up	40,513	-	40,513
Council Tax Requirement	112,214	-	112,214
Council Tax Freeze Grant	1,334	-	1,334
Contribution from G Fund Balances	300	-	300
<b>Total Income</b>	<b>275,657</b>	<b>-</b>	<b>275,657</b>
<b>Statement of Balances</b>			
As at 1 April 2014	17,300	-	17,300
Contributions from Balances	-300	-	-300
<b>Forecast Balances 31 March 2015</b>	<b>17,000</b>	<b>-</b>	<b>17,000</b>

Note: This table will be updated for agreed variances during the year

## MONITORING FULL DETAILS

### RAGBY REPORTING AND OTHER ISSUES

The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Areas within Directorates.

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Chief Executive's	6	0	0	5	1	0
Adult Social Services	2	1	0	1	0	0
Children & Young People, & Schools	5	2	0	1	0	2
Safeguarding	1	0	0	1	0	0
Sports & Rec	1	0	1	0	0	0
Regeneration & Environment	5	0	1	1	0	3
Transformation & Resources	7	0	0	6	0	1
Corporate Growth & Savings	2	0	0	2	0	0
<b>Total</b>	<b>29</b>	<b>3</b>	<b>2</b>	<b>17</b>	<b>1</b>	<b>6</b>

#### Business Area Reds

	Chief Exec	People	Places	Trans & Res	Total
Red Overspend	0	3	0	0	3
Value £000s		4,280			4,280

#### Business Area Yellows

	Chief Exec	People	Places	Trans & Res	Total
Yellow underspend	0	2	3	1	6
Value £000s		1,385	1,655	675	3,715

## GROWTH AND RISK

DIRECTORATE	OPTION TITLE	2014/15 £000
<b>FAMILIES</b>		<b>4,115</b>
Demographic Growth	Childrens - Special Guardianship & Adoption numbers	240
	Adults - Demand (Young Adults with Learning Disabilities)	926
	Adults - Increased demand Older People (Adj)	1,039
	Adults - Ordinary Residence (Adj)	300
Other Growth	Assets - Leasowe Millennium Centre (Adj)	0
	Childrens - Youth and Play Services - refocus provision(Adj)	0
Inflation	Childrens - Fostering & Adoption Allowances	200
	Childrens - PFI Affordability Gap	190
	Childrens - Teacher Retirement Costs	80
	Childrens - Transport Contracts	80
	Childrens - Energy and CRC Allowances	310
	Adults - Contract inflation (Adj)	750
<b>REGENERATION</b>		<b>1,506</b>
Demographic Growth	Temporary Accommodation Budget	50
Other Growth	Car Parking Operations Income	350
	Increase to green waste processing gate fee	65
	Economic Strategy Unit (Adj)	100
	New System for administering Resident Parking	40
	Parking Income due to end of income agreement	68
	Biffa Property Uplift	13
	Selective Licensing of Landlords (Adj)	178
	Homelessness Prevention Grant	221
Inflation	Highway Services Contract	48
	Contract for Parking Enforcement Services	10
	Urban Traffic Control Systems	20
	Biffa Contract Inflation	343
<b>TRANSFORMATION</b>		<b>2,685</b>
Other Growth	Graduate Trainee Programme (Adj)	0
	Savings Profiling including Business Rates	900
	Council Tax Summonses	1,300
	Council Tax Support Scheme: Uprating	265
	IT Support	120
	Benefit Advice Services	100
<b>TOTAL GROWTH</b>		<b>8,306</b>

The table reflects the outcome of the review of growth and assumptions which was undertaken and which was reported in the Month 2 monitor.

**INCOME AND DEBT**

The following shows the collection progress for Council Tax, Business Rates, Accounts Receivable and Benefits

**COUNCIL TAX**

The following statement compares the amount collected for **Council Tax** in the period 1 April 2014 to 31<sup>st</sup> December 2014 with the amount collected in the same period in 2013/14:

	<b>Actual 2014/15 £000s</b>	Actual 2013/14 £000s
Cash to Collect	<b>137,344</b>	135,550
Cash Collected	<b>113,164</b>	111,577
% Collected	<b>82.4%</b>	82.3%

Council Tax benefits have been abolished and replaced by Council Tax Support £27.44 million is currently in payment and the numbers and awards as at 31<sup>st</sup> December 2014 are as follows:

Number of pensioners	<b>15,599</b>
Number of vulnerable (working age)	<b>8,499</b>
Number of working age	<b>12,856</b>
Number of <b>Council Tax Support</b> recipients	<b><u>36,954</u></b>

Claimants have dropped from 37,932 to 36,954 (978) since the beginning of the financial year.

**Council Tax Discretionary Policy** as at 31<sup>st</sup> December

35 awards granted totalling £6,258

268 refused, reason, requesting payment of 22% after maximum Council Tax Support granted.

9 cases reason, moved to 100% CTS from 78%,

8 cases reason, other/misc.

11 cases outstanding.

## BUSINESS RATES

The following statement compares the amount collected for **National Non-Domestic Rates** for the period 1 April 2014 to 31 December 2014 with the amount collected for the same period in 2013/14:

	<b>Actual 2014/15 £000</b>	Actual 2013/14 £000
Cash to Collect	<b>71,656</b>	69,887
Cash Collected	<b>58,225</b>	60,021
% Collected	<b>81.3%</b>	85.9%

\* 12 instalments introduced and adopted by at least 25% of accounts

## ACCOUNTS RECEIVABLE

The table below shows the directorates and amount of debt at each recovery stage:

Directorate Description	Less than 10 days	1st reminder	2nd reminder	3rd reminder	Total at 31.12.14
Chief Executive	<b>£75,938</b>	<b>£43,464</b>	<b>£2,813</b>	<b>£680,325</b>	<b>£802,540</b>
Neighbourhood	<b>£6,631</b>	<b>£2,874</b>	<b>£98</b>	<b>£13,544</b>	<b>£23,147</b>
Transformation & Resources	<b>£2,301,900</b>	<b>£234,048</b>	<b>£21,265</b>	<b>£1,062,162</b>	<b>£3,619,375</b>
Families & Wellbeing	<b>£3,899,593</b>	<b>£508,921</b>	<b>£210,047</b>	<b>£9,463,049</b>	<b>£14,081,610</b>
Regeneration & Environment	<b>£268,130</b>	<b>£172,936</b>	<b>£95,565</b>	<b>£682,906</b>	<b>£1,219,537</b>
Policy & Performance	<b>£105</b>	<b>£42,875</b>	<b>£0</b>	<b>£105</b>	<b>£43,085</b>
<b>Totals</b>	<b>£6,552,297</b>	<b>£1,005,118</b>	<b>£329,788</b>	<b>£11,902,091</b>	<b>£19,789,294</b>

The above figures are for invoices in respect of the period up to the end of December 2014. Payments as well as amendments such as write-offs and debt cancellations continue to be made after this date on all these accounts. There is a further deduction of £452,422 to be made for unallocated payments leaving a balance of **£19,336,872**.

## BENEFITS

The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Support up to 31 December 2014:

	<b>2014/15</b>	2013/14
Number of <b>Private Tenant</b> recipients	<b>31,731</b>	31,627
Total rent allowance expenditure	<b>£107,153,111</b>	
Number under the <b>Local Housing Allowance</b> Scheme ( <i>included in the above</i> )	<b>12,090</b>	12,243
	<b>£43,713,399</b>	
Number of <b>Council Tax Support</b> recipients	<b>36,954</b>	38,138
Total Council Tax Support expenditure	<b>£27,540,550</b>	
Total expenditure on benefit to date	<b>£134,693,661</b>	

The following statement provides information concerning the breakdown according to client type as at 31 December 2014 and gives the early year numbers to show the shift in sector by benefit claimants during the year.

	<b>31.12.14</b>	30.4.14
Claimants in the Private Rented Sector	<b>14,290</b>	14,531
Claimants in the Social Rented Sector	<b>17,441</b>	16,906
Owner Occupiers	<b>9,087</b>	10,118
Total claimants by age group		
- under 25 years old	<b>2,338</b>	2,551
- 25 – 60 years old	<b>21,291</b>	21,666
- over 60 years old	<b>17,189</b>	17,338

There are 40,818 benefit recipients in Wirral as at 31 December 2014.

### Under Occupancy regulations

From 1 April 2013 property size criteria was introduced to working age tenants of social landlords (Registered Providers). Where a claimant is deemed to be occupying accommodation larger than they reasonably require Housing Benefit is restricted:-

- By 14% in 2,694 cases
- By 25% in 638 cases

The number of claims affected does fluctuate. The numbers above are a snapshot at 31 December 2014

## Housing Benefit Fraud and Enquiries – 1 April 2014 to 31 December 2014

New Cases referred to Fraud team in period	724
Successful Prosecution/Administration penalty/caution	48
Tenancy Fraud	3

### Discretionary Housing Payments

The table below profiles the position of Discretionary Housing Payment (DHP) administration and associated spend. DHP is not a payment of Housing Benefit and is funded separately from the main scheme. Since the introduction of Welfare Reform and associated impacts, additional funding has been made available.

The Government contribution for 2014/15 is £995,795 with an overall limit of £2,489,487 which the Authority must not exceed. The difference must come from the Authority's own Expenditure. The committed spend against the Government contribution at 31 December 2014 was 98%, (63% at the end December 2013) with 59% of awards made are in respect of social sector tenant/claimants whose housing benefit has been reduced on the basis of accommodation size. Whilst the variance to 2013/14 is considerable at this point in 2013/14 spend increased to 95% at year end.

The present rate of spend projects an overspend. Applications are now subject to increased scrutiny in line with the agreed Policy the remaining fund is unlikely to support as many applicants who would otherwise meet the criteria to secure an award. With the Government contribution likely to be exhausted by 31 January 2015 the Welfare Reform Update report to Cabinet on 10 February 2015 is recommending that £70,000 be transferred to the DHP Fund from the unallocated Council Tax Discretionary Relief Hardship Fund to meet anticipated demands during the remainder of 2014/15.

Month	Claims Considered			DHP Awards in Payment	Current Awards	% spent (committed) of total fund	Annual Total Cont. remaining
	Total considered	Awarded	Refused				
April	259	203	56	248	£93,371	10%	£902,424
May	464	361	103	816	£181,503	35%	£814,292
June	501	358	143	1370	£307,503	57%	£426,171
July	401	235	166	1777	£503,465	74%	£256,841
August	248	124	124	1953	£600,280	81%	£192,869
September	203	96	107	2073	£689,039	83%	£165,221
October	255	132	123	2238	£779,946	87%	£129,113
November	235	145	90	2418	£870,520	92%	£82,026
December	156	92	64	2557	£948,694	98%	£17,285
Totals	2703	1746	976				

## Local Welfare Assistance

The Local Welfare Assistance Support Scheme (LWA), supported by a £1,345,925 Government Grant, gives assistance to those in immediate crisis or need through the provision of pre-payment cards for food and fuel and direct provision of white goods. The number of applications continues to rise on a week by week basis. The present rate of spend now projects 100% grant spend at year end.

LWA details for period from 07 April 2014 to 31 December 2014:

Number of awards granted for food	2,042	value	£95,960
Number of awards granted for fuel	2,703	value	£43,780
Number of awards granted for goods	5,232	value	£557,493
<b>Total number of awards made</b>	<b>9,977</b>	<b>value</b>	<b>£697,233</b>

This direct grant will be ended on 31 March 2015 and during 2014/15 the Authority is reviewing options for what, if any, provisions are made for 2015/16 in this area which would have to be from its own resources. The DCLG is encouraging LA's to support locally and continue with schemes, where at all possible.

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**WIRRAL COUNCIL**

**CABINET**

**10 FEBRUARY 2015**

<b>SUBJECT</b>	<b>CAPITAL MONITORING 2014/15 MONTH 9 (DECEMBER 2014)</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

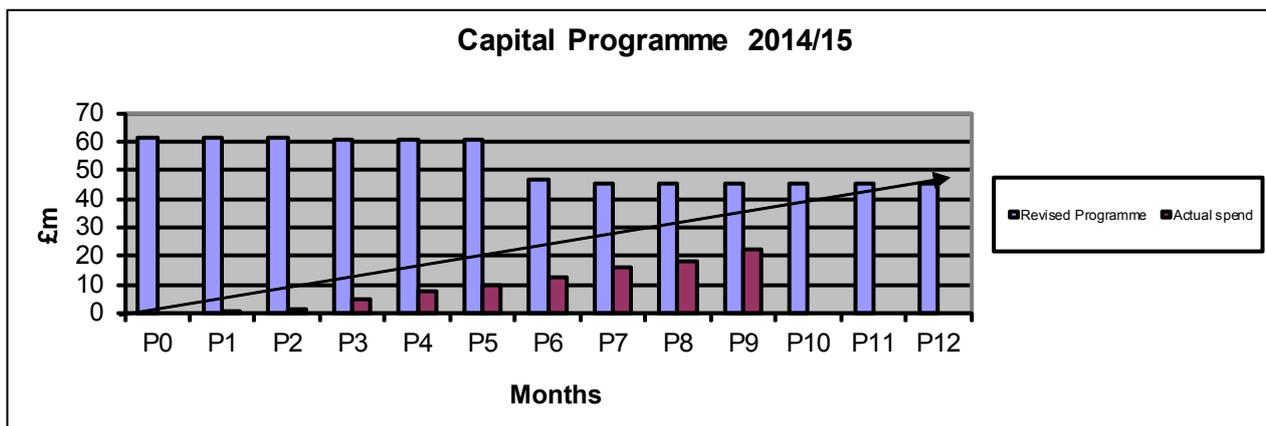
**1 EXECUTIVE SUMMARY**

1.1 This report sets out the capital position for 2014/15 at Month 9 (December 2014).

**2 OVERALL POSITION AT PERIOD 9 (DECEMBER 2014)**

2.1 The actual spend against the Capital Programme is summarised in Table 1. A number of variances have been identified which impact upon the forecast outturn and these are highlighted in Table 2. The report provides information on the progress in delivering the 2014/15 Capital Programme and the sources of financing.

**Chart 1: Capital Programme spend below line of best fit**



**3 ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2014/15**

3.1 The Programme for 2014/15 is subject to change. Month 9 reflects the Programme agreed by Cabinet on 12 February 2014 together with subsequent amendments. Broadly these reflect the re-profiling from 2013/14 as referred to in the Capital Outturn report, more up to date information regarding external financial support, primarily latest grant notifications, the outcome of a half year review to update the forecast spend profile and information subsequently available in December.

3.2 To aid the monitoring process, greater use is being made of the Concerto Performance Management System for each scheme. This shows how schemes in the Capital Programme are progressing. Annex 1 contains information about which stage in the gateway process schemes have reached. The 5 gates currently in use are: Conception, Approval, Start Up, Delivery and Completion.

**Table 1: Capital Programme 2014/15 at Period 9 (December) £000's**

	<b>Capital Strategy</b>	<b>Changes approved by Cabinet</b>	<b>Changes not yet approved/ noted</b>	<b>Revised Capital Programme</b>	<b>Actual Spend Dec 2014</b>
Universal & Infrastructure	5,827	-2,490	0	3,337	2,315
Families & Wellbeing – Children	10,998	-688	0	10,310	5,678
Families & Wellbeing – Adults	3,611	-38	0	3,573	1,086
Families & Wellbeing – Sport & Recreation	1,000	1,157	0	2,157	591
Regeneration & Env – Env & Regulation	8,006	2,250	0	10,256	4,346
Regeneration & Env – Hsg & Comm Safety	5,707	-1,684	0	4,023	1,909
Regeneration & Env – Regeneration	5,744	3,389	0	9,133	3,894
Public Health	401	-401	0	0	0
Transformation & Resources	4,000	-1,500	0	2,500	2,700
<b>Total expenditure</b>	<b>45,294</b>	<b>-5</b>	<b>0</b>	<b>45,289</b>	<b>22,519</b>

### **Universal and Infrastructure Services**

- 3.3 The roofing scheme at West Kirby Concourse is 100% complete, cost £354,000.
- 3.4 Phases 1-3 of Electrical Infrastructure and refurbishments works at Cheshire Lines are complete with Phase 4 to be completed by March 2015. This will enable Birkenhead Municipal Building to be vacated and staff relocated to Cheshire Lines.
- 3.5 Works to Birkenhead Town Hall are complete and Acre Lane staff have now been relocated.
- 3.6 The full refurbishment tender for Wallasey Town Hall South Annexe has been loaded onto the Procurement Portal (The CHEST) by the end of January. Tenders have been received for the programme of asbestos removal.
- 3.7 Cleveland Street Transport Depot, works are underway refurbishing existing buildings to allow a phased move from various parks depots that will reduce revenue implications and/or produce a capital receipt.
- 3.8 Work in respect of a New Salt Barn facility at the Cleveland Street site is complete.

- 3.9 Construction of the new build for Arrowe Park changing pavilion commenced in November is 90% complete.
- 3.10 The schemes to demolish Bebington Town Hall and Liscard Municipal Building are on temporary hold.
- 3.11 Stanley School demolition on site with an estimated contract duration of 10 weeks (tender price £171,000). Work to the playing field cannot be completed until April/May 2015.
- 3.12 Planning permission has been granted for the demolition of Rock Ferry High School but awaiting Secretary of State Approval before proceeding to tender. Approval is also awaited before the demolition of former Foxfield facility can commence.
- 3.13 The demolition of Moreton Adult Unit and Fernleigh has been completed.
- 3.14 Cabinet 13 March 2014 agreed that the Council enters into a Deed of Surrender of land included in the present agricultural tenancy at New Hall Farm, Hoylake, which is required for the proposed Hoylake Golf Resort. Compensation to the current lessee was agreed from the Capital Programme with a capital receipt being generated from the future disposal of this land.

### **Children and Young People**

- 3.15 Good progress is being made by the in-house Asset Management and Design Teams on major projects. There are 2 large contracts (over £500,000) on site in addition to a range of smaller value projects and 15 large projects where detailed design work is taking place; these are at various stages of the design/conception phases.
- 3.16 Universal Infants Free School Meals. The Government initiative will result in an expected increase of 7,000 pupil meals per day. Some kitchens required extensive building work to meet capacity increase others new heavy equipment. Continuation of capital investment was required to meet the increased meal numbers, to ensure that safety legislation is met and to replace old kitchen equipment. This being met from the grant of £624,000.
- 3.17 The contract for development works to Elleray Special School has been awarded (£1.028 million plus fees £0.154 million).
- 3.18 Priority School Building Programme (PSBP). The first scheme to rebuild Foxfield Special School is on-site and construction is progressing quickly. The anticipated date for completion is February 2015. Ridgeway High School and Bedford Drive School are also included in PSBP (1) but will follow a Private Finance Initiative route and the projects are progressing. PSBP (2). Wirral submitted three bids as follows; Pensby High for Girls, Pensby High for Boys - refurbishment & re-design and Riverside Primary bid to re-build new school. An announcement of the successful bids is now expected in Spring 2015.

### 3.19 School Basic Need and Sufficiency Requirements

Fender Primary School has been identified for use of the Basic Need allocation to meet the increase in pupils in the Woodchurch area. The Council Capital contribution of £750,000 in 2014/15 will support the Future Capacity Initiative for primary schools. The indicative allocations for Basic Need in 2015/16 and 2016/17 which are in the region of £3 million are the subject of discussions with curriculum leaders, pupil admissions, schools forum etc to agree the programme for increasing pupil numbers in selected schools.

3.20 Phase 1 of the Somerville Mobile Replacement scheme has been completed (approx £0.7 million in total). Phase 2 has been completed (estimated £0.2 million) with the final phase having started in September (£0.85 million).

3.21 A new charitable organisation is being created to manage the construction of the Youth Zone. Once formally established the Council contribution to the £6 million scheme will be paid.

3.22 School remodelling – a number of schemes have now been identified. Given that these need approval and feasibility studies £1.1 million has been deferred to 2015/16 rather than be incurred in the current financial year.

3.23 Vehicle procurement – 2 gritters have been purchased and a car for transporting pupils to and from Oaklands has been ordered.

### **Adults**

3.24 The Integrated I.T. scheme (Liquidlogic) went live during September 2014.

3.25 Next phase of the Liquidlogic project will see the procurement and implementation of the additional modules relating to the citizen and provider portals. Implementation will support the delivery of some Care Act duties from April 2015.

3.26 Transformation of Day Services is ongoing and now moving into the implementation stage with work expected to be completed by the year end.

### **Sport and Recreation**

3.27 All projects are now underway at Guinea Gap with completion estimated for January 2015. Works at West Kirby commenced late October with completion anticipated in April 2015.

3.28 The work on the 3G football pitches at Guinea Gap commenced on 30 July, was completed in early January and the pitches are being well used by local groups.

### **Housing & Community Safety**

3.29 Disabled Facilities Grants continue to be approved and the spend committed but the incurring of this spend is determined by the grant applicants which means that there will invariably be works approved that will not be completed during the year.

3.30 For the New House-Building Programme, the Council is using the Homes and Community Agency new Affordable Homes Programme as the basis for developing the programme of works. Processes such as defining the criteria and legal obligations for grant funding, site acquisition and planning approval need to be completed before scheme commencement.

**Regeneration**

3.31 The Regional Growth Fund grant supports investment into the offshore renewable energy sector. Applications have been approved up to the grant allocation but companies are only paid upon defrayment of supported expenditure with this grant having to be paid by May 2015.

3.32 The Liverpool City Region Local Enterprise Partnership (LEP) has secured a total of £15 million from the Government’s Regional Growth Fund (RGF) for a Business Growth Grant programme. From this allocation Wirral has to date, secured £3 million with grants payable upon defrayment and having to be paid by March 2015.

3.33 The contract for New Brighton, primarily for infrastructure developments, started in September and is to be completed by March 2015.

3.34 Funding from reserves (£50,000) is available to ensure that the final phase of the Marine Business Park was completed to the agreed standard.

**Transformation & Resources**

3.35 The substantial programme of investment into Information Technology is underway. This includes investment in both hardware and software with the new equipment having been piloted and is being ‘rolled-out’ across the Council from September. Further developments include elements to support the delivery of the Future Council project and upgrading the ORACLE financial system which is likely to occur in 2015/16.

**Table 2: Variations to the 2014/15 programme £000’s**

	<b>Amount</b>	<b>Explanation</b>
		<b>(A) Policy</b>
		<b>(B) Items previously deferred</b>
		<b>(C) Funding</b>
		<b>(D) Re-profiling</b>
		<b>(E) Reduced requirement</b>
	<b>£000</b>	
Nn variations identified for Month 9		

**4 FINANCING OF THE CAPITAL PROGRAMME**

4.1 Table 3 summarises the financing sources for the original and latest programmes.

**Table 3: Revised Capital Programme Financing 2014/15 £000's**

<b>Capital Programme Financing</b>	<b>Capital Strategy</b>	<b>Revised 2014/15 Programme</b>
Unsupported Borrowing	20,717	10,884
Capital Receipts	3,000	8,073
Revenue and Reserves	290	745
Grants	21,287	25,587
<b>Total Financing</b>	<b>45,294</b>	<b>45,289</b>

4.2 The reprofiling of the Capital Programme following the half year review at Month 6 reduced the borrowing requirement for 2014/15 by £8.8 million resulting in a one-off financing saving in 2014/15 of £800,000. The changes since then revise this figure to £840,000. The full budget will be required in 2015/16 when the re-profiled expenditure occurs.

## **5 PROJECTED LONGER TERM CAPITAL PROGRAMME**

5.1 Funding for the forecast 2014/15 to 2016/17 Capital Programme is shown in Table 4 and reflects the 2014/17 Capital Programmes agreed by Budget Council and subsequent amendments.

**Table 4: Capital Programme Financing 2014/15 to 2016/17 £000's**

<b>Capital Programme Financing</b>	<b>2014/15 Revised Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Total Programme</b>
Unsupported Borrowing	10,884	20,522	4,376	35,782
Capital Receipts	8,073	5,758	0	13,831
Reserve Reserves	745	177	0	922
Grants	25,587	9,282	6,644	41,513
<b>Total Financing</b>	<b>45,289</b>	<b>35,739</b>	<b>11,020</b>	<b>92,048</b>

## **6 SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING**

6.1 Based on the current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of £80,000 per annum in the following year. As part of the Capital Strategy 2014/15 to 2016/17 the Council has included an element of prudential borrowing. At Month 9 there is a sum of £36.0 million of new unsupported borrowing included over the three years, which will result in approximately £3.2 million of additional revenue costs detailed at Table 5, if there is no change in Strategy.

**Table 5: Unsupported Borrowing Forecasts & Revenue Costs £000's**

	2014/15	2015/16	2016/17	2017/18
New Unsupported Borrowing	10,884	20,522	4,376	-
Cumulative		31,406	35,782	35,782
Annual Revenue repayment costs				
Cumulative		980	2,827	3,220

The Unsupported Borrowing has to be divided into those schemes for which there is planned support i.e. spend to save schemes; and truly unsupported schemes.

**Table 6: Analysis of Unsupported Borrowing £000s**

	2014/15	2015/16	2016/17	Total
Spend to save	4,192	10,012	750	14,954
Other borrowing	6,692	10,510	3,626	20,828

## 7 CAPITAL RECEIPTS POSITION

- 7.1 As reported to Cabinet on 7 November 2013 the Council could realise £20 million from asset disposals including Acre Lane, former Rock Ferry High School and Manor Drive, Upton. The latest projections from Lambert, Smith, Hampton suggest a figure closer to £22 million; however the market is subject to fluctuations. It is anticipated that the disposal for Acre Lane will occur early in 2015, for Manor Drive will occur in 2016 and that for Rock Ferry (presently seeking Secretary of State consent to dispose of the former school facility) in 2016/17. Table 6 reflects these latest projections.
- 7.2 The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. The Capital Receipts Reserve at 1 April 2014 contained £8.8 million of receipts. The table assumes the proposed spend, set out at Section 4.1 is agreed. At this stage the receipts and funding assumptions are estimates.
- 7.3 At December 2014 the Council had received receipts of £2.531 million during the current financial year which has exceeded the target of £2.5 million (Annex 2).

**Table 7: Projected Capital Receipts position £000's**

	2014/15	2015/16	2016/17
Capital Receipts Reserve	8,800	3,227	7,469
In - Receipts Assumption	2,500	10,000	13,000
Out - Funding assumption	-8,073	-5,758	TBA
Closing Balance	3,227	7,469	20,469

## **8 RELEVANT RISKS**

- 8.1 The possible failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance.
- 8.2 The generation of capital receipts could well be influenced by factors outside the authority's control e.g. ecological issues. Lambert, Smith, Hampton are still providing external support.
- 8.3 An in year review of the Capital Programme was undertaken by the Capital Working Group and this was incorporated within the Month 6 Monitoring Report.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 No other options have been considered.

## **10 CONSULTATION**

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

## **11 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 11.1 There are no outstanding actions.

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

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

## **13 RESOURCE IMPLICATIONS**

- 13.1 The whole report is about significant resource implications.

## **14 LEGAL IMPLICATIONS**

- 14.1 There are no legal implications arising directly from this report.

## **15 EQUALITIES IMPLICATIONS**

- 15.1 An Equality impact assessment is not attached as there are none.

## **16 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

- 16.1 There are no carbon reduction or environmental implications arising directly from this monitoring report.

## **17 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 17.1 There are no planning and community safety implications arising directly from this monitoring report.

## 18 RECOMMENDATIONS

18.1 That Cabinet is asked to note:

- a) The spend to date at Month 9 of £22.5 million, with 75% of the financial year having elapsed;

## 19 REASONS FOR RECOMMENDATIONS

19.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken faster which may produce revenue benefits and will improve financial control of the Programme.

19.2 Any variations to the Capital Programme are agreed by Cabinet but then referred to Council to formally approve the changes.

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## SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports, from September 2012, are being submitted monthly. Capital Programme – Council	25 February 2014

## ANNEXES

Annex 1 Revised Capital Programme and Funding  
Annex 2 Capital Receipts

## Revised Capital Programme and Funding 2014/15 and Programme 2015/16

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
<b>Universal and Infrastructure Services</b>								
Building refurbishment to increase occupancy	660	830	660			660	2,262	Start Up/Delivery
Wallasey Town Hall	68	60	68			68		Completion
Strategic Asset Review	96	302	96			96		Completion
Fund to assist land assembly and re-sale	200	163	200			200	736	Conception/Start
Cleveland St Transport Depot	450	321	450			450	3,050	Start
Park depot rationalisation	710	40	710			710	600	Start Up
Energy efficiency Initiatives	500		500			500	500	Conception
Structural/Roofing works - West Kirby Concourse	344	354	344			344		Completion
Arrowe Park Changing pavilion	144	140	144			144		Delivery
Demolish Stanley Special & External Renovation Work	160	100	160			160	115	Start/Completion
Demolish Bebington Town Hall and Liscard Municipal	0		0			0	378	Conception
Demolish former Rock Ferry High	5	5	5			5	395	Conception
Demolish Foxfield	0		0			0	120	Conception
	<b>3,337</b>	<b>2,315</b>	<b>3,337</b>	<b>0</b>	<b>0</b>	<b>3,337</b>	<b>8,456</b>	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
<b>Families and Wellbeing - CYP</b>								
Elleray Park Special School redevelopment	100	13	100			100	900	Start Up
School remodelling/additional classrooms	236	167	0	236		236	1,850	Start Up/Delivery
Children's centres	106	23		106		106	100	Approval
Aiming Higher for Disabled Children	90	64		90		90		StartUp/Delivery
Youth Capital	149		98	51		149		Approval
Birkenhead High Girls Academy	472	392		403	69	472		Delivery
Vehicle Procurement	123	106			123	123	17	Delivery
Condition/Modernisation	3,590	2,423		3,590		3,590	4,500	Delivery/Completion
Basic Need	100			100		100		Conception
Family Support Scheme	155	1	155			155	100	Approval
Private Finance Initiative	0				0	0	150	Conception
Wirral Youth Zone	2,085	55	2,085			2,085		Approval
Funding for 2 year olds	130	51		130		130		Start Up
Foxfield contribution to priority school	1,000	1,000	500	500		1,000		Completion
Somerville Primary School	1,350	748	600	750		1,350		Delivery/Completion
Universal Free School Meals	624	635		624		624		Delivery/Completion
	<b>10,310</b>	<b>5,678</b>	<b>3,538</b>	<b>6,580</b>	<b>192</b>	<b>10,310</b>	<b>7,617</b>	
<b>Families and Wellbeing - DASS</b>								
Citizen and Provider Portal for Social and Health Services	450			450		450	167	Conception
Transformation of Day Service	1,250	123		1,250		1,250		Conception
Integrated IT	1,873	963	1,000	873		1,873		Delivery
Extra Care Housing	0					0	1,500	Conception
LD extra care housing	0					0	1,396	Conception
	<b>3,573</b>	<b>1,086</b>	<b>1,000</b>	<b>2,573</b>	<b>0</b>	<b>3,573</b>	<b>3,063</b>	
<b>Families and Wellbeing - Sports &amp; Recreation</b>								
West Kirby/Guinea Gap/Europa	1,800	445	1,800			1,800	1,200	Delivery
Guinea Gap 3G Football pitches	245	146	245			245		Delivery
West Kirby Concourse Fitness Suite	112		112			112		Conception
	<b>2,157</b>	<b>591</b>	<b>2,157</b>	<b>0</b>	<b>0</b>	<b>2,157</b>	<b>1,200</b>	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
<b>Regeneration and Environment - Environment &amp; Regulation</b>								
Road Safety	753	404	33	720		753	84	Start Up/Delivery
Congestion	358	0	3	355		358		Conception
Active Travel	641	316	211	430		641	84	Start Up/Delivery
Transportation	321	148	91	230		321		Start Up/Delivery
Local Sustainable Transport Fund	499	0		499		499		Conception
Bridges	922	314	72	850		922	664	Conception/Start Up/Delivery
Highways Maintenance	3,347	2,168	523	2,824		3,347	254	Start Up/Delivery/Completion
Street Lighting	288	217	88	200		288		Start Up/Delivery
Coast Protection	157	23	20	50	87	157	231	Approval
Asset Management	84	0		84		84		Approval
Energy schemes (LED Street Lighting)	300		300			300	4,000	Approval
Parks Plant and Equipment	728	220	728			728		Delivery
Parks vehicles replacement	988	231	988			988		Delivery
Landican Cemetery	71	50	71			71		Delivery
Birkenhead Park Restoration	97	87	97			97		Delivery
Parks Improvement Works	35	15			35	35		Delivery
Hoylake Golf Course	30		30			30		Conception
Park Outdoor Gyms	2	1		2		2		Completion
Reeds Lane Play Area	60	31		60		60		Delivery
Royden Park/Eastham Country Park	14	12		14		14		Delivery
Gautby Rd Play Area	16	16			16	16		Completion
Allotments	168	2	168			168		Conception
Start Active, Play Active, Stay active	260	53	230		30	260	10	Conception
Wirral Way - widening and safety improvements	117	38	117			117	13	Start Up
Cemetery extension/improvement							150	
	<b>10,256</b>	<b>4,346</b>	<b>3,770</b>	<b>6,318</b>	<b>168</b>	<b>10,256</b>	<b>5,490</b>	

	Revised Programme £000	Actual £000	Council Resources £000	Grants £000	Revenue/ Reserves £000	Total £000	Programme 2015/16	
<b>Regeneration and Environment - Housing &amp; Community Safety</b>								
Aids, Adaptations and Disabled Facility Grants	2,485	1,365	796	1,689		2,485	3,206	Start Up/Delivery
Clearance	200	131		125	75	200	1,321	Start Up/Delivery
Home Improvement	442	328	102	340		442	912	Start Up/Delivery
Improvement for sale grants	200				200	200		Conception
Empty Property Interventions	176	85	116		60	176	156	Start Up/Delivery
New House Building Programme	520		520			520	980	Start Up
Housing Renewal							1,030	
	<b>4,023</b>	<b>1,909</b>	<b>1,534</b>	<b>2,154</b>	<b>335</b>	<b>4,023</b>	<b>7,605</b>	
<b>Regeneration and Environment – Regeneration</b>								
Business Investment Grants	0		0			0	808	
Regional Growth Fund Schemes	4,697	1,367		4,697		4,697		Start Up/Delivery
LEP Regional Growth Fund Schemes - Targetted Assistance	3,000	1,502		3,000		3,000		Start Up/Delivery
New Brighton	1,111	816	1,111			1,111		
Marine Business Park	50	50			50	50		
The Priory	275	159	10	265		275		Delivery
	<b>9,133</b>	<b>3,894</b>	<b>1,121</b>	<b>7,962</b>	<b>50</b>	<b>9,133</b>	<b>808</b>	
<b>Transformation &amp; Resources</b>								
I.T Development	2,500	2,700	2,500			2,500	1,500	Delivery
	<b>2,500</b>	<b>2,700</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>2,500</b>	<b>1,500</b>	
	<b>45,289</b>	<b>22,519</b>	<b>18,957</b>	<b>25,587</b>	<b>745</b>	<b>45,289</b>	<b>35,739</b>	

**Capital Receipts****Disposals for which cash has been received by 31 December 2014**

	<b>£000</b>
Former day centre 78 Union Street	150
Land at St Mary's Gate	15
Overchurch Hall	10
Site of Lingham School	352
Land at Sandy Lane North	15
Sylvandale	450
Land at Hope Street	40
Land at Abbey Street	12
Tarran Industrial (Units 1,2,3,2A,2B – Freehold reversion)	370
Former Poulton Primary School	315
Highfield Luncheon Club	34
Mollington St (Ground lease)	16
	<b>1,779</b>
Magenta Living – Right to Buy	<b>752</b>
<b>Total Receipts</b>	<b>2,531</b>

**Anticipated auction list for February**

Cottage Street industrial unit

## **CABINET 9 DECEMBER 2014**

### **MINUTE NO. 106**

#### **COUNCIL BUDGET CONSULTATION FINDINGS**

The Cabinet considered a report by the Chief Executive and Councillor Phil Davies informed it that he intended to move a Budget Options resolution for 2015-16. Before he moved his resolution he invited Mr Phil Goodwin, Unison Branch Secretary to address the Cabinet.

Mr Goodwin accepted the invitation and reminded the Cabinet that for four years in succession the Council, like others in the North West of England, had been forced to implement cuts due to the Coalition Government's austerity measures.

Mr Goodwin informed that in many parts of the Council, work forces had been "cut to the bone" and some services were now being provided by a "skeleton work forces". Some staff had suffered cuts of up to £7,000 per annum and some staff members were still under the threat of redundancy. The Council had £4 million worth of savings options to consider but £2.5 million worth would need to be agreed. Mr Goodwin asked the Cabinet to avoid options that result in job cut backs and pay cuts. He suggested that the Cabinet amended the measures proposed and save public services. Mr Goodwin asked that the Cabinet take account of the fact that the workforce had "suffered long and hard from cuts, as a result of the Coalition Government's actions".

Councillor Phil Davies introduced the Chief Executive's report on the Council's budget proposals for public consultation. The report informed that on 8 September 2014, the Chief Executive had published a series of budget proposals for public consultation as the Council sought to make savings of £18 million in 2015-2016.

The Future Council project had identified potential savings of £15.5 million through changes and efficiencies. If implemented, these changes would potentially reduce the budget gap to £2.5 million in 2015-2016. Options were proposed for public consultation which totalled £3.7 million, providing choice for Members in setting the budget.

The report also presented a summary of the feedback from the public consultation and the pre-decision scrutiny work completed by the Policy and Performance Committees. The Cabinet was requested to consider these findings, and if it was so minded, to use this feedback to inform its budget deliberations and recommendations.

Councillor Davies informed the Cabinet that the Council was faced with a situation where, for five years running, it had to make draconian and savage cuts because of Central Government. The Council had to find savings of £18 million in 2015-16 and £70 million over the next three years. £151 million had already been found since 2010. Councillor Davies also informed that he was of the view that the Council could not sustain that level of cuts without affecting its services. If there was to be more

cuts like this for another five years, it would mean the end of local government as people knew it. Councillor Davies also informed that he had not come into public service to make cuts as he believed in vibrant public services and strong local government. Unfortunately, the present Government had an opposing view to his.

Councillor Davies was clear, given the pressures Wirral residents were under in respect of the cost of living, that it was appropriate to freeze the Council Tax for another year. He informed that a consultation exercise had informed the resolution he was about to read out in respect of the 2015-16 Council Budget.

Councillor Davies thanked the people of Wirral for finding the time to take part in the consultation. There had been an amazing response from Wirral people and he was grateful that they had engaged with the process. Many residents realised that, because of the ever diminishing financial support local authorities received from Central Government, difficult decisions had to be made about valued local services and they were taking their opportunity to influence those decisions.

Councillor Davies also thanked Officers for their hard work on such a major consultation exercise. He informed that Wirral was a listening Council, with a listening administration who had listened to the views of local residents.

Councillor Ann McLachlan informed that by investing in employing apprentices the Council was showing its commitment to young people. The Council was also concerned about children's safety and was not implementing the saving relating to school crossing patrols. She informed that the Cabinet had listened to the views expressed and knew people valued these services and young people and children ran through the Council's corporate priorities. Councillor McLachlan also informed that it was important to narrow inequalities that existed and help people to have better lives in the future.

Councillor Davies put forward the following resolution – 2015-16 Budget Options, together with the two recommendations set out in the report, duly seconded by Councillor Ann McLachlan:

### **“Executive Summary**

The Tory-led government has made unprecedented cuts to Wirral Council's budget. Since 2010, £151m of savings have been imposed. By 2017 our grant from central government will have been sharply reduced by a massive 57% in just five years and this is before further cuts are imposed in 2018.

In these circumstances, the Council has had to make some difficult decisions. The Labour administration is determined to do everything possible to protect front-line services and focussing as many of the savings on back-office efficiencies which have minimal impact on services.

In addition to the £20m already agreed for 2015/16, we will need to deliver additional savings totalling £18m. £15.5m will be achieved through making changes to our workforce, getting the best value for contracts, proposing different and innovative ways of delivering services and reducing the cost of senior management.

Taking account of the additional £100k saving from the extension to the BIFFA contract, this leaves £2.4m of savings which need to be found in 2015/16. To help us decide how to achieve this sum, earlier in the year the Chief Executive set out a series of budget options totalling £4m which has been the subject of a consultation exercise with the public, businesses and partners.

After considering the outcome of the consultation we have decided the following:

- We have listened to the public and, in light of the overwhelming opposition to cuts to our Youth and Play service we will not be taking forward this saving.
- Similarly, we recognise that the vast majority of respondents said they would not support charging for parking in our country parks. This option is therefore rejected.
- A substantial majority of residents said they were against closing public conveniences. Once again, we have listened to the public and this option will not be supported.
- With regard to Community libraries, whilst a majority of those who took part in the consultation said they would support a reduction in opening hours, we believe that the scale of savings proposed by the Chief Executive was extreme. We will therefore be supporting a reduced saving which will see Community libraries opening for 18 hours per week.
- We have responded to the concerns expressed by residents regarding the importance of providing salt for grit bins during periods of bad weather. We will not be making this saving.
- The safety of our children is paramount and we have decided not to implement the saving relating to school crossing patrols.
- In line with our corporate priorities around protecting vulnerable communities we will not be charging for introducing cold calling zones or imposing additional charges for pest control.
- We believe the savings in preventative maintenance proposed by the Chief Executive are excessive. We will therefore reduce this by £200k which will enable us to carry out emergency maintenance and safety works.

In order to deliver the savings we require to meet the cuts imposed by the Government, we will introduce a small increase in fees at Council- maintained allotments, bowling greens and football pitches. Both of these options were supported by a majority of residents. We also feel that it is appropriate to introduce a modest charge for parking at Fort Perch Rock in New Brighton up to 6 p.m.

We are reluctantly removing the 5% discount on the Council Tax for households where everyone is over 70 years of age. Wirral is the only authority which has such a discount, but we simply cannot afford to continue this measure in the light of the

savings we are being forced to make and also in the knowledge that many in the group affected will be in receipt of benefits.

The saving relating to West Kirby Marine Lake can be achieved through internal efficiencies.

The All Age Disability Service will generate a £600k saving through changes to Willowtree respite home and greater integration with other services

Joint commissioning with the NHS will enable us to realise savings in relation to Girtrell Court.

Finally, we will adopt a tough new approach to litter and dog fouling which we are confident will realise an additional £70k through stronger enforcement.

We are pleased that we have been able to deliver required savings without the need to close any children's centre, library or One Stop Shop.

We intend to continue to invest in employing Council apprentices and we will continue our work so that Wirral becomes a Living Wage Borough.

Cabinet thanks the public for engaging in the consultation process. We recognise these are difficult decisions and they are not choices we would have ideally wished to make. They have been forced on us by the unfair cuts imposed by the Government. We will continue to campaign for a government which believes in strong local government and vibrant public services.

## **Introduction**

1. Following the consultation on the Chief Executive's budget options, this resolution sets out a number of budget savings for 2015/16. It is important to emphasise that we are not setting next year's budget. It would be unwise to do this in the absence of key information such as the Revenue Support Grant and the levies and precepts from the Joint Boards. However, given the scale of savings required next year it is sensible to agree budget options as early as possible.

## **The national picture**

2. These are difficult and challenging times for local government and the communities we serve. Because of the Tory-led government's decimation of local government, councils are being asked to do more with diminishing resources. Local government has faced the biggest cuts of any part of the public sector. The Local Government Association says that over this Parliament, local government core funding will fall by 40% and councils will have to make £20 billion of savings. As a result, we are having to take very tough decisions about the future of local services at a time when there are rising pressures, particularly the growing number of older people and demands on children's services.

3. Nationally, Labour is committed to balancing the books in the next parliament so budgets will be extremely tight. But there will be one difference; the money we have as a country will be distributed more fairly.
4. The Prime Minister and the Local Government Secretary say that tough times involve tough choices, but they have forgotten one very important principle. Tough times demand tough choices that are fair. And yet if we look at the way in which the Tory led Government has chosen to take most from those who have least – the most deprived local authorities – it is clear just how unfair and unjustifiable this is.
5. This is confirmed by the Joseph Rowntree Foundation which published research in November stating: *“Cuts in spending power and budgeted spend are systematically greater in more deprived local authorities than in more affluent ones”*
6. Labour has done an analysis of how the reductions in government funding for local authorities have affected different communities in different parts of the country. They show that under the Coalition, households in the ten most deprived local authorities in England will have faced a reduction in spending power per household 16 times greater than the ten least deprived.
7. What is more, because of these decisions the principle of a local government grant settlement which equalises differences in needs and differences in resources between authorities is being eaten away. On current plans, nationally the revenue support grant element, which recognises need, will shrink from £15.2 billion in 2013-14 to £9.3 billion by 2015-16.
8. Wirral Council is four years into an onslaught on its budget and there is no let up. This Tory led Government is failing the people of Wirral, heaping untold misery on them with £151m of cuts since 2010.
9. The 57% reduction in Wirral Council's grant is a slap in the face to Wirral residents from an out-of-touch Tory Government that has nothing positive to say about our future.
10. Residents are being hit from all sides by this Government.
11. Nationally, wages have not kept pace with prices for 52 of the last 53 months under the Tory led government. Working people are on average £1600 a year worse off than they were in 2010.
12. Their botched reorganisation of the NHS has cost £3bn, stretching services and failing patients.
13. Their attack on students as they trebled tuition fees has hit families hard.
14. And, their complete failure to tackle the energy companies has seen prices rise by almost £300 per annum at a time when nobody can afford it.

15. According to the Office for Budget Responsibility, public spending is set to fall to levels not seen since the 1930s. The Local Government Association is predicting further cuts of at least 30% to local authority funding.
16. In spite of their austerity policies, the Government has missed its targets on reducing the deficit and the national debt.
17. And their austerity will only continue, as this Government presides over further cuts to public services. The Institute of Fiscal Studies has reported that less than 50% of the Government's planned spending cuts have been made.
18. A total cut to Local Government funding in 2015-16 of 8.2%, compared to a 1% across the rest of government, is irrefutable evidence of this Government's disregard for the local services that actually matter to residents.
19. Their focus on cutting public services in the North, and particularly deprived North West communities, remain as stark as ever. The simple fact is that Wirral households have lost over double the amount of funding than affluent areas in the South. This is morally indefensible.
20. For the fifth consecutive year of this government, Councils in the North of England are being forced to set their budgets in the context of what they can cut, rather than how they can improve the lives of their residents.
21. Locally, when the Tories and Liberal Democrats were last in control of the Council they left an overspend of £17m and £10m in unrecoverable debt. This is incompetence on a comparable scale to George Osborne admitting in the recent Autumn Statement that he had missed his financial targets and had to borrow £50bn more than planned in 2010. Wirral residents are losing out as a result of this Government's utter failure to improve the economy.

### **Labour's priorities**

22. At the heart of every decision this Labour administration makes sits three key principles. These principles are embedded in our Corporate Plan, and in the policies which flow from this. In support of our vision for Wirral, we will continue to:
  - Protect vulnerable people and communities
  - Attract investment and jobs
  - Narrow the gap in inequalities
23. Underpinning every decision made by this Council, these principles drive our thinking towards protecting front-line services as far as possible in the face of draconian Government cuts.
24. It is our moral imperative to ensure a sustainable budget for this Council. Not to do so would put all services at risk. Irrespective of this Government's illogical and damaging policies we must set a legal budget, we must show we are a Council

that will make best use of its resources and we must exercise good financial management.

25. The answer to this challenge is not withdrawing money from earmarked reserves, which are limited and identified for specific purposes. This would be irresponsible short-termism and would simply build up more problems for the future. This money can only be used once and avoids having to make tough decisions.
26. We will not risk the future stability of this Council with this kind of gesture politics. We must continue to challenge ourselves so we can be sure Wirral is a council that continues to deliver despite Tory led government cuts. That challenge calls for innovation, rigour and fairness.

### **Delivering for Wirral, protecting vital services**

27. Our budget savings for 2015/16 begin with reducing the running costs of the Council. We have been clear from the outset that the broadest shoulders must bear the greatest burden and every effort will be made to mitigate the impact of these draconian cuts on front-line services. Minimal impact on the public is what this Labour administration fights for and so internal efficiencies is key to meeting the expectation of residents.
28. Of the projected £18 million gap for 2015/16, £15.5 million will be met through internal efficiencies and the income from the acceptance of the Council Tax Freeze Grant.
29. The efficiencies we have already identified include reviewing and rationalising our contracts in IT, telecommunications and printing. We will also renegotiate a range of existing commissioned contracts to deliver significant savings. Overall these efficiencies will achieve over £2 million of savings and ensure that frontline services are protected as far as possible.
30. We continue to keep under review our capital investment programme to ensure that resources are used effectively. This includes the release of assets to generate capital receipts which can be used to reduce the need to borrow and deliver savings on capital financing costs.
31. Other efficiencies include deriving savings from investing in new technology, for example to provide LED street lighting. This investment will achieve long term savings without switching off street lights on our highways.
32. We have previously delivered savings of £5.5 million by streamlining senior management and we are committed to delivering further significant savings of £1.5 million in senior management costs. We have paused the restructure of our top tier of management pending the arrival of a new Chief Executive; however we continue to drive out costs in senior management and have so far made in the region of £1 million savings towards senior management costs.
33. As a result of the £15.5 million efficiencies and savings already identified, these changes will bring the budget gap to £2.5 million.

34. While dealing with unprecedented cuts to our finances it would be easy to lose focus on what is important. But we must choose between what is easy and what is right. We must remember our priorities and what we were elected to do; to improve the quality of life of our residents.
35. We are right to continue our demand of innovative and creative solutions to achieve savings. We are right to demand these savings are achieved while ensuring Wirral residents have access to key services and support they need.
36. We are a council that looks forward. That is why in October we committed to capital funding of £4 million to invest in the installation of LED street lighting throughout the borough. More environmentally friendly, cheaper to run – and therefore delivering immediate and recurring savings – and, crucially, a better service for Wirral residents. It is these solutions upon which a new Wirral Council will be built.

### **Protecting the Vulnerable**

37. Once again this Government have neglected to adjust funding to account for demographic growth, ignoring the fact that our population is ageing, meaning more vulnerable adults need our help. We will correct this omission by continuing to invest in services and support for older people, people with disabilities, and children in need. We will not turn our back on the most vulnerable.

### **Tackling Health Inequalities**

38. Our role in leading on the public health agenda has given us huge opportunities to tackle the disgraceful inequalities that still exist in our borough. We will ensure that we use this opportunity to direct funding and support where it will have the biggest impact in improving the health and wellbeing of our residents.

### **Driving Growth in the Economy**

39. Successfully supporting, and embedding, growth in our economy brings benefits across the whole social spectrum. We will focus even more of our attention on ensuring Wirral's economy is robust and thriving for its residents and businesses.
40. Last year we allocated £350,000 to pilot a Selective Licensing Scheme to improve standards in private rented housing. We are currently consulting on such a scheme in four distinct areas within the borough.
41. Building on the £1.5m we allocated in last year's budget for new, affordable housing, we are determined to ensure access to quality housing while increasing our Council Tax base and our financial independence.
42. An exciting new development will transform Birkenhead Town Centre in the same way as New Brighton has once again become a thriving resort. Wirral Waters remains the UK's biggest regeneration project, with work underway on a new

Wirral Metropolitan College building and a new 60,000 sq. ft. office development commenced on Tower Wharf.

43. In spite of the cuts, as a Council we are working towards a fair and prosperous vision for Wirral. As one of the Borough's largest employers we will continue to invest in an apprenticeship scheme to maintain our commitment to the borough's young people who are finding it so difficult under this Government to find work.

### **Listening to the views of the public**

44. Part of the responsibility that comes with being elected is to make tough decisions. And, in the face of such unrelenting austerity, those decisions are tougher than ever. We have not, and will not, shirk those responsibilities.
45. We are committed to making decisions in partnership with residents, businesses and partners. As a Council committed to openness, accountability and community engagement, we are heartened that nearly 8,000 respondents – one of the highest levels of engagement of any area in the UK – took part in the budget consultation. We are proud that people have made themselves heard and proud that we have listened.
46. We would like to thank all those who took part in the consultation, sent letters, organised petitions and let us have their views on where these Tory led government cuts must fall. The proposals contained within this document demonstrate that we value that feedback, and we have listened.

### **In Partnership with our Workforce**

47. Our employees remain our most valuable asset. The administration would wish to recognise their consistent dedication during turbulent times. Our staff are committed to this organisation, to Wirral and to the residents they serve. We would like to place on record our sincere thanks to them.
48. The Labour administration recognises the vital role that our Trade Unions play during these difficult times. We work closely to give employees the respect and dignity that their commitment and hard work deserves. We are keen to continue this close working relationship.
49. We are proud that Wirral was one of the first Living Wage Authorities in the country. We are now working towards Wirral becoming a Living Wage Borough.

### **Budget Proposals following Consultation**

Cabinet proposes the following:

### **Transformation and Resources**

50. Wirral Council is already completely unrecognisable from the organisation it was two years ago. Robust governance is now in place. Our external auditor has

confirmed that we have proper arrangements in place to secure our financial resilience and challenge how we secure economy, efficiency and effectiveness. Wirral Council is already completely unrecognisable from the organisation it was two years ago with significantly strengthened governance arrangements in place. In their unqualified Value for Money assessment of the Council, our external auditors Grant Thornton have confirmed that we have secured improvements to financial planning and financial control. They also highlight that we have arrangements in place to secure financial resilience and to challenge how we secure economy, efficiency and effectiveness.

51. These improvements do not mean the work is complete. We will continue to transform and strengthen our corporate support functions to make sure they are providing value for money.
52. Wirral is presently the only Council in the UK to offer a discount on Council Tax to households based purely on the age of the resident. This 5% discount does not apply to the most vulnerable, and those on the lowest income, who already either don't pay any Council Tax or only pay a proportion. Therefore, given a majority of residents support this proposal; as a result of Tory cuts we will remove this discount to save £600,000.
53. The Chief Executive's proposal regarding libraries was to reduce the opening hours at the smaller, community libraries to 10 hours per week. This was in recognition of Wirral having 24 libraries which is more than any other council in the City Region.
54. Whilst there was a majority of residents in support of this proposal, Friends Groups and other library users made a strong the case for their local libraries.
55. Taking account of public feedback, we will not progress this saving in its current form. Therefore, we intend to manage our community libraries so that they can remain open for 18 hours per week. It should be noted that these proposals do not apply to our 4 central libraries where the opening hours will remain unchanged.

## **Regeneration and Environment**

56. Driving growth in our economy, protecting and enhancing our local environment and building on our growing influence on the regional and national stage are interlinked priorities which deliver important outcomes for Wirral residents. It is important that our economy is strong, robust and vibrant. A healthy environment also lays the foundation for a healthy community.
57. As a responsive and listening administration, we have rejected the following savings options proposed by the Chief Executive after consideration of the consultation feedback.
58. We understand how highly our resident's value parks, open spaces and beaches throughout Wirral and the important role they play in quality of life, health and recreation.

59. The biggest opposition in this year's consultation was the Chief Executive's proposal to introduce charges for car parking in countryside parks. This administration is rejecting this option and will keep the Parks and Countryside car parks free.
60. Sixty one per cent of residents told us they opposed the closure of public toilets. As a listening administration, we will reject this saving.
61. Cold Calling Zones provide protection for residents from repeat cold callers. Whilst introducing a £10 charge would have plugged some of the gap created by the Tory led government cuts, local residents made it clear that they were opposed to this measure. We will not progress this option.
62. We are determined that we will do everything possible to protect residents from bad weather this winter. Whilst the Chief Executive's proposal protected the winter maintenance and gritting routes, it would have meant that some of the grit bins placed at residents' request would not have been supplied with salt. This proposal has therefore been rejected.
63. Due to cuts by the Tory-led government, more than 1000 school crossing patrols have been axed across the country. This option was once again considered, however, the administration understands that this issue is highly emotive and a concern to many parents. We have therefore decided not to progress this option.
64. The public was consulted on an option to increase charges for pest control. However, this would have hit our most deprived communities the hardest. As a Council committed to protecting the most vulnerable people and communities, we have therefore rejected this saving.
65. Based on the feedback from the public through the consultation and other representations, we believe the following budget options should be accepted to enable us to meet the budget gap caused by the Tory-led government's cuts.
66. These options would involve increasing or introducing charges for services at Landican Cemetery, to bring them in line with charges in neighbouring Councils. They would also include small increases in the fees associated with using Council-maintained allotments, bowling greens and football pitches, bringing them in line with the average costs. Both of these options were supported by a majority of residents.
67. We also feel it is appropriate that a modest charge for parking up to 6 pm. at Fort Perch Rock in New Brighton should be introduced.
68. Wirral is one of the very few councils that invests additional money in 'preventative' maintenance work across our highways and parks. The Chief Executive's option to reduce this by £570k is considered to be a step too far. We will therefore retain £200k for emergency maintenance and safety works.

69. We will clamp down on residents who blight our borough through fly tipping, graffiti, littering, dog fouling and other activities. This new, tough approach will realise £70k through stronger enforcement against the worst offenders.

### **Families and Wellbeing**

70. We have an ageing population, and more vulnerable adults needing our help. We have more children and young people needing our support, and we have growing levels of child poverty. We have a duty to meet those needs, and to do so we must be ever more imaginative, we must innovate and we must seek out new ways of doing things.

71. Despite the huge financial constraints placed upon us, in conjunction with our partners we will do everything we can to keep vulnerable people safe.

72. Children, young people and families associated with our Youth and Play service showed great dedication in making the case against the budget option. Residents from across the Wirral made it clear that these Tory cuts should not fall on our Youth and Play service, so this Labour administration will not be making this saving – a saving which many other Councils are taking as more than three youth clubs a week are closing

73. This administration is rightly proud of its commitment to services for young people. We invested £1m last year to partially plug the gap left by Government cuts to early years, and despite further cuts, we have listened to the views of the public and will not be making the saving that would see four satellite youth centres close and funding removed from schemes such as Duke of Edinburgh and Civic Award.

74. Cabinet recognises the support for West Kirby Marine Lake as reflected by the petition received from over 4,000 residents. We have listened to those representations and therefore propose that, while we believe the saving should be made, we would like to see it achieved through improved usage at the site rather than transferring its ownership and management to another provider. The existing staff team will produce a business plan which will set out how this will be achieved.

75. Last year we announced that Wirral had agreed to join a network of 26 'Whole-person Care Innovation Councils', established by Andy Burnham MP, Shadow Secretary of State for Health. Our membership of this network has been a success and this has helped us drive forward further integration between social care and NHS services, an innovative approach which is developing through the 'Vision 2018'. The option related to Girtrell Court will see capital investment into the facility to expand its offer for users and allow for joint commissioning with the NHS to take place. We will also continue our redesign of our social care services, enabling a saving of £600k to be made through changes to the Willowtree respite home, reviewing how support is provided and focusing on greater integration with other services.

### **Council Tax**

76. The Council Tax for next year will be set at Budget Council on 24th February 2015. The Local Government Finance Settlement for 2015-16 has yet to be announced, and it is therefore too early to determine the terms of any Council Tax rise or freeze grant.
77. Last year we decided to accept the government's Council Tax freeze grant on the grounds that the legislation had been amended to ensure that the grant would be built into our base budget. The working assumption in determining the savings requirement for 2015-16 is that this situation will remain and we will be able to freeze the Council tax for a further year. However, we must await the outcome of the financial settlement before a definitive decision can be taken.

## Summary of Proposals

78.A summary of the budget options we are proposing is presented in the table below.

Saving Proposal	Officer Proposal	Agreed Saving
	2015-16	2015-16
	£000s	£000s
Council Tax Over 70s Discount	600	600
Community Libraries	411	190
<b>Sub Total</b>	<b>1,011</b>	<b>790</b>

Savings Proposal	Officer Proposal	Agreed Saving
	2015-16	2015-16
	£000s	£000s
Parking in Countryside Parks	50	0
Public Conveniences	140	0
Cold Calling Zones	80	0
Roadside Grit Bins	55	0
School Crossing Patrols	90	0
Pest Control	65	0
Allotments, Bowling and Football	35	35
Preventative Maintenance	570	370
Parking at Fort Perch Rock	25	25
Commemorations and Memorials	100	100
Litter and Dog Fouling Enforcement	70	70
<b>Sub Total</b>	<b>1,280</b>	<b>600</b>

Savings Proposal	Officer Proposal	Agreed Saving
	2015-16	2015-16
	£000s	£000s
Youth and Play	450	0
All Age Disability Service	600	600
West Kirby Marine Lake	25	25
Girtrell Court	385	385
<b>Sub Total</b>	<b>1,460</b>	<b>1,010</b>

## **Conclusion**

79. In spite of cuts by the Tory-led Government this Labour administration has continued to invest in our communities, creating jobs and employment and protecting front-line services.
80. The savings set out in this resolution are based on our corporate priorities and have been informed by the results of the public consultation. We are proud of the fact that, in the face of massive pressure on next year's budget, we will not close a single library, children's centre or one stop shop. This is a remarkable achievement given that elsewhere in the country one children's centre is being closed every five days and two libraries are closing every week.
81. The savings set out in this resolution are not ones we want to make. They are being forced on us by this uncaring Government.
82. One thing is clear: five more years of Tory austerity will mean the end of local government as we know it. The time for lobbying this Government to reverse their disastrous policies is over. They simply will not listen. Next May the people of Wirral, and the rest of the UK, have the opportunity to consign this short-term, compassionless government to history."

### **RESOLVED: That**

- (1) the consultation and scrutiny findings as described in the report be noted and Wirral residents, Elected Members, staff and other stakeholders be thanked for their input;**
- (2) the Cabinet will have regard to these findings in relation to Future Council budget options; and**
- (3) the Cabinet agrees to recommend the budget savings set out above to the Council for approval.**

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## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>WELFARE REFORM UPDATE</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>HEAD OF BUSINESS PROCESSES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Cabinet with an update on areas of change within the Government Welfare Reform agenda, the impact on the residents of Wirral and how Council services are responding. The report is for noting.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Government published the White Paper "Universal Credit: welfare that works" on 11 November 2010 which set out proposals to reform the welfare system and each area is dealt with below.

##### **COUNCIL TAX SUPPORT SCHEME (CTS)**

- 2.2 The local scheme to support those on low income in meeting their Council Tax liability replaced Council Tax Benefit in April 2013, with a corresponding 10% reduction in Government grant. The Government requirement to protect pensioners and the vulnerable by maintaining the previous 100% support levels translated the 10% grant reduction into a 22% reduction for the non-protected working age claimants.
- 2.3 The Wirral Local Council Tax Support Scheme for 2014/15 was approved by Council in January 2014. The Scheme has to be reviewed annually and agreed before 31 January. For 2015/16 the Scheme agreed by Council on 15 December 2014 was largely unchanged and included the inflationary uprating to allowances in line with uprating to housing benefit.
- 2.4 The next review will be in January 2016 (for the 2016/17 Scheme) and will need to include the impact of Universal Credit (UC) both on claimants and any non dependant resident adults in the household. By then it is expected that the UC roll-out programme will see the numbers of recipients increase and that the likely impacts on income, together with the rate of change in income and circumstances as people move in and out of work, will be better understood and thus inform the Local Scheme.

- 2.5 Presently 36,954 claimants receive £27.5 million through the Scheme which compares to 37,970 claimants in receipt of £28 million in January 2015. The reduction in numbers is, in the main, a result of a reduction in live claims in respect of pension age claimants whose liability ends, together with entitlements ending as a result of non-dependant adults joining the household.
- 2.6 Presently 15,599 pensioners and 8,499 vulnerable claimants are protected up to the maximum 100%. By keeping claimants under review the vulnerable claimants have increased by 2,609, reducing working age claimants to 12,856. The non vulnerable, working claimant group are responsible for paying a minimum of 22% of the Council Tax charge. To meet the previous level of support of 100% for all non-vulnerable, working age claimants would cost in excess of £2.6 million.
- 2.7 The key issue is payment of the 22% to the authority. Present projections show that the target collection of 66% these charges will be met. As in 2013/14 this will not be collected in year but spread over two financial years which impacts on the Council's collection position. As an example a Band A property is expected to pay £220.66 per year. A large number of these payments will be collected post liability order via deductions from weekly benefit of around £3.85 per week made via the Department for Work and Pensions. This reduces weekly cash available to claimants.
- 2.8 Section 13a of the Local Government Finance Act 1992 makes provision for granting of discretionary discounts for Council Tax. The Council Tax Reduction Scheme Regulations 2012 provide for each Council to have discretionary relief support where a claimant shows they cannot meet their liability. This will be due to exceptional reasons such as poverty, personal or household circumstances including vulnerability issues and a policy is in place along with a £50,000 budget for discretionary relief.

#### **UNDER OCCUPANCY REGULATIONS - SOCIAL SECTOR CLAIMANTS**

- 2.9 Introduced in the Welfare Reform Act 2012 this has seen Registered Social Landlord (RSL) properties defined as under occupied and having a set reduction in Housing Benefit payment. This equates to 14% for one room and 25% for two or more where the occupiers are working age.
- 2.10 At 12<sup>th</sup> January 2015, 3,332 Social Landlord properties (of the 16,634 on Wirral) are affected with 2,694 having a one room reduction and 638 having the two or more room deduction. These numbers fluctuate as the claimant profile or claimant circumstances change. The shortfall in rent now faced by RSL's on all such cases is around £3 million.
- 2.11 Commonly known as the Bedroom Tax this has caused most public concern thus far. Key issues have been designation of a room as a bedroom and personal exemption categories. It is known that RSL's are now taking recovery action and repossession proceedings where there is non-payment

although it is clear that the majority, if not all, landlords are taking positive steps to try to resolve non payment before taking such action. Average weekly sums deducted are £13 and £23 and the individual debt soon builds and as these are working age cases most have also been faced with having to meet Council Tax bills of £4 per week as Council tax Support does not meet their full liability (see CTS).

- 2.12 In late 2013/14 a temporary loophole in the legislation exempted certain long term tenants from the impacts of this reform. These tenants had to have been in continual receipt of Housing Benefit since 1996. Whilst the DWP rectified the legislative position, in the interim some 368 had their benefit claims restored and deductions made in respect of under occupying accommodation removed. This unplanned increase in workload impacted significantly on service delivery with 747 cases being reviewed and was further complicated by the fact that many of the claimants had already been awarded DHP on the basis of the reduction in Housing Benefit. Many cases were then considered again upon receipt of a challenge to the outcome.
- 2.13 Despite the recent hearing of cases in Fife at Upper Tribunal, the position that there is no criterion for the size of a bedroom in Housing Benefit remains. However the fact that the judge in the case in question did find that that under certain circumstances a room should not be counted as a bedroom 'may' now have some influence on future English Tribunal hearings, particularly at the lower First Tier Tribunal. If this does influence local cases then Members will be advised.
- 2.14 Exempt categories remain unaltered and are in respect of properties such as Temporary and Supported Accommodation while personal categories are Pensioners, Parents of Students, Bereaved (with a one year limit), Foster Carers, Armed Forces personnel, Disabled Children and Carers.
- 2.15 There is however no exemption for disabled couples when not sharing a bedroom. For HB purposes they are considered as needing one room. The High Court case brought by disabled claimants was lost and an appeal is expected to go the Court of Appeal. The Government, on the issuing of the decision, detailed additional sums available to authorities via Discretionary Housing Payment.

### **DISCRETIONARY HOUSING PAYMENT (DHP)**

- 2.16 DHP has been available to all claimants for a number of years supporting Housing Benefit claimant with exceptional circumstances almost exclusively in the private rented sector. The Under Occupancy changes now see a focus on this centrally expanded fund by the Registered Social Landlord sector. The national rules state that this is for short term exceptional circumstance support. However many RSL tenants are longstanding and face longer term issues so will not see a top-up as a short term option.
- 2.17 Central Government give a direct grant to the authority and allow an authority to use its own funding up to an absolute maximum it cannot exceed. 2013/14

saw Wirral spend 98% of its £917,214 Government grant by mid-March 2014. Additional funding of £64,000 was provided by DWP, a further £150,000 secured by the Benefits Service through a funding bid and £50,000 through the non-ring fenced Local Welfare Assistance grant. The total funding for 2013/14 was £1.12 million.

- 2.18 In 2013/14 the entire initial Government grant was used, although an amount of the additional funding, £28,390 could not be spent solely due to the late timing of the award and volume of claims to be considered within very tight timescales. Regrettably, despite officer's efforts, the DWP declined to agree to the amount being carried forward.
- 2.19 2014/15 saw the grant increase to £995,795 with a permitted maximum of £2.4 million. Given Wirral's' financial position no contribution to provide funding to the maximum level has been made, nor has provision been made for a contribution in respect of 2015/16.
- 2.20 Therefore for 2014/15 it is likely that the available fund will not support provision of support through DHP until the end of the financial year. At 12<sup>th</sup> January 2015 the fund was 98% spent, with £17,300 remaining. 2,557 awards have been made and applications received average 300 per month.
- 2.21 To make the most prudent use of monies available officers are faced with increasingly difficult decisions and requiring awards to be made in cases which face the greatest risk of hardship. 976 claims to date have been declined and it is likely that in early 2015, this will increase significantly based on a greater application of the policy. Many applications are made on the basis of negating RSL recovery and repossession action. Awards are not at present being made where there is any reasonable indication of alternative sources of assistance.
- 2.22 Thus far we are aware that RSL's have been unable to consider any reduction in rent accepted without consequential recovery action and this is unlike the expectation in the private sector for negotiation in rent levels where it is evident that this has occurred for some time.
- 2.23 An important issue, which remains for Wirral, in respect of the decision making process is how it recognises those in most need, the amount of any award and the period of payment. As referred to in section 2.21 officers will be focussing more on the interpretation of the eligibility criteria and level of award. As with any change in interpretation and its outcome of creating more rent arrears there has to be a level of concern of a potential risk of challenge to the position.
- 2.24 An issue for every authority is the Government push to support disabled applicants with DHP. In many cases authorities are finding that these applicants have a high level of benefit in payment set against those who have only the lowest level of weekly benefit in payment. This puts an authority in the position of balancing competing needs and the likely ability of claimants to amend their expenditure and outgoings.

- 2.25. In January 2015 it was increasingly likely that this fund would have been exhausted in the month and no further payment available to any claimant until April 2015. Given this situation a sum of £70,000 will be used from the Council Tax Discretionary Hardship Relief Fund and Cabinet are asked to note this and consider if an additional sum should be considered to be made available for DHP from this fund in 2015/16.

### **LOCAL WELFARE ASSISTANCE**

- 2.26 In April 2013, this emergency support was transferred from the DWP as part of the welfare reform changes and saw a non-ring fenced grant of £1.345 million given to Wirral for 2013/14 with the same amount for 2014/15 which is the second and final year of the scheme and associated grant.
- 2.27 The scheme is for emergency crisis support and focuses on food, fuel, white goods, clothing and travel. This is paid via voucher or payment card with very limited cash availability. The process requires a one day turn round and a one day appeal period administered within Housing Benefits. Staff administer the scheme and ensure the application process is monitored and applied properly and ensure future cases are handled as fairly as possible.
- 2.28 During 2013/14 the Government grant was not fully utilised and the unspent £625,000 was transferred to a reserve. Members are considering how best to use this funding as from 31 March 2015 the scheme will end as there will be no ongoing specific Government grant.
- 2.29 The position for 2014/15 is quite different from the initial year. 9,977 payments have been awarded at 31 December 2014, paying out £697,233, which is significantly more than in the previous year. Applications continue to be made on line and this has been highly successful. Payment is largely received in person allowing the opportunity to offer and signpost financial advice. During the period between Christmas and New Year, 18 claimants were awarded £1,330 in emergency payments for food and utilities.
- 2.30 A key consideration for the authority is whether or not to continue to make provision for some level of support given the cessation of Government funding as this would mean funding any such provision through the General Fund. As it is unlikely that Wirral, given its financial position will have capacity to do this, officers are readying to communicate the end of the scheme during the latter part of 2014/15 and where to signpost potential recipients such as the local food bank service.

### **BENEFIT CAP**

- 2.31. The Benefit Cap was introduced in the summer of 2013 and is based on total annual benefits received with some benefits excluded from the calculation. The limit is £26,000 pa for couples and £18,200 pa for single claimants. At 31 December 2014, Wirral has 64 cases (compares with the original DWP projection of 130 and the 96 reported in August 2013). Of these 54% have a

cap of £50 or less, 31% between £50-£100 and 15% where the cap is £100 or more with the main impact on large families in larger properties.

### **UNIVERSAL CREDIT (UC)**

- 2.32 This is the flagship Welfare Reform change that sees several Department for Work & Pensions (DWP), Revenues & Customs (HMRC) and Housing Benefits (HB) payments move into one monthly payment, in arrears, for working age claimants. This does not cover temporary or supported accommodation or pensioners, who will be subject to later changes via Pension Credit, which is not likely to begin prior to 2016/17 and may be later than originally projected.
- 2.33 UC is applied for via on line application and received as a direct payment to claimants to promote financial awareness and management of individual finances in readiness for the work environment. Locally the authority supports access to claim online at Customer Access points with support available in some locations where the applicant has no other means of assistance.
- 2.34 Universal Credit (UC) was introduced in the North West, including Wirral which saw the initial move on 7 July 2014 for some single claimants (without children) and extended soon after to some couples (again without children). Generally people claiming UC in these early stages are those who have recently finished work or changed benefit type, are work ready and are householders or, reside in rented accommodation, provided the accommodation is not part of a supported accommodation scheme.
- 2.35 From 24 November 2014 the UC expansion moved forward to include UC claims from some families. The extended roll out is being undertaken incrementally and families are being trialled nationally in two areas, Wirral and Warrington. DWP estimate that no more than 30 Wirral families per month will move over to UC as part of this extension.
- 2.36 The Delivery Partnership Agreement (DPA) which Wirral signed with DWP in mid 2014 has recently been reviewed and it is likely that a similar arrangement will be sought at least until October 2015 in lieu of the planned Universal Credit Support programme which remains in development. Officers are discussing this with DWP as thus far there is only an agreement in Wirral to support this until March 2015 and an extension will likely depend on the level of DWP funding available.
- 2.37 The DWP report that take up for support, particularly in respect of Personal Budgeting is low and as a consequence their working practices are under review to address this as they want to ensure that more people are aware of and access this support. Increased demand will directly impact on LA front line services as the Job Centre plus / UC Service Centre will refer to authorities for such support.
- 2.38 UC is predominately claimed on line and assessments are made at a number of countrywide UC Service Centres. Communicating UC change data with

Local Authorities is presently being managed via a manual process (the national automated system is due to go live in autumn 2015) and is causing some administration delays. Merseyside LA's are liaising with DWP colleagues for early resolution to these issues. The delay in automation has an impact on UC claimants and to an extent on landlords in respect of rent collection.

- 2.39 Nationally DWP estimate that 20% of UC claimants have housing costs to be met and the remainder are non householders, for example living with families.
- 2.40. UC claims are increasing at an average of 100+ weekly and Wirral's Benefits Service has to week commencing 17 November 2014 dealt with 452 cases with UC connections; either the claimant themselves migrating to UC or a claimant's non dependant moving to UC.
- 2.41 Claims for UC are paid calendar monthly in arrears. The first payment of UC takes slightly longer and is issued approximately five weeks after the claim is made. Advances of UC are available if claimed up to 21 days after the UC claim date.
- 2.42 UC claimants can access Local Welfare Assistance although they will in the first instance be signposted to claiming an UC Advance. To date 76 UC claimants have made a claim for Local Welfare Assistance. UC claimants are also entitled to apply for Discretionary Housing Payment, although the DWP expect there to be relatively little need. The aim being to ensure that no one is worse off under UC. In practice there are conditions where this currently might not be the case, Wirral is helping DWP with its experience on how this is addressed in the future.
- 2.43 On 11 December 2014 the Director General for DWP confirmed outline planning arrangements for the ongoing development of UC. This will start with national roll-out in January 2015 for single people and then the commencement of transition from 2016, anticipating that the service will be established across Britain for all claimant types by the end of 2019. Migration would then commence culminating in an end to legacy benefits such as HB. This effectively puts the originally communicated timeline back by two years and it is expected that this will continue to be kept under national review as the programme develops.
- 2.44. The impact of Universal Credit and the other issues outlined in this report have seen an increase in processing work for the authority at the same time as the Council is seeking reductions in its staffing spend across all services to meet its financial challenge. The combination of these factors has seen deterioration in processing times and this adversely impacts on the overall subsidy position. This is being addressed by a temporary increase in staff resources within the service for the rest of the financial year and into 2015/16. A detailed report will be given after year end of the financial impact on the final subsidy claim and how this is being addressed to mitigate any impact for 2015/16.

### **3.0 RELEVANT RISKS**

- 3.1. The timely delivery of the national welfare reform programme, in the wider view of practitioners and professionals, continues to be at some risk in terms of legislative, IT and procedural readiness. However timescales are not within local authority control and each authority as well as representative bodies continue to work with the DWP in mitigating these risks as much as possible.
- 3.2. The whole programme of welfare reform continues to present many risks to local authorities in the delivery of existing, residual services, and through income loss to customers all of which will likely impact in a variety of ways on the local economy and services provided. The implications are wide ranging and significant and include in regard to the areas covered in this report:-
  - 3.2.1. Localised Council Tax Support Scheme - Collection issues will continue as many charge payers receive less support and are expected to pay more Council Tax, and in many cases where they have not previously paid. The existence of a hardship fund mitigates this risk of meeting the needs of exceptional cases
  - 3.2.2. Discretionary Housing Payment - the capacity of this cash limited fund is a key risk, as seen in the increased spend in 2014/15. There is no local top up budget available to extend provision to the permitted maximum and support those most in need beyond the direct grant level. Officers ensure that the allocation practices and policies are fair and able to support those most genuinely in need. This presents difficulties as the reforms progress given that it is likely there is a wider expectation that the fund will be the source of support.
  - 3.2.3. Local Welfare Assistance - The grant is cash limited, the risk of having insufficient funds is key and this will extend to having no direct funding to offer this facility beyond March 2015.
- 3.3. 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 along with the benefits to the fund if the level of support reduces. The impact of deteriorating processing times can affect the overall subsidy position as is projected for Wirral in 2014/15 and remedial action is being taken to limit this situation.
- 3.4. The authority having adequate staff resources to administer all elements of the reforms it is responsible for and impacted by and being able to mitigate the impacts as they take place. This will be similar for other organisations and bodies and most significantly is the risk to individuals themselves coping with change and in many cases reduced levels of welfare support.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1. In respect of the Local Council Tax Support Scheme the authority has the

option to vary the present 22% paid by working age claimants. A decision on the 2015/16 Scheme was taken by Council on 5 December 2014.

- 4.2 The authority can allocate additional resources to support the Discretionary Housing Payment and Local Welfare Assistance schemes. However this would have to be found from reductions elsewhere in the Council budget.

## **5.0 CONSULTATION**

- 5.1. The Council corporately is in regular contact with the DWP, other local authorities and the voluntary sector over the implications of the reforms. Specific consultation is undertaken with claimant in respect of changes.

## **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 None related to this report which provides an update on the progress of the government welfare reform agenda.

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

- 7.1 The authority will continue to engage with relevant organisations given the impact on them of all these areas of change.

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

- 8.1 The financial implications are contained within the relevant sections of this report with the main areas being:-

8.1.1. The Local Council Tax Support Scheme sees non vulnerable working age claimants meeting 22% of the Council Tax bill and the authority seeks to recover £2.6 million from this group. A hardship fund is available. To provide the previous 100% support would cost £2.6 million per year. An additional sum of £265,000 for inflationary increase of the scheme for 2015/16 was approved at Cabinet (9 December 2014 Minute 108).

8.1.2. Discretionary Housing Payments are funded from a Government grant which was almost £1 million in 2014/15. Support is provided in line with the Council DHP policy. The authority can allocate additional funding but has not provided any for 2014/15.

8.1.3. Local Welfare Assistance Grant has been provided by the Government for 2013/14 and 2014/15 of £1.3 million per year but no funding has been provided for 2015/16. The Government has indicated in the Provisional Local Government Finance Settlement for 2015/16 that £1.2 million could be used for LWA but has not provided any funding. The Council presently holds £0.6 million in a reserve from the unspent 2013/14 grant allocation.

8.1.4. Benefit Subsidy Grant - The impact of reduced processing will see the level of subsidy attracted on delayed processing at a lower than 100% subsidy. The level of subsidy loss will be known after year end and work is underway to

ensure resources are maintained to limit the financial impact. Provision is made annually to meet consequential subsidy amendment as these are made in the following financial year that the claim is made on.

8.2. Staffing resources are provided from within the Benefits and Revenues sections. From 2013/14 the increasing demands through the implementation of the changes to welfare reform have been met from a reducing level of resources. Additional temporary resource is to be sought to specifically help address the overall benefits position.

8.3. There are no direct IT or asset implications arising from this report.

## **9.0 LEGAL IMPLICATIONS**

9.1 There are none arising directly out of this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Equality Impact Assessments (EIA) were undertaken as part of Wirral's development and design of relevant schemes and are shown through the link; <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>.

10.2 A national Impact Assessment for many areas of Welfare Reform can be assessed through the DWP link: - <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality/>

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are none arising out of this report.

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

12.1 There are none arising out of this report.

## **13.0 RECOMMENDATION**

13.1 The report is noted and that further reports be given on how Welfare Reform.

1.3.2. Cabinet approve the £70,000 transfer to the Discretionary Housing Payment fund for 2014/15 to help address the rent shortfalls that continue to be identified and require support.

## **14.0 REASON FOR RECOMMENDATION**

14.1 That Members are aware of development in each area of Welfare Reform.

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**SUBJECT HISTORY:**

<b>Council Meeting</b>	<b>Date</b>
Transformation & Resources Policy & Performance Committee	14 April 2014
Co-ordinating Committee	01 April 2014
Scrutiny Programme Board	19 Feb 2013
Council Excellence Overview & Scrutiny	30 Jan 2013
Cabinet	24 Jan 2013

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## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT</b>	<b>SUNDRY DEBTOR WRITE-OFFS</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF RESOURCES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1. This Report sets out details of Housing Benefit Overpayments requested to be written off.

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The total outstanding Housing Benefit (HB) debt at the beginning of this financial year was £8,987,097. Since then an additional £2,172,258 was raised in overpayments resulting from changes in claimants circumstances. Of this 62.33% was recovered and recovery continues on these debts. The debts requiring approval for write off are aged debts or debts with no prospect of recovery. The debts were identified as being appropriate for write off during the period 4 August 2014 to 23 November 2014.

- 2.2. The HB write offs are in respect of individual debts in excess of £1,000. Where there is ongoing entitlement to HB, any overpayments are recovered from those weekly payments. Where there is no current entitlement an invoice is raised and the debt then goes through the recovery process, the final stage being referral to the debt collection agency.

- 2.3. HB write-off values are summarised below. A breakdown of cases and the reasons for write off is attached at Appendix 1.

Over £1000 but under £5000

Write off description	Number of cases	Value (£'s)
<b>Write off - irrecoverable</b>	<b>9</b>	<b>16,960.67</b>
<b>Write off statute barred</b>	<b>7</b>	<b>12,678.78</b>
Total	<b>16</b>	<b>29,639.45</b>

Over £5,000

Write off description	Number of cases	Value (£'s)
<b>Write off - irrecoverable</b>	<b>2</b>	<b>30,023.60</b>
Total	<b>2</b>	<b>30,023.60</b>

### Housing Benefits (total)

Write off amounts	Number of cases	Value (£'s)
<b>Over £5000.00</b>	<b>2</b>	<b>30,023.60</b>
<b>Over £1000.00</b>	<b>16</b>	<b>29,639.45</b>
Total	<b>18</b>	59,663.05

### **3.0 RELEVANT RISKS**

3.1 If debts are not written off they have the potential to inflate what might be thought collectable.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 None as the accounts have been reviewed as uncollectable.

### **5.0 CONSULTATION**

5.1 Relevant officers of the Council have been consulted in preparing this report.

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

6.1 There are none arising directly from this report.

### **7.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

7.1. There are none arising directly from this report.

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

8.1 Debts written off as irrecoverable are charged against the Council provision for bad debts which is reviewed annually in accordance with the requirements of accounting practice. As detailed in the revenue out-turn report the provision at 31 March 2014 was £7.2 million which compares to the £10.9 million at 31 March 2013.

8.2. There are no IT staffing or assets implications arising directly from this report.

### **9.0 LEGAL IMPLICATIONS**

9.1 There are none arising directly from this report.

### **10.0 EQUALITIES IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are none arising directly from this report.

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

12.1 There are none arising directly from this report.

## **13.0 RECOMMENDATIONS**

13.1 That the report is noted and the debts written-off as detailed in the report.

## **14.0 REASONS FOR RECOMMENDATIONS**

14.1 Members are aware of the collection activity undertaken in these areas and that the sums written off are approved under delegation or by Cabinet.

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## **APPENDIX**

Listing of proposed debts (amount to £1000.00 or more) to be written off

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Collection Summary 2012/13	13 June 2013
Cabinet - Collection Summary 2013/14	07 July 2014

## Appendix 1

### HOUSING BENEFITS OVERPAYMENT WRITE OFFS OVER £1,000

Case Number	Debt outstanding £	Further details
1	1,200.00	Period of overpayment :- 9/10/06 to 29/01/07 .Overpayment due to Job Seekers Allowance cease. Attempts to recover have failed – statute barred.
2	1,384.50	Period of overpayment :- 26/02/01 to 9/9/01. Overpayment due to change in circumstances. £429 of original overpayment recovered, balance has been through the recovery process –now statute barred.
3	1,695.73	Period of overpayment :- 22/05/06 to 23/4/07. Overpayment due to change in circumstances. £569 of original overpayment recovered, balance has been through the recovery process –now statute barred.
4	1,465.75	Period of overpayment :- 9/9/04 to 27/2/05 Has been through the recovery process –statute barred.
5	2,940.00	Period of overpayment :- 11/10/04 to 31/7/05 Has been through the recovery process –statute barred.
6	2,970.00	Period of overpayment :- 1/10/07 to 18/5/08 Has been through the recovery process –statute barred.
7	2,410.06	Period of overpayment :- 14/1/08 to 25/8/09. Has been through the recovery process –statute barred.
8	1,359.78	Period of overpayment :- 3/9/12 to 17/2/14 .£968 of original debt recovered . Debt Relief Order granted
9	1,318.90	Period of overpayment :- 28/1/13 to 23/6/14 Debt Relief Order granted
10	1,020.26	Period of overpayment :- 8/4/13 to 2/12/13. Claimant declared bankrupt .
11	1,099.30	Period of overpayment :- 1/4/13 to 3/3/14. Claimant declared bankrupt .
12	1,911.42	Period of overpayment :- 24/5/04 to 29/8/11. Claimant deceased – no estate
13	1,492.37	Period of overpayment :- 8/7/13 to 18/8/14. 14 . Debt Relief Order granted
14	1,022.80	Period of overpayment :- 25/9/00 to 14/4/08 . Overpayment due to Claimant's circumstances changed, recovery process undertaken – statute barred.
15	2,826.33	Period of overpayment :- 22/8/11 to 23/9/13 - Claimant deceased – no estate
16	11,778.80	Period of overpayment :- 10/2/03 to 27/2/06 –Original debt raised due to claimant having capital in excess of £16,000 . Claimant deceased – £766 paid from remaining estate following funeral .No estate remaining
17	18,244.80	Period of overpayment :- 4/9/00 to 17/7/05 No payments received since February 2007 . Unable to trace
18	3,522.25	Period of overpayment :- 27/9/04 to 13/6/05 05 No payments received since January 2010 . Unable to trace

## WIRRAL COUNCIL

### Cabinet

10 February 2015

<b>SUBJECT:</b>	<b>Proposal to realign the Joint Carer's Commission (in line with Wirral's Strategy for Carer's 2014-17)</b>
<b>WARD/S AFFECTED:</b>	<b>All Wards</b>
<b>REPORT OF:</b>	<b>Director of Adult Social Services</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>Councillor Christine Jones</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 Under the Care Act and in line with Better Care Fund resource allocation, Health and Social Care commissioning is increasingly becoming integrated.
- 1.2 This paper sets out the outcome of a Social Care and CCG review that was undertaken to set better outcomes for Carers overall by using resources more effectively across the Health and Social Care economy.
- 1.3 The Better Care Fund Plan identified joint investment of £765,000, of which £65,000 is already committed, to achieve the outcomes of:
- Protecting social care services
  - Joint assessment
  - Acute impact
  - Resources pooled for commissioning of Carers support services across the Council and the CCG
  - Joint commissioning service review 2014/15 with a view to jointly re-commissioning a single service

The key performance indicators include supporting increased number of Carers receiving an assessment or review. A specific Carers experience survey will also be undertaken.

- 1.4 The paper sets out the reasons for, and outcomes of, a tender for Carer services.
- 1.5 In addition, the draft Short Breaks (Respite) Care Practice and Procedure Guidance has been amended as a result of the comments received through the consultation period and were used to shape the final Guidance.

## 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Care Act and the Better Care Fund are the drivers to integration of Health and Social Care. Existing NHS and Social Care funding will form pooled budgets to improve outcomes for people through integrated services and agreed spending plans for 2015/16. The Better Care Fund includes the Carers Short Breaks money currently allocated to the CCG.

The Care Act 2014 introduces new duties in relation to Carers, through assessment and Carers Services to improve the health and wellbeing of Carers.

Support for Carers has predominately been provided through DASS-commissioned voluntary, community and faith (VCF) sector organisations, as well as, non-commissioned agencies. However, the Local Authority is currently still a provider of services that provide a break for Carers in the form of day services and community residential services for learning and physical disabilities.

- 2.2 A review of commissioned Early Intervention and Prevention services took place in 2013/14 with Phase 1 contracts starting in April 2014. This provided a fresh approach to commissioning support for people who use services and their Carers with services being divided into four 'lots':

- Information and advice
- Advocacy
- Day services
- General support

Organisations were encouraged to work collaboratively to deliver more flexible and diverse services through a consortium. This process has made it possible to realise efficiencies, whilst improving joined up services that improve the pathway for service users and Carers through a single point of contact and make referrals to appropriate support. Each of the 'lots' have a positive impact on Carers either directly or indirectly, direct support for Carers falls under information and advice through a Carers helpline; Carers advocacy and general support for Carers. Carers receive a break from their caring responsibilities through day service provision. The contracts for these services are commissioned to the end of March 2016.

### VCF Services funded by the Department of Adult Social Services 2014/15 (Phase 1)

Service	Delivered by	Funding	Contract end date
<b>Support 4 All</b>	Wirral MIND (lead) Consortia	220,000	March 2016
Practical Support			
<b>Advice 4 All</b>	Age UK (lead) Consortia	130,000	March 2016
Info & Advice			
<b>Advocacy</b>	Advocacy in Wirral	130,000	March 2016

<b>Wellbeing 4 All</b>	Age UK (lead) Consortia	520,000	March 2016
Day opportunities			
<b>Total</b>		<b>1,000,130</b>	

### 2.3 Services provided to the cared for

Often the Carers needs can be met through providing support or services to the cared for person. DASS provides a range of support that meets this outcome through day services, nursing and residential short breaks. In the externally commissioned services, there are 12 short break beds on a 12 month contract and people are in receipt of help at home to provide support for Carers. As part of this commission the CCG agreed to match fund the cost of the short break beds to double the number of beds available.

People receive a Personal Budget to meet the outcomes for the Carer and the cared for needs.

2.4 The CCG commission services that also provide support to Carers. The services are: Carers identification and short break scheme; dementia outreach service; dementia day care; early onset dementia day care and outreach service and respite through domiciliary care and an activities club.

### **Carer Services and Services for the cared for that benefit the Carer funded by the CCG 2014/15**

<b>Service</b>	<b>Organisation</b>	<b>Funding</b>	<b>Contract end date</b>
<b>Carers Identification and Short Breaks contract</b>	Wired	654,000	September 2016

<b>Carers Support</b>	Age UK	28,000	March 2015
<b>Early On-set Dementia Support</b>	Age UK	145,000	March 2015
<b>Dementia Outreach Project</b>	Alzheimer's Society	118,000	March 2015
<b>Care Attendance Scheme</b>	Crossroads	73,000 (for full year)	September 2014
<b>Sandhills Dementia Day Care</b>	Hoylake Cottage Hospital	210,000	March 2015
<b>Total</b>		<b>1,226,000</b>	

Taking account of current provision as above, a new set of priorities emerged following consultation leading to a re-shaped commissioning requirement and tenders as follows;

2.5 Carers Health and Wellbeing Service. A new carers commission has been undertaken through a procurement exercise.

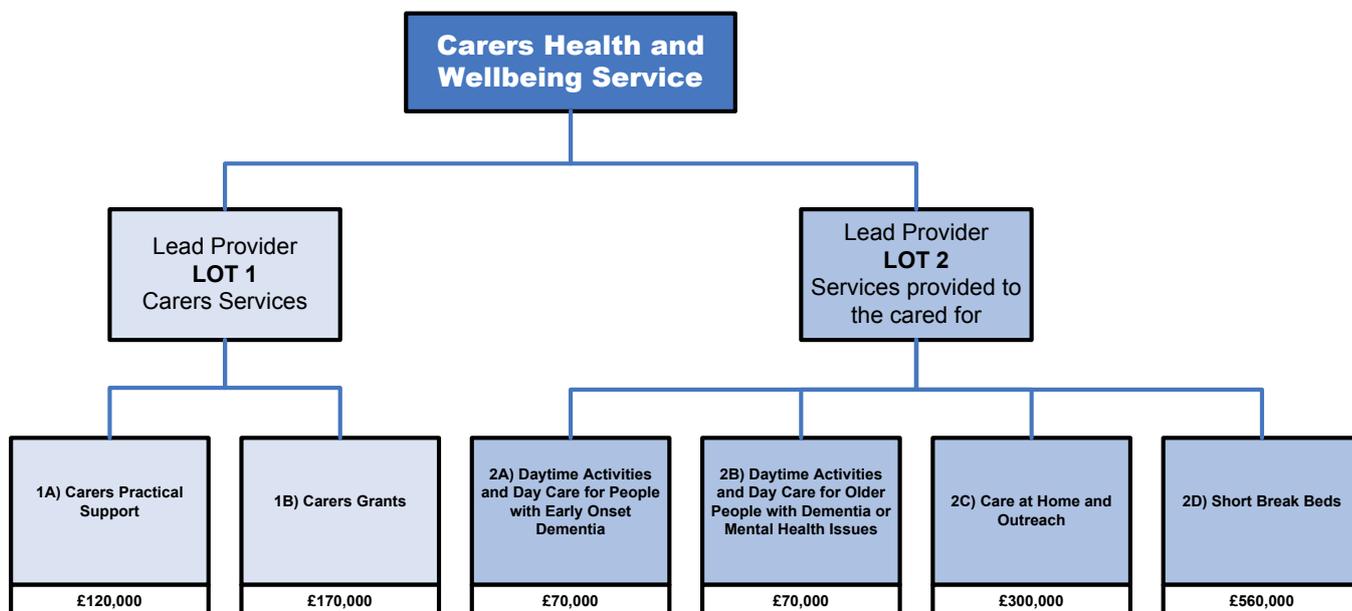
The commission is divided in to two Lots:

2.5.1 Lot 1 is for Carers Intervention and Resolution. This is intended to provide easy access to short breaks for Carers and provide practical support in the home and community settings to enable the Carer to have a break from caring, support them in their caring role and maintain a life outside of caring. It includes specific training for Carers and Carers Awareness training for professionals.

2.5.2 Lot 2 is for services provided to the cared for that benefit the Carer, care at home and breaks for carers to enable a Carer to have a break from their caring role through services provided to the person they care for. The service provided to the cared for allows the Carer to have a life outside of their caring role. It includes care in the home, planned, unplanned and emergency response to Carers in a crisis; day care and residential short breaks (respite).

Below is a diagram of the Carers Health and Wellbeing Service.

Carers Health and Wellbeing Commission



### **3.0 RELEVANT RISKS**

- 3.1 Not all elements of the Lots are to be awarded post interview and will, therefore, require further action.
- 3.2 The incumbent providers may not be the same providers as the new commission.
- 3.3 TUPE may apply to parts of the commission; the risk is for the VCF organisations not ourselves.
- 3.4 Reviews of clients will be required to ensure that they are receiving short breaks and services to meet their needs.
- 3.5 Carers assessments will remain a function for the delivery teams in DASS, performance monitoring will be required to ensure that Carers are being identified and offered assessments.
- 3.6 The new commission could potentially increase the number of Carers referred into the Department of Adult Social Services for Carers assessments, placing increasing demand on the workloads of the delivery teams.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Outsourcing Carers assessments to VCF sector was considered as an option. It was agreed that Carers assessments would be retained in-house as it is a core statutory requirement under the Care Act.

### **5.0 CONSULTATION**

- 5.1 A range of consultation events on the Carers Health and Wellbeing Support Commission have taken place:

- Carers Partnership Board – 25 July 2014
- Providers x 2–29 July 2014
- Carers – 7 August 2014
- Providers – 1 September 2014
- Carers – 1 September 2014
- Dementia forum – 12 September 2014
- Providers Networking – 15 September 2014

In addition, individual meetings have been held with:

- Alzheimer's Society
- Age UK Wirral
- Sandhills Day Centre (Hoylake Cottage Hospital)
- Crossroads
- Wired Carers Support
- Mencap Wirral

- 5.2 Feedback received as part of the Carers Health and Wellbeing Service consultation were used to shape the final structure of the service.

5.3 A range of consultation events on the Short Breaks (Respite) Care Practice and Procedure Guidance were held through September to November, including events at Wallasey Town Hall and Girtrell Court as follows:

- The introduction of the draft guidance was included as part of the Carers Commission consultation events held in September.
- Carers Partnership Board (CPB) - 26 September
- An electronic copy of the draft guidance circulated to the CPB organisations to forward the document to Carers and feedback their comments by 5 December.
- Wirral Carers Association – 29 October
- Carers x 3 - 21 November 2014 (2 morning and 1 afternoon)
- Carers x 2 - 27 November

5.4 The draft Short Breaks (Respite) Care Practice and Procedure Guidance has been amended as a result of the comments received through the consultation period and were used to shape the final Guidance. In particular, amendments were made to the content on page 9. The amendments include:

- The standard allocation is up to 28 nights and the allocation will be based on the Carers and cared for persons needs through assessment, the guidance does emphasise that a person could receive up to 42 nights.
- The service can be provisionally booked 12 months in advance
- There is an expectation that the residential short breaks provider will meet the individual's needs for daytime activities to replace attendance in day services or 1:1 community activities.

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

6.1 This commission provides an opportunity for organisations across the VCF sector to work collaboratively.

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

7.1 An investment of £1.2 m has been identified for the Joint Commissioning of Carers Services.

## **8.0 EQUALITIES IMPLICATIONS**

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

Yes and impact review is attached.

## 9.0 RECOMMENDATIONS

9.1 Cabinet approve the awards being offered to the provider organisations for the delivery of the Carers Health and Wellbeing Service, as follows:

Lot	Service	Awarded to
1A & 1B	Carers Practical Support and Carers Grants	Wired (lead) Consortia
2A	Daytime activities and Day care for people with early on-set dementia	Age UK Wirral
2D	Short Break Beds: Age UK – 6 residential EMI beds  Hoylake Cottage Hospital – 6 nursing beds	Age UK Wirral (lead) Consortia
2D	Short Break Beds: 6 residential EMI beds	Norens Ltd

9.2 Cabinet acknowledge that the following services have not been awarded as part of this tender and will require further action.

Lot	Service	Action required
2B	Daytime activities and Day care for older people with dementia or mental health issues	Re-advertise or offer within existing capacity
<p><b>Reason:</b> Due to the service provider not being able to offer the service within the stipulated budget, we feel that a contract with this organisation is not sustainable if the contract runs for two years and therefore not viable.</p>		
2C	Care at Home and Outreach	Re-advertise or offer to current preferred providers
<p><b>Reason:</b> The organisations confirmed their agreed rate at £13.50 with administration costs being met by the providers. Commissioners consider that the service could be provided at the Wirral rate of £12.28 per hour, any agreement to the higher rate of £13.50 could de-stabilise the market.</p>		
2D	Short Break Beds: 6 residential beds	Re-advertise
<p><b>Reason:</b> There were no applications made for the 6 residential short break beds, this service will require re-advertising.</p>		

9.3 Approve the revised Short Breaks (Respite) Care Practice and Procedure Guidance with amendments that have been made, taking account of feedback provided during the consultation period.

## **10.0 REASON/S FOR RECOMMENDATION/S**

10.1 A range of Short Break beds, day care and care in the home are required to provide flexible support to meet the needs of Carers and the people they care for.

10.2 The Short Break (Respite) Care Practice and Procedure applies to all client groups. It is intended to ensure that there is equitable practice across adults and older people and their Carers who are eligible for support. The current situation has been that people with learning disabilities have, as a standard, been offered six weeks respite, whilst older people and people with physical disabilities do not receive the same allocations. The Short Break (Respite) Care Practice and Procedure Guidance intends to implement legislation fairly across all client groups, so that the number of respite nights are allocated based on their level of needs as opposed to their disability.

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## **APPENDICES:**

Short Break (Respite) Care Practice and Procedure Guidance

## **BACKGROUND PAPERS/REFERENCE MATERIAL**

Better Care Fund Plan 2014

Wirral's Strategy for Carers 2014-17

Care Act 2014-TSO 2014

Care and Support Statutory Guidance - Department of Health, October 2014

## **BRIEFING NOTES HISTORY**

<b>Briefing Note</b>	<b>Date</b>
<b>Informal Cabinet – Wirral's Strategy for Carers</b>	<b>December 2013</b>
<b>Wirral Health and Wellbeing Board – Carers Partnership Board Report</b>	<b>12 March 2014</b>
<b>Executive Member (delegated) Decision Report</b>	<b>26 September 2014</b>

# **Short Break (Respite) Care Practice and Procedure Guidance**

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# Short Break (Respite) Care Practice and Procedure Guidance

## 1. Introduction

In this practice and procedure guidance, we use the words Short Break instead of the term 'Respite', which has traditionally been used by services, Carers and service users.

It is generally recognised that most chronically ill people, who do not need acute care services, can be appropriately cared for in the home with the assistance of family, other household members, or other informal social support systems. In this way, many people with substantial long-term conditions are able to continue to live at home, preventing the need for institutional-based care for as long as possible.

Although many Carers can find their caring role positive and rewarding, there is also evidence of negative impacts on the Carers physical and emotional wellbeing, which could include back pain from lifting and moving the cared for person, lack of sleep, resentment, stress and depression, family/relationship breakdown and Safeguarding concerns.

A break from caring can enhance the Carers physical and emotional wellbeing, enabling the Carer to continue to support the person with care needs in the community, which can delay admission to long-term care. Supporting Carers to take a break also enables Carers to have time to themselves and to have a life of their own outside of the caring role.

Relief from caring can be provided to the Carer by offering short breaks. Short Break services are central to achieving care in the community and delaying or preventing the need for long-term care. More recent policy initiatives, focused on improving support for Carers, have continued to emphasise the importance of short breaks (Carers Strategy, HM Government, 2010).

These initiatives sought to improve service utilisation by improving choice, quality and appropriateness of respite services.

This practice and procedure guidance outlines Wirral Council's & Wirral Clinical Commissioning Group's (CCG) approach to Short Break Care provision which meets the diverse needs of Carers and the 'cared for' in the Borough.

The new commissioning structure introduced under the Health and Social Care Act 2012 is an opportunity to address the needs of Carers and develop services to support them. Supporting Carers' wellbeing is in everyone's interests and can benefit the people being cared for and help commissioners meet required outcomes; this would be supported by the appropriate provision of short break (respite care) for Carers.

Carers are key to integration:

The Health and Social Care Act 2012 aims to provide the basis for better collaboration and partnership working across local government and the NHS at all levels. At a local level, CCGs and local authority have a duty to promote the integration of health care, and health-related and social care services. Commissioning services for Carers can improve the interface between health and social care by improving information sharing between services and through joined up aftercare. Integration between health and social care can also be improved if statutory services also promote the involvement of Carers.

Supporting Carers can help CCGs and local authorities meet priority areas for improvement in the NHS and ensure that they are meeting the post-Francis Report and Safeguarding agendas, Carers need to be involved as expert partners in care, by providing Carers with breaks and emotional, psychological or mental health and wellbeing support.

## **2. Definition**

Short Break care is an essential part of the overall support provided to unpaid Carers and those with care needs helping to sustain the caring relationship, enabling Carers to have a life outside of the caring role, promoting physical and mental health and well-being and helps to prevent crisis due to Carer breakdown.

Short Break care encompasses a wide range of different short term services. The common factor is not what service is provided but its purpose - *to provide a break which is a positive experience for the person with care needs and their Carer.*

Short Break care is a community care service provided to the cared for which also supports and benefits the Carer.

### **2.1. Definition of a Carer**

A Carer spends a significant proportion of their life providing unpaid support to family and potentially friends. This could be caring for a relative, partner or friend who is ill, frail, disabled or has a mental health problem or substance misuse problems. (National Strategy for Carers 2010)

### 3. Legislation

Most of Carers' rights in community care law are contained in four statutes and one set of directions, up to April 2015 these are:

- Disabled Persons Act 1986. This includes a duty to involve and consult Carers in the assessment of the disabled person whether the Carer agrees or not. This states (section 8) that consideration must be given as to whether a Carer is able to continue to care for that person, this must be taken into consideration when assessing a disabled persons needs.
- Carers (Recognition and Services) Act 1995. Right to request a Carers assessment, sets up 'regular and substantial' care test, duty to assess if requested, and duty to provide extra services to the disabled person to help the Carer.
- Carers and Disabled Children's Act 2000 includes duty to inform Carers of their right to request an assessment and power to provide services directly to the Carer.
- Carers (Equal Opportunities Act) 2004 introduced a duty to inform Carers of their rights to a Carers assessment and should always consider a Carer's outside interests (work, study or leisure) when carrying out an assessment. It provided a duty on other public bodies to co-operate.
- Community Care Assessment Directions 2004, a duty to involve and consult with Carers in the assessment of the cared for person.

From April 2015 all of these pieces of legislation have been superseded by the Care Act 2014. Part 1 of the 2014 Act relates to:

- Care and Support – some of the areas that are relevant to this practice and procedure guidance includes:
  - General responsibilities of Local Authorities
  - Meeting needs for care etc
  - Charging and assessing financial resources
  - Duties and power to meet needs
  - Direct payments
  - Safeguarding adults at risk of abuse or neglect

#### 3.1. Fair Access to Care Services (FACS) and the Duty to Provide

The duty on Social Services to provide or arrange services is triggered only for those people with eligible needs - that is needs above the Council's threshold for accessing services. The national FACS policy - LAC (2002)13 - states that councils may take account of the resources available to them in deciding which needs to meet.

Wirral's FACS eligibility criteria are currently set at the level of substantial and critical.

For Carers, they must be providing 'substantial and regular' care. A Carer who is providing 'substantial and regular' care is also entitled to an

assessment if the person they care for is refusing assessment or services but it is clear that the cared for would meet the FACS criteria for services.

Needs that are identified as eligible needs and which sit within the laws relating to a duty on Social Services to provide services must be met. How those needs are met is a separate issue.

Provision of services takes place primarily under:

- Prioritising need in the context of putting people first: A whole system approach to eligibility for Social Care (England 2010)
- The National Assistance Act 1948, Section 21 and Section 29
- The Chronically Sick and Disabled Persons Act 1970, section 2
- The Health Services and Public Health Act 1968, Section 45
- The National Health Service Act 1977, Section 21 (Amended 2006)
- Mental Health Act 1983, Section 117 (Amended 2007)
- Disability Discrimination Act 1995
- Community Care (Direct Payments) Act 1996
- Human Rights Act 1998
- Carers and Disabled Children's Act 2000
- Community Care (Delayed Discharges) Act 2003
- Carers (Equal Opportunities) Act 2004
- Mental Capacity Act 2005
- Equality Act 2006
- Safeguarding Vulnerable Groups Act 2006
- Health and Social Care Act 2008

#### **4. Access to Short Break Services**

As noted above, short breaks are crucial in enabling many Carers and service users to protect their health, prevent crises and continue living at home. Decisions about provision will form a central element of local strategic planning for breaks.

The eligibility criteria for access to Short Breaks services are based on the outcome of assessments. Both planned and emergency support provision is:

- Focused on prevention – designed to help individuals remain at home, sustaining caring relationships and preventing crisis
- Available for those most at risk, such as:
  - Carers who themselves suffer from ill health or disabilities
  - Those with the most intensive caring responsibilities, caring for people with long term conditions which are fluctuating or deteriorating
  - Older Carers over 65 years
  - Young Carers under 18 years
  - Carers of adults with unpredictable or challenging behaviour, such as people with mental health issues or dementia

- Those caring for a long time
  - Carers of people with a terminal illness, and
  - Carers with multiple caring roles
- Designed to enable Carers to remain in employment or to return to work, if they wish to do so
  - Designed to enable Carers to study or pursue leisure interests
  - Designed to avoid social isolation for Carers, so that Carers are not housebound by their caring role
  - Designed to give Carers peace of mind that should an emergency or crisis situation arise for the Carer, the cared for person would have access to alternative care.

#### **4.1. Assessment Process in Wirral**

Once a community care assessment is carried out, the Council needs to make a decision about whether to provide support or not to individuals. FACS provides councils with an eligibility framework for adult social care to identify whether or not the duty to provide services under the following legislation is triggered. (Ref. Fair Access to Care Services policy and practice guidance).

Anyone who undertakes a caring role for a friend or relative who is an adult or older person who has a learning or physical disability or has a mental health problem may be able to access short break care services. These are identified via an assessment under the NHS and Community Care Act 1990, and assessments of Carers' needs under the Carers Recognition and Services Act 1995.

There are two main aspects to assessment that are important to Carers. There is the assessment of the person needing support and there is the assessment of the needs of the person with caring responsibilities. It is important that while the individuality of the people concerned is respected, the interdependencies of achieving the desired outcomes are also recognised. A whole-family approach is more likely to achieve effective and sustainable outcomes. The facilitative skill is to listen to all parties, resolve potential conflicts and arrive at a mutually acceptable plan that takes the ability to care, the choices, needs and desired outcomes of Carers into account.

Outcome Focused Care and Support Plan (OFCSP) together with an associated cost, there are standard rates for residential based services. Subject to the authorisation processes at the time the Team Manager can agree the service. Once this has been agreed the OFCSP can be implemented and will be subject to an annual review.

## 5. Types of Short Break Provision

*This section to be replaced with up to date care act information and Carers strategy action plan update*

### 5.1 Services offered in Wirral

Short Breaks can be offered in a wide variety of ways including:

- Short Breaks in respite only units (specialist guest houses, community flats, purpose-built or adapted houses)
- Short Breaks in residential/nursing settings, provided by the Private/Voluntary sector. To enable Carers to have a break from their caring role.
- Short Breaks in the home of another individual or family who have been specially recruited (such as Shared Lives schemes)
- Short Breaks at home through an agency care worker or sitting service
- Facilitated access to clubs, interest or activity groups
- Supported breaks for the person with care needs and their Carer together (only if the Carer does not have to provide care)
- Befriending schemes provided by volunteers
- Peer support groups
- Breaks using self-directed support, e.g. Direct Payments or managed care packages
- Day Care provides short periods of time in a range of different ways, at home, in a day centre, by the Private and Voluntary sector.
- Night Support may be negotiated, as required, based on a Community Care Assessment
- Emergency Support can be provided by Adult Social Services in-house service or through a temporary placement in a residential/nursing home, or by accessing the Mobile Nights service.

An emergency is a sudden, unplanned and temporary situation where the Carer is not able to provide the care they normally provide, usually due to an accident or health crisis that has happened to the Carer. If a Carer is struggling due to health/functional changes, it may also be appropriate for them to access Intermediate Care. This support can be provided to for a short period and prevents unnecessary admission to hospital and also supporting people to maintain their independence.

If required, this service is provided in addition to planned breaks identified in the Outcome Focused Care and Support Plan. However, it may be necessary to review the Carers Assessment if there has been a significant change in the ability of the Carers to continue to provide care, this may lead to a revision of the support plan.

Services are moving to a more outcomes-based approach, therefore, changing the way that services are bought: from units of provision to meet a specific need (for example,

hours of care provided) to what is required to ensure specified outcomes for people are met.

When an assessment is completed for the person who receives services, there will be a Carers Assessment completed. The assessed needs that is identified while completing these assessments will provide the information needed to allocate the number of nights of short breaks care that is offered.

The number of nights that are allocated for a short break will be based on the needs that have been identified when the assessment has been completed.

- Standard allocation for a short break will be up to 28 nights.
- Where there is an assessed need identified in excess of the standard allocation, an increased number of nights can be agreed up to 42 nights, this increased allocation can be authorised by a Senior Manager.

To help support Carers to plan the Short Break, the service can be provisionally booked up to a maximum of 12 months in advance, to ensure flexibility and the ability for the Carer to plan ahead.

To enable service users and Carers to exercise choice and control, Wirral, will offer a Direct Payment/Personal Budget, this will enable them to purchase a short break that meets service users and Carers needs and choices. The allocation of a Direct Payment will be subject to assessment and eligibility. This funding will normally be decided and allocated when the Community Care assessment is completed.

*Note: When funding for residential respite is agreed, the expectation will be for the agreed placement to meet the needs of the individual and provide the necessary activities to replace day services or other 1:1 community activities for the period. Funding will not include the continuation of community activities or day services and these activities will be temporarily ceased for the period.*

## **6. Standards for Short Break Care**

As with all social care services, there are standards for Short Break Care which largely fall into three main categories:

- a) Flexibility of service
- b) Accessibility of service
- c) Partnership between Carer, the person who requires care and the service provider in the planning and delivering of the service

These can be sub-divided to give the following indicators of Good Practice:

- **Needs-led:** meeting the needs of both Users and Carers, who should be fully involved in designing support plans
- **Planned:** but flexible enough to accommodate emergency situations
- **Flexible:** provides choice and meets individuals' changing needs but is also predictable and reliable
- **Timely and responsive:** to needs and changing circumstances
- **Forms part of a continuing programme of care:** it is monitored and reviewed as part of that process
- **Provides feedback to the Carer:** on what has happened during the alternative care arrangements and enables the Carer, if they choose, to resume or, with suitable training and support, expand and optimise his or her caring role
- **Takes account of the information and support from other stakeholders**
- **Accessible:** information about the range of services, eligibility criteria and their cost should be made available
- **Provided in a range of settings:** for example, residential care or nursing homes, supported housing, day care, and the individuals own home or someone else's home
- **Incorporates arrangements to ensure that both groups benefit where short breaks and long term users mix:** (e.g. in residential care and supported housing)
- **Provides value for money:** in relation to other forms of support when viewed as part of a programme of care
- **Affordable:** charges to Users should not discourage the use of effective services
- **Benefits for both Users and Carers**
- **Works as a partnership:** providers, Users and Carers should be at the heart of the design and delivery of services. The provider should elicit the views of consumers on a regular basis and inform them of their role in influencing the service. Feedback should be sought and geared to the abilities and interest of the service users, e.g. focus groups, one to one interviews, questionnaires, and representation on committees.  
(Scottish Office Social Work Services Group 1996)

Wirral aims to develop its services to conform to this set of standards and will monitor performance via an annual survey with its service users and Carers. This will be achieved through having joint vision and values and shared priorities and core responsibilities with both the CCG commissioners and Local Authority commissioners.

## 7. Charging Policy

Community care services are subject to the Council's charging policy. *Full details are available to service users and their Carers on request.*

## **7.1. Review of Charges**

It is the policy of Wirral Council to ensure that Adult Social Care service users are charged fairly and consistently for their care, in line with Department of Health Guidance.

The responsibility for day-to-day management of the Charging Policy rests with the Head of Service, Personal Finance Unit, who is also responsible for maintaining the Policy and providing guidance on its implementation. All managers are directly responsible for implementing this Policy and any sub policies and procedures within their service areas, and for the adherence of their staff and others.

## **7.2. Statutory framework**

Charging for Short Breaks Care arranged by Wirral in a Residential or Nursing Home is set out in national guidance.

Where a person is provided with accommodation under Part 3 of the National Assistance Act 1948, section 22 of that Act provides for him/her to be charged for the accommodation. DOH guidance, Charging for Residential Accommodation Guide (CRAG) Updated April 2010 provides details how the persons resources should be treated.

In the case of Short Breaks Care, it is for the Local Authority to decide whether it will charge an amount that appears reasonable for the resident to pay for stays in residential care. Wirral has a policy of charging a fixed fee unless an assessment is requested due to financial hardship. These fees are published annually as part of our fees and charges in March each year.

### Charging for Respite Services as part of a Personal Budget

Section 17 of the Health and Social Security Adjudication's [HASSASSA] Act 1983 provides that Councils may recover such charges as they consider reasonable in respect of relevant services. The framework for charging for adult recipients of Non-Residential care was consolidated in 1983 with the HASSASSA Act under which Councils can exercise discretionary powers [section 17]. Consideration of the Disability Discrimination Act 1995 (as amended) and the Human Rights Act 1998 requires that an equitable approach to charging is taken and that no group is unfairly discriminated against.

The 2009 DOH Fairer Contributions Guidance in relation to charging for Personal Budgets confirms that charging for respite as part of a personal budget should be done using the principles of Fairer Charging guidance. Wirral Council have a policy for charging for personal budgets which complies with government guidance. A charge will be made for the personal budget which is no more than 98% of the weekly budget amount proportioned equally through the year. Short Break services may form part of a support plan.

## **7.3. Circumstances where no charge is made**

Some services are excluded from the charging process altogether where there is no legal authority to charge. In addition there may be exclusions of groups of people which, when applied, mean that an individual is exempt from the calculated charge. Examples of exclusions include: -

- After-care services under the Mental Health Act (section 117)
- Advice and assessment
- Individuals receiving re-ablement care services
- Any services funded by the Local Health Authority under a section 28A agreement

#### **7.4. Services for which a Local Authority can charge**

Councils provide a wide range of services. The following services are those for which a charge can be made according to need and after assessment: -

- Direct Payments
- Respite Care in a residential/nursing home
- Personal Budgets

#### **7.5. Financial assessment**

Where a short break is provided in a Residential setting the fixed charges apply as detailed in the guidance mentioned in section 7.2 above.

Where Short Break services are part of a personal budget support plan, to ensure that everyone is treated fairly each individual will have a financial assessment at the point where they are allocated a non-residential care service provided by Wirral Council. The financial assessment will be based on the Users overall income, allowable expenditure and disability needs. If it is identified that the person may be entitled to additional benefits, they will be offered benefits advice.

Guidance notes about charges will be given to individuals at the same time as they enter the care assessment process so that people will not commit themselves to particular care plans without knowing what they might be required to pay. Service users and their Carers will be given a record of how their charge has been calculated and informed that they have a right to be reassessed should their circumstances change.

No one will be left with less than the basic income support or Pension Credit plus 25% after paying for services. This basic level includes premiums appropriate to the user but not the severe disability premium. The care services will be allocated in accordance with the criteria set out in the DH guidance Fair Access to Care Services.

If a service user does not wish to disclose or fails to disclose their finances then they will be charged the full cost of their total services.

#### **7.6. Appeals Process**

The service user has the right to ask for a review of their assessment and the charges, which have been determined as part of the Appeals Policy and Procedure.

### **7.7. Review of Charges**

Charges will be reviewed on an annual basis and form part of the care management review process. You will be asked to complete a new financial assessment form. If your financial circumstances change between reviews you should ask for a re-assessment of finances.

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## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT:</b>	<b>SCHOOLS BUDGET 2015/16</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN'S SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TONY SMITH</b>
<b>KEY DECISION</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

This report recommends the approval of a Schools Budget for 2015/16 of £242,576,100 for early years, maintained schools, academies, colleges and providers in Wirral and changes to the schools funding formula following consultation with schools last term. The budget and the schools funding formula proposals were presented to and agreed by the Schools Forum on 14th January 2015.

#### 2.0 BACKGROUND AND KEY ISSUES

2.1 The Schools Funding Allocations were issued by the Department for Education on 17<sup>th</sup> December 2014. The national basis of the Dedicated Schools Grant (DSG) is the "Spend Plus" methodology introduced in 2006, adjusted in some cases for a Minimum Funding Level (MFL). The MFL has been introduced for the first time in 2015-16 as a means to target additional funding to those authorities that fund schools below average for a number of pupil related formula factors. Wirral is not one of those authorities; therefore DSG is based on amounts per pupil paid in previous years.

Within DSG there are four unringfenced spending blocks for each authority:

- Early Years Block
- Schools Block
- High Needs Block
- Other (NQT induction)

DSG can only be used for the purposes of the Schools Budget.

#### 2.2 2015-16 Pupil Premium £17.6m

In addition to DSG all schools receive a Pupil Premium providing funding targeted to deprived pupils. Now in its fifth year the changes for Pupil Premium in 2015-16 are summarised below:

- From 1<sup>st</sup> April schools, nurseries, private voluntary and independent providers and childminders will be entitled to a Pupil Premium of £300 pa for each 3 and 4 year old child from a low income family. Wirral's indicative allocation is £357,000.

- The Pupil Premium rates in schools for pupils who are or have been eligible for Free School Meals (FSM) at any point in the last six years are:
- Primary school - £1,320 (last year £1,300)
- Secondary school - £935 (unchanged)
- The rate for each Looked After Child or child that has been adopted since December 2005 is £1,900 (unchanged)
- The rate for each child of a parent in the Armed Forces is £300 (unchanged).

Final allocations will be based on data collected in the January census for current numbers of FSM's (and those over the previous 5 years) and LAC Census data collected in March 2015.

## 2.3 Dedicated Schools Grant (DSG) £241m

2.3.1 DSG is made up of four unringfenced blocks. These funding blocks indicate the levels of expenditure anticipated for each authority, however local spending decisions can and will reallocate resources according to needs and priorities, this continues to be the case.

2.3.2 The allocations for Schools and Early Years funding blocks are updated for changes in pupil numbers. Pupil numbers for the Schools Block are those recorded in the October 2014 census, whereas Early Years Funding is a combination of the census in January 2015 and January 2016. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2016. The Early Years grant used for the 2015-16 Schools Budget will be based on the current indicative figures (using the January 2014 census).

2.3.3 From 2015-16 funding for 2 year olds will also be determined by census data in the same way as Early Years. In this first year there will be an additional count in Autumn, to take account of additional numbers as take up increases in local authorities following the recent policy change.

2.3.4 The High Needs Block provides an allocation for funding of all high needs students aged 0 – 24, including the Hospital School. In previous years the block has been updated for changes requested in High Needs place numbers. This will not be the case in 2015-16. The EFA signalled an intention earlier in 2014 to roll forward the place numbers used in 2014-15 to 2015-16, adjusting only where there is an exceptional need.

2.3.5 The Blocks in their current format can be summarised as follows:

<b>Block</b>	<b>Pupil Numbers</b>	<b>Funding Per Pupil £</b>	<b>Allocation £</b>
1. Schools Block	41,322	4,539.60	187,585,400
2. Birkenhead Girls Academy			3,656,000
3. Early Years Block	2,992	3,816.57	11,419,200
2 Year Old funding			4,347,100
Early Years Pupil Premium			357,000
4. High Needs Block			33,818,000
5. NQT induction			62,000
		<b>Total</b>	<b><u>241,244,700</u></b>

## Notes:

1. Schools Block pupil numbers include academies. Numbers have been adjusted for additional pupils arriving in reception between October and January (the Reception Uplift) and for places in SEN bases. The pupil funding rate of £4,539.60 has been reduced by £7.51 compared to 2014-15. This replaces a charge for Carbon Reduction. The reduction is the equivalent of £310,000 compared to £270,000 in 2014-15.
2. In 2015-16 funding for Birkenhead Girls Academy will be included within Wirral's overall DSG. This marks a policy change by the DfE, whereby funding for all academy and Free Schools are included in the grant given to each Local Authority. For Wirral the sum of £3.6m is being included in DSG based on school data used for 2015-16 allocations.

The existing arrangement whereby the EFA then recoups the equivalent budget from DSG to pay academies and Free Schools is unaffected.

3. Early Years pupils are based on the January 2014 census  
2 Year old Funding uses estimated numbers, and provides for growth in take up.
4. High Needs Block includes all funding (both pre and post 16) for pupils in Schools and top up funding only for High Needs students aged 16-24 in Further Education or placed with Independent Special Providers.

### 2.3.6 Schools Block £191m

This funding covers the delegated budgets to mainstream schools and academies (totalling £187m in the appendix attached). In addition the block funds a number of budgets that are managed centrally on behalf of schools:

- Admissions
- Schools Forum
- Capital Expenditure from Revenue (PPM and PFI costs)
- Contributions to combined budgets
- Schools budget retirement costs (school closure)
- School Licences

In line with national guidance and with the exception of PFI, these budgets have not been increased and in relation to the contributions to combined budgets have decreased from £2.3m to £2.1m.

### 2.3.7 Early Years Block £15m

This Block funds the costs of Early Years Education for 2, 3 and 4 year old children in schools, nurseries and private voluntary and independent providers. Most of this funding is directed through the Early Years Single Funding Formula (EYSFF). There is a small element covering SEN costs in Early Years and some central support costs.

### 2.3.8 High Needs Block £34m

The make-up of this block is complex. It is based on the “place plus” system introduced by the DfE from April 2013 and includes:

- Special schools (pre and post 16), school bases and independent non-maintained special schools. All receive a base level funding of £10,000.
- Alternative Provision Bases and EMAP. In line with Regulations the funding for each place will increase to £10,000 from September 2015.
- Additional funding over and above that provided for places will be paid in the form of “top ups”. These will be provided on a per pupil basis. The top up, or “plus” element of funding, takes account of the agreed assessed needs of pupils and is paid by the “commissioner” responsible; this may be Wirral Children’s Services, a school or another Local Authority. On Wirral in 2014-15 a new banded top up system (with 5 bands) was introduced and used to allocate funding to special schools, resourced based and alternative provision.
- The costs of Top Ups for all education and training for post 16 specialist provision for Learners with Learning Difficulties or Disabilities (LLDD) in colleges and private providers.
- The Hospital Schools budget.

### 2.3.9 Other Block

This funding reflects costs of monitoring and quality assuring Newly Qualified Teacher induction.

## 2.4 Academies

Currently there are 15 secondary academies and 2 primary academies. In addition there are 2 academy conversions anticipated before the end of the financial year, 1 secondary and 1 alternative provision. Academies are independent from the local authority and are funded directly from the EFA, however Regulations require Wirral to continue to calculate their budgets in order to determine the total grant reduction For Wirral this is estimated to be £67m in 2015-16.

## 2.5 Minimum Funding Guarantee (MFG)

The MFG will continue in 2015-16, protecting schools from formula changes and changes in pupil data. The MFG rate remains at minus 1.5%. It is likely that the MFG will continue for some time and will be part of future funding reforms.

## 2.6 2015-16 Budget Changes

### **Reduction in Council Contribution to the costs of PFI of £1.7m**

There were a number of reports to the Schools Forum during the year on the reduced contribution to the costs of the 9 school PFI agreement (£2.3m of the PFI Affordability Gap, £0.6m in 2014-15 and £1.7m in 2015-16). In 2014-15 the saving required was found by using one off reserves. In 2015-16 a more permanent solution is recommended for the full £2.3m.

## Proposed 2015-16 Schools Budget savings £2.3m

	£
School Pay Harmonisation	450,000
School Closure Costs	200,000
Planned Programmed Maintenance	200,000
Admissions	23,600
Schools Sports Coordinator	25,000
City Learning Centres	120,000
LACES	45,000
Clinical Waste Disposal	11,600
Use of Swimming Baths	19,800
School Governor Liability Insurance	25,000
SEN Top Ups / contingency	400,000
Statements	200,000
Support for SEN	250,000
Headroom from school falling rolls	330,000
	<b>2,300,000</b>

There was some agreement by the Forum that any reductions should be made without impacting on existing delegated school budgets; that centrally managed budgets should be reduced first and that the future spending plans should broadly reflect DSG funding blocks.

The final proposals take account of a small amount of Headroom within the budget. This “growth” arises from a difference between the pupil funding received in DSG for rising primary rolls and the primary funding allocated within the ISB. Allowing for the net overall increase in Business Rates and the increase needed for the Carbon Charge adjustment, there is a balance of £330,000 which can be used to meet PFI costs.

### 2.6.1 Primary, Secondary and Academy Budgets £187m

The significant changes within this area are:

- Net change in school rolls, resulting in an overall reduction of £60,600. There are 69 more pupil on roll in October 2014 compared to October 2013. The estimated secondary numbers for pupils aged 11-15 have reduced from 16,834 to 16,655 (a 1% reduction). There is an increase in primary numbers from 24,668 to 24,916 (a 1% increase). The overall reduction arises from the secondary funding per pupil being higher than primary schools.
- A top slice for an expansion of national copyright licences £80,000cr
- Headroom £80,400. There is a small balance available after the adjustments arising from PFI of £330,000.
- An increase in rates payable of £6,500. There has been a large revaluation in rates for Pensby and Park Primary schools and an overall 2% price increase. Offsetting this is a reduction in rates costs for schools who convert to an academy.
- As in 2014-15 the Primary and Secondary school budgets continue to be supported by reserves totalling £732,500. The nature of reserves are one-off balances, schools should not therefore plan for these additional sums beyond a further year.

## 2.6.2 6<sup>th</sup> Form Funding

The Schools Budget includes funding for High Needs students in 6<sup>th</sup> Forms. All other post 16 funding is through the National Formula. The EFA have indicated that they have no plans to make any additional changes to the formula other than those already agreed.

The 6<sup>th</sup> Form formula is based on lagged learner numbers to which a national rate is applied for each student. This rate is weighted for study programme costs and student retention. There are additional amounts for disadvantage and Additional Learning Support (ALS).

The National Funding Rate will be confirmed in January. It is anticipated that schools will be informed of their allocations for the academic year 2015-16 in February. The Transitional Protection following the equalisation of School 6<sup>th</sup> Form funding ended in 2014-15, however the protection following formula changes introduced in 2013-14 will continue for a third and final year in 2015-16.

## 2.6.3 High Needs Places £14.7m

Guidance earlier in the year from the EFA indicated an intention to use the same High Needs Place Numbers in 2015-16 as was used in 2014-15. This would as a result defer the introduction of a “lagged” funding system for places where school census and individual learner records would be used from the previous October.

For an authority to request any change in High Needs place numbers in 2015-16, the change had to be significant and be supported by a business case. Although this information was submitted by Wirral to make a number of changes the application did not meet thresholds laid out by the EFA and was not therefore approved.

Locally there are still grounds to consider increasing places in special schools and these are recommended as follows:

Kilgarth increase by 5 places to 55

Observatory School increase by 5 places to 55

Elleray Park increase by 9 places to 99

Stanley increase by 9 places to 99

The requested increase Orrets Meadow places from 66 to 72 should be deferred at this time, enabling additional resources to be focussed on ASD provision at the school

The place number changes described above would cost an additional £163,400 for a part year in 2015-16 and £280,000 for a full year. The budget is based on this being funded from school reserves until a lagged system is introduced.

No changes are proposed to the Hospital School at this point in time. The business case submitted requested an increase of 40 places to 120 and additional funding of £227,000. As this was not approved there will be further discussion with the EFA in order to better understand their position.

The other significant High Needs change in 2015-16 is the place funding for Alternative Provision. From September 2015 this will increase from £8,000 to £10,000.

No additional funding has been provided nationally for this, since the change is intended to be cost neutral, from a matching reduction in the value of top ups paid. There are 96 Alternative Provision places in total, 80 at EMAP and 8 in each of the 2 primary bases. The change will result in an increase in place funding of £112,000 part year and £192,000 in a full year.

It is recommended that taking account of the £2,000 increase in place funding there is a matching reduction in the top up paid for Alternative Provision, from £5,000 to £3,000.

#### 2.6.4 Early Years £15.4m

The main change within this budget is the introduction of a Pupil Premium for 3 and 4 year olds which has been mentioned previously and the inclusion of funding for 2 year olds on the basis of headcount data in January/Autumn 2015 and January 2016.

The DfE anticipate there are 1,846 2 year olds who are eligible to receive Early Education. 1,846 is about 50% of the total number of 2 year olds on Wirral. Take up in this area is still increasing. The budget is based on 1,177 pupils in January building up to 1,846 in January 2016.

There are no changes planned to the rates or bands within the Early Years Single Funding Formula or the formula funding 2 year olds in 2015-16.

#### 2.6.5 SEN Top Ups £16.6m

The proposed budget for SEN Top Ups is £16.6m. There is an increase / growth within the High Needs DSG Block of £272,000. Some further information is needed from the EFA to confirm adjustments. Initially however growth has been allocated to increased numbers arising from Top Ups, Independent Special Schools and Home Tuition as set out below.

##### SEN Top Ups 2016/16

	£
Statements	
Early Years	292,200
Primary	1,325,700
Secondary (including 6th Forms)	1,998,300
Exceptional Need	449,200
Other	383,100
Top Ups	
Special Schools (and 6th Forms)	6,141,200
Independent Non Maintained Special Schools	3,383,300
Home Teaching	301,400
EMAP/WASP	420,800
SEN units - resourced and alternative provision	629,400
Support costs	11,700
FE, 6th Form College and other providers	742,700
Contingency	500,000
<b>Total</b>	<b>16,579,000</b>

Changes in costs which have been identified as part of the budget review are:

- **Special Schools and EMAP.** The top up budgets have been increased by £180,900, reflecting additional numbers at Stanley, Kilgarth, Gilbrook and EMAP together with changes in ASD provision at Orrets Meadow and Claremount.
- **Statements.** A net reduction of £200,000. The budget anticipates that the numbers in the current year will continue into 2015-16
- **Independent Special Schools.** A small increase of £88,100. The budget anticipates maintaining 92 placements
- **Further Education and 6<sup>th</sup> Form College.** No change to the overall provision of £742,700
- **Home Teaching.** This budget faces increased demand for services resulting in additional teaching hours. The increase in budget recommended of £50,000 to £301,400 will also require a review of charges during the year.
- **Contingency.** The contingency of £500,000 is required to cover the potential costs of:
  - Any unforeseen consequences arising from top ups, exceptional cases or the review of High Needs.
  - Any mismatch between provider places and places taken up.
  - Inflationary pressures within Non Maintained Special Schools.

As indicated there are some areas that require further clarification with the EFA in respect of place numbers and the Hospital School. The area will be kept under review.

#### 2.6.6 Use of Reserves

There are a number of DSG reserves held totalling £4.1m at 31<sup>st</sup> March 2014. The Schools Budget for 2014-15 has planned to use £1.9m of these.

In 2015-16 £894,900 of reserves will be used. This commits most of the DSG underspend carried forward from 2013-14.

The remaining reserves are committed to the costs of pay harmonisation, contingencies and Early Years.

### 3.0 INFLATION

- 3.1 No direct provision is included within the budget for pay awards. At this stage a 1% award for teaching staff is anticipated, together with an increase in Teachers Pension contributions from 14.1% to 16.4%. The 2.2% pay award for non-teaching staff was implemented in January. The additional costs arising from these changes in schools will need to be met from existing school budgets.

There is no general provision for price inflation, although costs for rates within the schools budget have been increased and the central PFI budget continues to reflect RPI increases.

### 4.0 CENTRALLY HELD SCHOOL BUDGETS

- 4.1 The budgets held for Contingency, Special Staff (maternity and trade union duties), the School Library Service, Insurance (Governors Aided), Behaviour Support and the Minority Ethnic Achievement Service have been delegated to schools and are subject to Forum de-delegation decisions.

The remaining centrally held budgets for 2015-16 cover:

- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£126,000)
- the cost of licences for copyright and music in all schools and academies (resulting from a national agreement) (£250,000)
- School Admissions (£341,800)
- Planned Programmed Maintenance (PPM £249,000)
- The PFI Affordability Gap (£2,736,500)
- Contributions to combined budgets (£2,114,800).
- Schools Forum £10,600
- Early Years £405,300

#### **4.2 School Admissions (£341,800)**

This budget is required to meet the costs of supporting and administering the authority's school admissions scheme (including the 11 plus). Savings of £23,600 have been identified in this budget.

#### **4.3 Planned Programmed Maintenance (£249,000)**

This resource supports the health and safety and maintenance of school buildings, grounds and equipment. It also pays for minor repairs and emergencies. The budget has been reduced by £200,000 in 2015-16.

#### **4.4 PFI Affordability Gap (£2,736,500)**

The funding gap for the council's 9 school PFI scheme is £2,736,500 (an increase of £150,000 compared to 2014-15). The affordability gap is the shortfall between the costs of the PFI contract £11.2m and the combined government grant of £5.5m and school contributions received of £3.0m. The gap increases each year in line with the contract inflation clause.

#### **4.5 School Copyright licences (£250,000)**

The DfE purchases a single national licence for all state funded schools. Licences cover areas such as the Copyright Licence Agency, the Education Recording Agency, a School Printed Music Licence. Next year this will also cover the costs of 4 other areas including the Performing Rights Society.

Guidance indicates that overall costs will increase by £100,000 to £250,000

#### **4.6 Contributions to Combined Budgets**

School Funding Regulations continue to allow contributions to support services that would otherwise fall outside the Schools Budget. These budgets combine with other council resources for the educational benefit of children.

Regulations state that there must be no new commitments or increases in expenditure from that in 2012-13.

The budgets in this area are shown below:-

- **Discretionary Rate Relief £106,600**  
This budget funds continuing costs for Discretionary rate Relief in Voluntary Aided schools.
- **School Improvement £359,900**  
This sum is the former match funding for the Primary and Secondary Strategy Coordination programme. It supports the funding of a number of consultant teachers who work with schools, together with training and the resourcing of equipment and facilities.
- **Local Safeguarding Children’s Board £30,000**  
The LSCB provides governance of child protection arrangements, undertakes serious case reviews, training and employs a Designated Officer for Allegations. The Board is funded from partner organisations including Social Care, Schools, Police, Health and Probation. The £30,000 contribution from the Central Schools Budget matches the amount received from Health.
- **School Intervention £674,500**  
This budget provides additional funding within School Improvement to meet priorities in targeted schools during the year.
- **City Learning Centres £694,700**  
The 3 City Learning Centres have a combined budget of £814,700 of which £120,000 is from the Council’s capital programme to upgrade large, high value, high spec equipment.
- **LACES £140,500**  
The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils. The contribution has been reduced by £45,000 in 2015-16.
- **Miscellaneous £108,600**  
These amounts support the Governors Forum, school swimming baths, school wellbeing, the School Staff Survey and the PFI Support Team.

<b>Combined Budget Summary</b>	<b>£</b>
Discretionary Rate Relief top ups	106,600
School Improvement	359,900
LSCB Contribution	30,000
School Intervention	674,500
City Learning Centres	694,700
LACES	140,500
Wellbeing and School Staff Surveys	44,600
Governors Forum	2,200
PFI Support Team	61,800
<b>Total</b>	<b>2,114,800</b>

## 5.0 CHANGES TO THE SCHOOL FUNDING FORMULA

- 5.1 Following work with Schools and the Schools Forum it is proposed to make two changes to the schools funding formula next year – to increase the unit amounts for Looked After Children and to cap the funding for Deprivation.

5.2 The funding for all Primary, Secondary and Academy schools are determined by a schools funding formula which is agreed locally. The funding formula is in a format prescribed by the DfE and must contain a funding element that takes account of deprivation. Data used is agreed in advance with the EFA. Authorities are generally free to determine which formula elements to use in distributing funding to schools (other than deprivation) and the proportions allocated over different elements. Wirral's funding formula uses 9 elements:

An amount per pupil, Deprivation, Looked After Children , English as an additional language, SEN, Lump sum, Split sites, Rates and Rent.

5.3 Schools were consulted in the Autumn Term on proposed changes. In total 34 responses were received, 26 primary schools, 5 secondary school / academy schools and 3 that are not known. In addition there have been detailed discussions by headteachers at Primary Cluster meetings and at WASH.

5.4 Looked After Children proposals

The funding formula redistributed some deprivation funding last year (£225,000) to increase the overall amount allocated to Looked After Children. The basis for the decision was to target additional resources in this area, taking account of additional needs and attainment.

The proposal is to equalise the level of funding for each looked after child with the average funding allocated for deprivation. This comparison should also take account of funding allocated through the Pupil Premium. Funding would be equalised at about £3,400.

Most responses supported this proposal. It is therefore recommended that the School Funding Formula is changed on this basis for 2015-16.

5.5 Deprivation proposals

There is an amount of £20.3m in the local formula (11% of the Schools Budget) which is provided for deprivation. With the inclusion of the FSM Pupil Premium of £15.2m this rises to £35.5m (18%). There are 7,777 pupils (aged 4 – 15) registered for Free School Meals, 18.3% of the school population (in 2014-15 this figure was 8,237 or 19.5%).

The current deprivation funding compared to AWPU is as follows:

	AWPU	Deprivation	Pupil Premium
	£	£	£
Primary	2,753	2,100	1,300
Secondary KS3	3,931	2,514	1,300
Secondary KS4	5,049	2,514	1,300

There are a number of factors to take into account:

- The numbers of FSM's have reduced since 2011; however the amount per FSM pupil has and will continue to increase. During this time the Pupil Premium was introduced to target additional funding.
- Had this cap been introduced in 2014-15 this would have reallocated £0.8m into AWPU.
- Although levels of FSM have reduced this may not be matched by other measures of deprivation. The attainment gap is wide and widens further at KS3 and KS4.

- Some LA's allocate deprivation funding using Ever 6 which is a broader distribution of funding for more pupils.
- A reallocation/reduction in deprivation amounts would provide some schools with additional funding, by reducing allocations to others. At a time of little or no extra resources this may create some instability within the formula.
- The view of the Forum 12 months ago was that there should be no changes to this area.
- It would be possible to cap the unit value of a FSM.

Schools were asked their views on the introduction of a cap in the amount allocated per FSM to prevent any further increases in the unit value. This would mean that deprivation funding for a school with stable FSM numbers would be unaffected. Those with falling FSM's would always receive less deprivation funding, but any subsequent redistribution of funds would be made through AWPU. This would mean that the schools with the largest pupil numbers would benefit the most.

Responses indicated that 19 schools supported the change whilst 15 did not. It is recommended that the change is introduced in 2015-16 but that the impact is reviewed before agreeing its further use in future years.

## **6.0 RELEVANT RISKS**

- 6.1 Setting the Schools Budget enables school and provider budgets to be allocated taking account of DfE Regulations and timescales.

## **7.0 OTHER OPTIONS CONSIDERED**

- 7.1 None.

## **8.0 CONSULTATION**

- 8.1 Consultation has taken place with the Schools Forum and schools.

## **9.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 9.1 There are none.

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

- 10.1 The Schools Budget provides Early Years Funding for Private, Voluntary and Independent providers.

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

- 11.1 The budget for 2015-16 is compiled from the base budget for 2014-15 and updated for any issues identified in this report.

The projected budget (DSG and council contribution) is £242,576,100 and is shown in Appendix 2.

## **12.0 LEGAL IMPLICATIONS**

12.1 The Council is required to agree a Schools Budget and to issue budgets to Primary and Secondary Schools by 27<sup>th</sup> February 2015 and to Special Schools and Early Years providers by 31<sup>st</sup> March.2015.

## **13.0 EQUALITIES IMPLICATIONS**

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

(a) Yes and impact review can be found via the following link:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014/eias-families-wellbeing>

## **14.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

14.1 Schools have been withdrawn from the financial aspects of the Carbon Reduction Scheme.

## **15.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 There are none arising from this report.

## **16.0 RECOMMENDATIONS**

Cabinet recommends to Budget Council:

That having taken account of the views of the Schools Forum agrees:

- i) That the contributions to combined budgets are agreed.
- ii) That the proposed reductions totalling £2.3m (£1.7m in 2015-16) are agreed.
- iii) The High Needs Contingency totalling £500,000 is agreed.
- iv) That the reserves totalling £894,900 used to set the Schools Budget are agreed.
- vii) That the submission of the Schools Funding Formula to the Education Funding Agency containing amendments to increase the unit value of funding for Looked After Children and to cap the unit value for Free School Meals / Deprivation is approved.
- viii) That following the increase in High Needs place funding for Alternative Provision to £10,000 in September 2015, the Top Up element of funding is reduced by a matching amount - from £5,000 to £3,000 pa.

## **17.0 REASON/S FOR RECOMMENDATION/S**

17.1 The Council is required to set a Schools Budget for 2015-16

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Appendix 1 Schools Budget Summary

Appendix 2 Schools Budget details

### **BACKGROUND PAPERS/REFERENCE MATERIAL**

School Funding Allocations from DfE 18<sup>th</sup> December 2014.

### **BRIEFING NOTES HISTORY**

<b>Briefing Note</b>	<b>Date</b>

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

<b>Council Meeting</b>	<b>Date</b>
Schools Forum School Funding and Formula Proposals, PFI and Central Budget Review, Schools Funding Outcome from Local Consultation, Schools Budget 2015-16	2 <sup>nd</sup> July 2014, 8 <sup>th</sup> October, 3 <sup>rd</sup> December and 14 <sup>th</sup> January 2015

**Schools Budget Summary****2015-16**

	£000
<b>Dedicated Schools Grant</b>	241,245
<b>Use of DSG and other reserves</b>	895
<b>Total Grant Funding</b>	<u><b>242,140</b></u>
<b>Schools Budget Base Expenditure</b>	179,153
Add back 2014-15 Academy and High Needs baseline	61,444
Increase top slice for Carbon costs	40
Top slice for School Licences	100
	<u><b>240,737</b></u>
<b>Change in ISB costs</b>	
Net falling rolls	(61)
Net Headroom / growth	410
Transfer Birkenhead Girls Academy	3,656
Transfer re additional licence costs	(80)
Early Years provision for 2 year olds	(596)
Early Years Pupil Premium	357
	<u><b>3,686</b></u>
<b>Changes in SEN / High Needs Costs</b>	
Increase in Special School Places	163
Reduction in Resources Base places (FYE)	(50)
Special School / EMAP top ups	181
Independent Special School Top Ups	88
Home Tuition Service	50
SEN Support	(10)
High Needs Contingency	(105)
	<u><b>317</b></u>
<b>Other Changes in Central Costs</b>	
Increase (inflation) re PFI contracts	150
Reduced Council Contribution	(2,300)
Other	(13)
	<u><b>(2,163)</b></u>
<b>Total Schools Expenditure</b>	<u><b>242,577</b></u>
<b>Net Schools Budget</b>	<b>437</b>

**EDUCATION - SCHOOLS**

	Base Estimate 2014-15 £	Base Estimate 2015-16 £
<b>Individual Schools Budget</b>		
Primary Schools	92,497,800	96,985,000
Secondary Schools	30,618,500	89,652,800
Special Schools	8,500,300	9,793,400
SEN Bases	2,006,000	2,816,800
EMAP (formerly WASP)	640,000	733,400
Wirral Hospital Schools	1,352,300	1,352,300
Early Years	15,551,000	15,406,500
<b>Individual Schools Budget Total</b>	<b>151,165,900</b>	<b>216,740,200</b>
<b>Central School Costs</b>		
Early Years	489,700	405,300
Admissions	365,400	341,800
School closure / retirement costs	326,000	126,000
Licences and subscriptions	152,000	250,000
Schools Forum	10,600	10,600
School Harmonisation costs	450,000	-
Contribution to Combined Budgets	2,336,200	2,114,800
PPM	449,000	249,000
PFI Affordability Gap	2,586,500	2,736,500
<b>Costs delegated to schools</b>		
Library Service	195,000	-
Insurances	57,700	-
Minority Ethnic Achievement Service	260,400	-
School Specific Contingencies	107,500	-
Special Staff Costs	673,200	-
School Meals	13,900	-
Behaviour Support	96,500	-
<b>High Needs Pupils</b>		
Statements	4,648,500	4,448,500
SEN Top Ups	8,881,500	8,445,800
Independent Special Schools	3,295,200	3,383,300
Home Tuition	251,400	301,400
Indep School Places and Maintained 6th Forms		942,000
Support for SEN	2,282,700	2,022,700
Special School Transport	58,200	58,200
<b>Non delegated School Costs Total</b>	<b>27,987,100</b>	<b>25,835,900</b>
<b>Total School and Central Costs</b>	<b>179,153,000</b>	<b>242,576,100</b>
<b>Dedicated Schools Grant Total</b>	(175,835,000)	(241,244,700)
Use of Reserves	(1,331,500)	(894,900)
<b>Grand Total</b>	<b>1,986,500</b>	<b>436,500</b>

Note – Base Estimate 2014-15 is after academy recoupment

## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT:</b>	<b>WIRRAL BUSINESS SUPPORT SERVICES UPDATE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>SENIOR MANAGER – BUSINESS AND INVESTMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CLLR PAT HACKETT REGENERATION AND PLANNING STRATEGY</b>
<b>KEY DECISION:</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

1.1 This report updates members on the progress of Wirral Council business support initiatives and the merger of Wirral Business Partnership and Wirral Chamber of Commerce (The Chamber). Member approval is sought for the formation of a strategic business collaboration between Wirral Council and The Chamber for the delivery of the borough's business support services.

#### 2.0 BACKGROUND AND KEY ISSUES

2.1 Supporting the sustainability and growth of Wirral's businesses is a key priority within the Council's Investment Strategy which aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for Wirral residents. A critical element of the strategy is the provision of effective and co-ordinated guidance and the provision of support services to Wirral's businesses to ensure that they are fully supported to develop and grow sustainably.

2.2 Invest Wirral has attracted investments of £15.5m and secured nearly 696 jobs during 2014/15, Invest Wirral services include:

- Access to finance support;
- Wirral Business Growth Grant;
- Specialist business advice – the provision of expert guidance including one-to-one support, workshops and seminars;
- Merseyside Business Support Programme;
- A local Business Angel network to provide investment in new or fast growing enterprises;

- Wirral Business Forum - an online business communication portal providing opportunities for local inter-trading and development, with a growing membership comprising over 3,100 Wirral business people, companies, or organisations;
  - Locating business premises.
- 2.3 The use of external support and guidance can improve business skills and in turn business growth, with almost 6 in 10 SME employers who use strategic advice confirming to have improved business performance as a result. The BIS Small Business Survey found SME employers reported that business advice helped to increase sales, improve profitability and safeguard company survival. However, despite the benefits of external assistance, just 45 percent of SME employers in England had sought external advice or information on matters affecting their business.
- 2.4 Wirral Council wants to improve the take up and access to business support by local companies. The proposal is to do this by creating a single and streamlined access point for all business support in Wirral. By removing confusion in the market place and forming a strong and recognised brand for support, more businesses will engage and receive the advice they need in order to grow.
- 2.5 When operating in times of austerity and reduced resources, collaboration with key partners is vital to ensure that a high quality and effective service can be continually developed and subsequently delivered. The Chamber merged with Wirral Business Partnership in November 2013 to create a strong lobbying and business support voice for the Wirral business community and is a key partner organisation of Invest Wirral.
- 2.6 Wirral Council recognizes the role that the private sector can play in leading enterprise growth and delivering support services and is proposing to work in close collaboration with The Chamber in pursuit of evolving and improving business support service delivery and increasing its effectiveness.
- 2.7 Wirral Business Partnership was created in March 2013 through an amalgamation of Egerton House (Wirral) Ltd and Wirral Investment Network (WIN). Members agreed (29<sup>th</sup> November 2012 Min 139) to the Leader of the Council and the Strategic Director of Regeneration and Environment to join the board of Wirral Business Partnership, which, following the merger to Chamber status have now been transferred into the board of the Chamber. Due to this appointment on The Chamber board Wirral Councils Strategic Director for Regeneration and Environment has not been involved in the development of the proposed collaboration which has instead been led by the Senior Manager – Business and Investment.

2.9 The Chamber board comprises key, high level, successful and influential members from companies and organisations within both the public and private sectors. Its board members are made from the following people:

- **Asif Hamid (Chair)** : CEO, The Contact Company and Deputy Chair of Liverpool City Region Enterprise Partnership
- **John Syvret C.B.E.**: Chief Executive, Cammell Laird
- **Sue Higginson**: Principal, Wirral Metropolitan College
- **John Robinson**: Chairman, Scantec Personnel
- **Elaine Owen**: Managing Director, Designated Associates and Chair of the North West Women's Enterprise Forum
- **David Prior**: Egerton House (Wirral) Limited
- **Patrick McCarthy**: Deputy Chief Executive, Magenta Living
- **Alastair Gould**: Managing Partner, McEwan Wallace
- **Councilor Philip Davies**: Leader of the Council, Wirral Council
- **Kevin Adderley**: Strategic Director Regeneration and Environment, Wirral Council

2.10 The Chamber is actively growing its membership subscriptions and becoming more visible in its approach to proactively supporting the requirements and aspirations of its members. This is carried out through the provision of support services and its marketing and business profiling on behalf of its membership. It has a clear objective to become the key and most effective Chamber of Commerce in the Liverpool City Region.

2.11 The Chambers services include:

- Providing a voice for and on behalf of the private and social enterprise sector in Wirral, to articulate the needs of the business community and how jobs can be achieved;
- Delivering business start support including an online resource centre, business start advice and funding;
- Providing an all encompassing export hub including export documentation, advice and funding;
- Organising and encouraging local businesses to participate in overseas trade missions;
- Delivering support activities, workshops and events to promote and develop business enterprise in Wirral;
- Developing and managing a creative portfolio of managed business workspace to encourage new and existing company growth;
- Actively promoting business success stories from the local business community through strong and effective marketing, local and regional media resources and social media campaigns;
- Developing a Crime Reduction Programme which will encourage prevention and awareness.

- Training and up skilling of local workers and residents
- 2.12 Invest Wirral (the Council's business support team) and The Chamber both share a common agenda, which is to support the creation of employment opportunities, increase investment delivery, and encourage indigenous and inward business growth to improve its residents and its businesses economic prosperity. The current services of both teams complement each other however, there could arise some confusion amongst potential clients who need some clarity as to the differences in support offered.
- 2.13 In 1993, when Egerton House was refurbished it was developed under the umbrella that it comprised a mix between small private sector companies which could occupy space and have a location in which to grow, but also was home to what was referred to as a 'one stop business shop' This proved effective as all the main business support bodies of the day – Merseyside Development Corporation, Business Link, Wirral Chamber, DTI, Wirral Council etc, were under one roof and provided a single point of contact for business support and information. In 2015, a simpler model of this in the delivery of one voice business support in Wirral would be the collaboration between its two key bodies, Invest Wirral and The Chamber.
- 2.14 It is recommended the formation of a collaborative and powerful business team should be formed which would provide a simple, but significant and effective business support service. This would bring together Invest Wirral's and the Chambers respective expertise, experience, resources and strengths which would serve Wirral and its business community with a more proactive and concise support message.
- 2.15 It is clear that to compete with regional neighbours in a smaller but more competitive global investment marketplace Wirral needs to have clear and concise message being sent to investors and businesses alike and the formation of a strong, committed single body in the Borough will help to spread this message.
- 2.16 While resources at both Wirral Council and The Chamber are relatively limited, there would be strategies developed in which these resources could be pooled and used more effectively. The suggested collaboration is the most efficient way to achieve this.
- 2.17 The direct benefits of the collaboration would bring a reduction in general operational costs and overheads and a stronger, improved, and efficient service for Wirral residents and businesses.

- 2.18 The new public and private sector partnership would operate under the strength and globally recognised Chamber brand and would be a direct access point for all business support in Wirral.
- 2.19 In contributing to the proposed working arrangements The Chamber would fund operational costs including, rent, telephone landlines and meeting rooms etc. Creating a saving of £25,000 for Wirral Council. There are no other monetary terms associated with the collaboration agreement.
- 2.20 Invest Wirral staff would continue to be managed by Wirral Council within the Investment Strategy Team and will continue to deliver current and new Council business support initiatives.
- 2.21 A collaboration agreement has been drawn up by legal services covering the division of non-financial resources and a data sharing protocol between both organisations.

### **3.0 RELEVANT RISKS**

- 3.1 By not forming this collaboration and continuing to operate independently the risks are not only duplication and poor resource allocation but two organisations competing and working for their own agenda rather than that of the wider business community. At stake are more jobs, investment, better service provision and a strong foundation for Wirral's future growth.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Two other options have been considered and deemed unsuitable including a secondment of the current Wirral Council business support team or a full outsourcing of the service.
- 4.2 The secondment of 6 Wirral Council business support staff into Wirral Chamber of Commerce was considered. Although, this would fulfil the objective of a single access point, it does however, surrender some of Wirral Councils control in how the service is delivered. Creating a clear single access point for support is imperative; however, it is also vital that Wirral Council maintains an impartial business support service that is available to all businesses in Wirral not just Chamber members.
- 4.3 The full outsourcing of services with potential TUPE of staff was also looked at. This was deemed unsuitable due the limited flexibility that would result from procuring services and signing a services contract. At the moment Wirral Councils business support team adapts quickly to the needs of its businesses and can help any business with various requirements. This flexibility and impartiality has been the conduit for

building trust and relationships between the current business support team and many local businesses.

## **5.0 CONSULTATION**

- 5.1 This report is consistent with the principles of Wirral's Investment Strategy, which provides the framework for business support activity and this has been reviewed following an extensive consultation with partners. The development of the proposals has also been informed by the consultation which has taken place with a number of private sector partners and members of The Chamber Board.

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

- 6.1 None as a result of this report.

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

- 7.1 The collaboration agreement between Wirral Council and Wirral Chamber will create a financial saving of £25,000 for Wirral Council through a reduction in operational costs for Invest Wirral. This saving forms part of the pre-agreed efficiency savings already built into the 2015-16 budget.
- 7.2 The current Invest Wirral staff will continue to be employed and managed by Wirral Council.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 A Collaboration Agreement has been drawn up and approved by the Head of Legal Services.

## **9.0 EQUALITIES IMPLICATIONS**

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

(a) Yes and impact review is attached

This links to the existing EIA conducted for Wirral's Investment Strategy  
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

## **10.0 CARBON REDUCTION IMPLICATIONS**

- 10.1 None

**11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 None

**12.0 RECOMMENDATION/S**

12.1 It is recommended that members approve the formation of a collaboration agreement between Wirral Council and The Chamber to deliver all business support services in the Borough.

12.2 The Head of Legal and Democratic Services be authorised to sign a legal collaboration agreement between the Council and The Chamber upon the content of this report.

**13.0 REASON FOR RECOMMENDATION**

13.1 To enhance the delivery of business support activity within the Borough by supporting the partnering of two key business support teams to form a single point of contact for all business support services in Wirral.

**REPORT AUTHOR: Gemma Stewart**

**REFERENCE MATERIAL**

**Appendix 1 – Collaboration Agreement**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet – Egerton House</b>	<b>29<sup>th</sup> November 2012</b>

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2014

(1) **WIRRAL METROPOLITAN BOROUGH COUNCIL**

and

(2) **WIRRAL CHAMBER OF COMMERCE**

**FIRST DRAFT FOR DISCUSSION WITH THE COUNCIL**

**COLLABORATION AGREEMENT**

**DWF LLP  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA**

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**THIS AGREEMENT** is dated

2014 and made between:

- (1) **WIRRAL METROPOLITAN BOROUGH COUNCIL** of Town Hall, Brighton Street, Wallasey, Wirral, CH44 8ED (the **Council**);
- (2) **WIRRAL CHAMBER OF COMMERCE** of Egerton House, 2 Tower Road, Birkenhead CH41 1FN (the **Chamber**).

**BACKGROUND:**

- (A) The parties agree to enter into this Agreement to promote and encourage the use of business support services provided by both the Council and the Chamber to businesses located in Wirral.
- (B) The Council enters into this Agreement pursuant to section 1 of the Localism Act 2011 which provides a power for the Council to do anything which individuals generally may do, and section 111 of the Local Government Act 1972 which provides a power for the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of the Council's functions.
- (C) The parties agree that the provisions contained in this Agreement are intended to govern the relationship between the parties in relation to the collaboration.

**IT IS AGREED**

**1. Interpretation**

- 1.1 Clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement.
- 1.2 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.
- 1.3 References to clauses and Schedules are to the clauses and Schedules of this Agreement and references to paragraphs are to paragraphs of the Schedules.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 A reference to any party shall include that party's employees, representatives and permitted assigns.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to writing or written includes fax and e-mail.
- 1.9 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.

1.10 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.11 Any reference to this Agreement terminating shall, where the context requires, include a reference to this Agreement terminating by expiry.

## 2. **Commencement and Duration**

2.1 This Agreement shall commence on [insert date following Cabinet approval and call-in] January 2015 and shall continue, unless terminated earlier in accordance with this Agreement, until 31 December 2018 when it shall terminate automatically without notice.

## 3. **Council Obligations**

3.1 The Council will fund six (6) of its Council employees who will work to deliver the collaboration objectives and the outputs.

3.2 The Council's team will represent the Council's business engagement activities and will proactively raise awareness of the Council and the Chamber's business support services. Its general activities will include:

- (a) visiting businesses in Wirral to assess their needs and to assist these businesses with the removal of any barriers to growth;
- (b) increasing membership of the Business Wirral online procurement portal and business membership of the Chamber;
- (c) organising business networking and conference events;
- (d) delivering business support workshops;
- (e) providing information on available commercial property and land in Wirral;
- (f) providing weekly business news broadcasts;
- (g) identifying and delivering access to finance support for businesses with investment proposals;
- (h) providing support services to enable businesses to export and access new markets; and
- (i) acting as the first point of contact for all business related issues facing companies in Wirral.

## 4. **Chamber Obligations**

4.1 The Chamber will:

- (a) provide office space for the current Invest Wirral staff;
- (b) design all marketing materials for the collaboration;

- (c) fund marketing materials to raise awareness of the parties' business support services;
- (d) ensure that the Chamber CEO will provide day-to-day support to the Team Leader (a Council officer) of the new business support team and to the wider team during any absence of the Team Leader; and
- (e) ensure that Chamber employees will promote and raise awareness of the business support services to their members.

## 5. **General Obligations**

5.1 The parties agree that the activities and work carried out by both parties must be carried out in:

- (a) a good and workmanlike manner;
- (b) accordance with good industry practice;
- (c) accordance with the law; and
- (d) a manner which is not likely to cause harm to others.

## 6. **Collaboration Objectives**

6.1 The parties agree that their collaboration objectives are as follows:

- (a) improve the quality of business support for businesses in Wirral to lead to a generation of increased employment opportunities, increased investment and business growth in Wirral and improvement of the economic prosperity of Wirral;
- (b) create a single point of contact for the provision of business support services in Wirral to reduce confusion in the business community and increase the number of businesses in Wirral accessing the business support services;
- (c) share information and resources to ensure a professional and comprehensive service is provided to businesses in Wirral;
- (d) support the continued growth and development of a strong and influential Chamber of Commerce in Wirral by creating a collaborative and powerful business support service provider to serve Wirral businesses; and

(together these shall be known as the **Collaboration Objectives**).

## 7. **Outputs**

7.1 The parties agree to work together collaboratively to deliver the outputs set out in Schedule 1 of this Agreement.

## 8. **Joint Working**

8.1 The parties agree to work together collaboratively to deliver the agreed outputs detailed at Schedule 1 of this Agreement.

- 8.2 Both parties agree to act in good faith to each other to deliver the Collaboration Objectives.
- 8.3 The parties may decide to disclose (subject to procurement, data protection and confidentiality restrictions) to each other all relevant information, data, documents, reports and opinions with respect to the work carried out as part of the collaboration.
- 8.4 The parties agree to take on, manage and account to each other for the performance of their respective roles and responsibilities.
- 8.5 The parties agree to each deploy appropriate resources to the collaboration and one party shall not be expected to disproportionately complete the work involved.
- 8.6 Regular meetings will take place between the Team Leader (Council Officer) of the new business support team and a senior officer from the Council to ensure operational tasks adhere to Council protocols and to ensure the interests of the Council are represented.
- 8.7 The Chamber CEO will have regular meetings with the Director of Regeneration and Planning of the Council to ensure that the strategic objectives of both parties are aligned.
9. **Branding**
- 9.1 Council employees that are part of the collaboration will have joint Council/Chamber branded business cards and e-mail signatures. The name **Invest Wirral** will no longer be used by the Council team responsible for the current provision of business support services. The new team will be known as the **Business Support Team** sitting in Wirral Chamber.
- 9.2 All marketing material promoting any joint Council/Chamber services must include both the Council's and the Chamber's logos. Final sign off for marketing materials will be given by the CEO of the Chamber and the Team Leader (Council Officer) of the new business support team to ensure both organisations are represented fairly.
10. **Governance**
- 10.1 Both parties recognise that they must act in accordance with:
- (a) their own policies;
  - (b) statutory functions;
  - (c) constitutions; and
  - (d) legal obligations.
- 10.2 The Council's Director of Regeneration and Planning will have ultimate responsibility for the activities of the new Business Support team. All activities will be agreed in collaboration with the CEO of Wirral Chamber of Commerce.
- 10.3 If the Chamber would like to add or amend the agreed activities carried out by the team, permission should be sought from the Council.

## 11. Procurement

11.1 Both parties recognise that the Council is a contracting authority for the purposes of the Public Contracts Regulations 2006 (the **Regulations**). The Council shall ensure that any procurements are concluded in accordance with the Council's constitution and/or the formal procurement procedures specified in the Regulations.

11.2 Any procurement procedures will be carried out in accordance with the following principles:

- (a) the Council shall treat all bidders equally, transparently and without discrimination;
- (b) the confidential information of bidders for Council contracts shall remain confidential to the Council (and will not be shared with the Chamber), as the Council cannot allow a situation whereby any confidential information submitted by third party bidders is accessed or viewed by Chamber employees;
- (c) evaluation of any bids must take place in accordance with the disclosed evaluation criteria and must be completed by Council employees;
- (d) Council employees will not discuss applications in communal spaces or with any employees of the Chamber at all. All procurement matters will be conducted in Council buildings outside of Egerton House; and
- (e) confidentiality agreements will be signed by the Council employees involved in any procurement processes to safeguard against any leakage of confidential information.

11.3 The parties agree that the Chamber may wish to bid to provide certain services that are put to the market by the Council and the Chamber will be treated the same as any other bidder to provide services.

11.4 In the event that the Chamber bids for any contract being procured by the Council, Council employees shall ensure that:

- (a) they do not in any way assist the Chamber in any aspect of the procurement process, including (but not limited to) the preparation of any documents related to the procurement process; and
- (b) any employees working in collaboration with the Chamber do not assess, evaluate or approve any documents submitted by the Chamber.

## 12. Loans and Grants

12.1 Both parties acknowledge that the Council, may offer loans or grants to businesses in Wirral. The parties further acknowledge that the Chamber may be eligible to apply for a loan or grant from the Council and shall be treated in the same as any other applicant for such loans and grants from the Council.

12.2 Both parties shall have in place appropriate safeguards and decision-making protocols to ensure that a conflict of interest does not arise whereby a Council employee or elected member makes, or assists with the preparation of, an application for a loan or grant which he or she will subsequently evaluate or approve.

13. **Dispute Resolution Procedure**

13.1 If any dispute arises out of, or in connection with this Collaboration Agreement, the parties shall follow the procedure set out at Schedule 2.

14. **Termination**

13.1 Without affecting any other right or remedy available to it, either party may terminate this Agreement with immediate effect by giving written notice to the other party.

15. **Data Sharing**

15.1 The parties shall comply with the data sharing arrangements set out in Schedule 4 (Data Sharing).

16. **Freedom of Information**

16.1 The parties acknowledge that the Freedom of Information Act 2000 (“**FOIA**”) applies to the Council. The Council has obligations and responsibilities under FOIA to disclose, on written request, recorded information held by the Council. Although reasonable endeavours will be used to hold confidential any information provided as part of the collaboration, if required, the Council may have to disclose information in response to a request, unless the Council decides that one of the statutory exemptions under FOIA applies. The decision as to which information will be disclosed is reserved to the Council, notwithstanding any consultation with the Chamber.

16.2 The parties accept that this will apply to projects on which the Council works with the Chamber as part of the collaboration.

16.3 In certain circumstances, and in accordance with the Code of Practice issued under section 45 of FOIA or the Environmental Information Regulations 2004, the Council may consider it appropriate to ask the Chamber for its views as to the release of any information before a decision on how to respond to a request is made. In dealing with requests for information under FOIA, the Council must comply with a strict timetable and the Council would, therefore, expect a timely response to any consultation within two working days.

17. **Marketing and Publicity**

17.1 The consent of both parties is necessary before any press announcements or publications are made relating to the collaboration.

17.2 Both parties agree to review and approve/reject the content of any press releases/publicity before they are communicated to third parties.

18. **Conflicts of Interest and Gifts and Hospitality**

18.1 The parties accept that Council employees may be requested to attend events, dinners and conferences funded by the Chamber, where there is a genuine need for Council employees to exchange or impart information or represent the Council when engaging businesses.

18.2 This hospitality will be corporate rather than person and Council employees shall ensure that they comply with both the Council's Conflict of Interest Policy and the Gifts and Hospitality Policy and Procedure set out in Schedule 3.

**19. Entire Agreement**

19.1 This Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous drafts, agreements, arrangements and understandings between them, whether written or oral, relating to its subject matter.

19.2 The parties may not rely on other documents, oral agreements or representations as to the operation of the collaboration unless such obligations are covered in the agreement.

19.3 Each party agrees that it shall have no remedies in respect of any representation or warranty (whether made innocently or negligently) that is not set out in this Agreement. No party shall have any claim for innocent or negligent misrepresentation based on any statement in this Agreement.

**20. No Partnership**

20.1 Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership between the parties, or authorise any party to make or enter into any commitments for or on behalf of the other, except to the extent that such commitments are set out in the Agreement and relate exclusively to the collaborative work undertaken by both parties under this Agreement.

**21. Governing Law and Jurisdiction**

21.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England.

21.2 Each party irrevocably agrees that, subject to clause 13 (Dispute Resolution Procedure), the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

**22. Third Party Rights**

22.1 A person or entity which is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties Act) 1999 to enforce any term of this Agreement.

**23. Counterparts**

23.1 This Agreement may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

24. **Variation**

24.1 No variation of this Agreement shall be effective unless it is signed by the parties (or their authorised representatives).

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## **SCHEDULE 1**

### **Agreed Outputs**

The new business support partnership will work to deliver the following outputs each year:

1. create and safeguard 925 full time jobs;
2. facilitate £16 million in private sector investment; and
3. engage with 500 businesses in Wirral.

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## SCHEDULE 2

### Dispute Resolution Procedure

1. If any dispute arises out of, or in connection with this Collaboration Agreement, the parties shall follow the procedure set out below.
2. Either party shall give to the other written notice of the dispute, setting out its nature and full particulars, together with relevant supporting documents. On receipt of this written notice, the other party shall attempt in good faith to resolve the dispute.
3. If the parties are unable to resolve the dispute within 30 days of receipt of the written notice as detailed in (1) above, the parties shall attempt to settle the dispute by mediation in accordance with the Centre for Effective Dispute Resolution (**CEDR**) Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator will be nominated by CEDR. To initiate the mediation a party must give notice in writing (**ADR Notice**) to the other party to the dispute requesting a mediation. A copy of the request should be sent to CEDR. The mediation will start no later than 14 days after the date of the ADR Notice.
4. If the mediation is not resolved within 28 days after service of the ADR Notice, the dispute shall be finally resolved by the courts of England and Wales.

**SCHEDULE 3**

**The Council's Conflict of Interest, and Gifts and Hospitality Policies and Procedures**

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**SCHEDULE 4**

**Data Sharing**

[To be inserted]

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**SIGNATURE PAGE**

Executed as a Deed )  
by the affixing of the Common Seal of )  
**WIRRAL METROPOLITAN BOROUGH COUNCIL** )  
in the presence of: )

.....  
Authorised Signatory

.....  
Name (in block capitals)

Executed as a Deed )  
by **WIRRAL CHAMBER OF COMMERCE** )  
acting by a director in the presence of: )

.....  
Director

.....  
Witness Signature

.....  
Witness Name (in block capitals)

.....  
Witness Address

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## WIRRAL COUNCIL

### BUDGET CABINET 10 FEBRUARY 2015

<b>SUBJECT:</b>	<b>CARBON BUDGET 2014/15</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF UNIVERSAL &amp; INFRASTRUCTURE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR BERNADETTE MOONEY</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 2014/15 (Appendix A) and the revisions that are required to meet Corporate Goals for 2015/16.
- 1.2 Council requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to prepare carbon budgets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget.
- 1.3 The Corporate Plan 2013 – 2016 states that we should spend less on ourselves and obtain best value for every penny we spend. In the portion relating to Asset Management, the Transformational Projects report (Cabinet 23 May 2013, Minute 249 refers) identifies: the lowering of building running costs; carbon output; and associated penalties as measures that will deliver budget savings through reduced running costs. The Carbon Budget process promotes these aims.
- 1.4 The Carbon Budget is not a statutory requirement but is Wirral's only method of managing CO2 emissions in order to reduce our carbon footprint and the costs associated with it.
- 1.5 Carbon Budget performance figures were used to provide evidence for the 2014 Grant Thornton Value for Money report. Together with progress on the 'Cool Wirral' initiatives they contributed to a green rating for Management of Natural Resources and a positive overall assessment.
- 1.6 The Carbon Budget is not financial but meeting the annual targets will have an impact on costs. Reductions in carbon emissions are achieved by reducing energy use and there are financial savings that will be made from the avoided costs of energy and Carbon Reduction Commitment (CRC) allowances.

1.7 This report does not contain exempt information.

## **2.0 BACKGROUND AND KEY ISSUES**

### **2.1 Background**

2.1.1 Members requested that a Carbon Budget be established (Council 14 December 2009, Minute 77 refers). The resolution included instructions to:

- Establish the Council's carbon footprint and quantify tonnes of CO<sub>2</sub> emitted as a direct result of Council operations for 2010 onwards;
- Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
- Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.

2.1.2 Since the Carbon Budget was approved by Cabinet on 22 February 2010 (Minute 335 refers) the method of apportioning emissions between Departments has altered to reflect the Asset List by service responsible for a site or building. Total emissions were not affected. This will alter further as the Asset List is updated to reflect organisational changes that are taking place.

2.1.3 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.

2.1.4 Carbon emission figures for a twelve month period are calculated every six months. This information is used to compile a performance report and is used to encourage Departments to meet their carbon target and so aid the carbon management process. For the purposes of reporting on the carbon budget, the most recent carbon reporting period is used. In this case it is the reporting period from 1 October 2013 to 30 September 2014.

2.1.5 The Carbon Budget is made up of two parts:

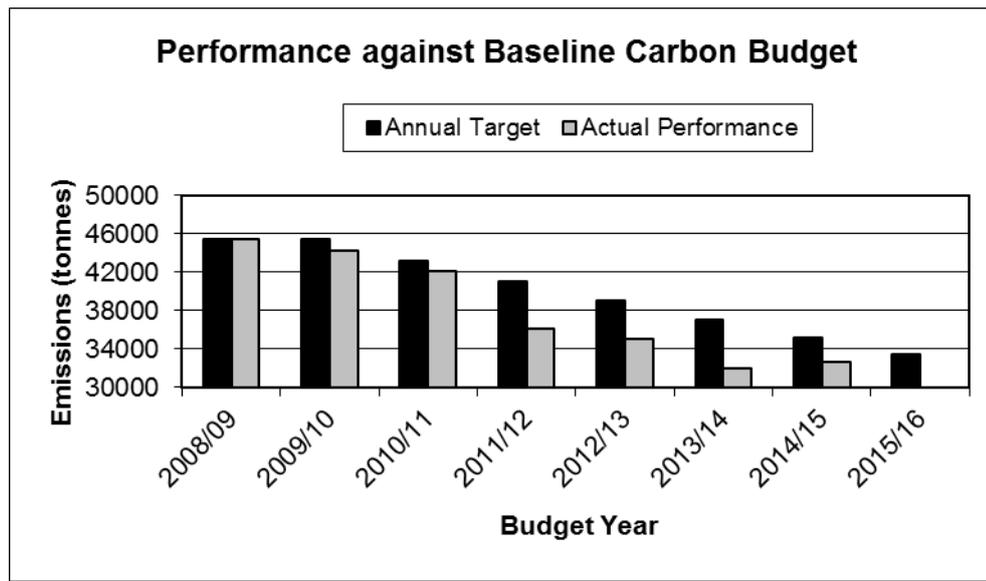
- The Corporate Target which is based on the average annual reduction that is needed to meet the goal of reducing carbon emissions by 60% by 2025.
- Departmental Performance which is calculated from actual energy consumption. Annual Departmental targets are modified to reflect changes in the Council's estate and underperformance in previous years.

### **2.2 Corporate Target**

2.2.1 The Corporate target is based on the aim of reducing emissions of CO<sub>2</sub> by 60% by 2025. The first carbon footprint was calculated for the 2008/09 financial year as 45,481 tonnes CO<sub>2</sub>. This is the baseline figure on which

corporate targets are based. In order to achieve the reduction within the required timescale, an average year on year reduction of approximately 5% is required in order to achieve a 2025/26 carbon footprint of 18,192 tonnes CO<sub>2</sub>.

2.2.2 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010 and 18 February 2013. To date, the rate at which emissions have been reducing has exceeded that which is required to meet the 60% reduction target by 2025.



2.2.3 The corporate target for 2014/15 is 35,192 tonnes CO<sub>2</sub>.

2.2.4 Wirral's calculated carbon footprint for the period 1 October 2013 to 30 September 2014 is 32,585 tonnes (Appendix A). If this does not change due to adverse weather or other factors (e.g. property acquisitions or major losses of plant efficiency), the corporate performance targets will be met for the current financial year 2014/15 and for the next financial year.

2.2.5 It is acknowledged that the Council is undergoing significant changes and will continue to do so over the next two years at least. In spite of these changes there is no reason why the corporate carbon footprint targets cannot be retained in a form that clearly leads towards reaching the 2025 goal.

### 2.3 Departmental Performance

2.3.1 Members directed that the Carbon Budget progress be presented on a departmental level and reported to Cabinet. At present, the Council is going through a process of restructuring. Organisational changes are in progress and are not yet recorded on the Asset List. The Carbon Budget will be updated to align to the emerging structure as soon as possible.

- 2.3.2 The performance target differs from the corporate target as it only presents carbon emissions and targets for the assets that remain in the Council's portfolio.
- 2.3.3 As an interim measure, in compliance with Members' instruction, targets and performance figures are included as Appendix A to align with the old structure as recorded on the Asset List. Taking account of the performance over the year 1 October 2012 to 30 September 2013, total emissions are calculated to be 15.31% higher than the 2014/15 performance target.
- 2.3.4 Actual emissions for 1 October 2013 to 30 September 2014 are 2,484 tonnes lower than those reported for the same 2012/13 period on 12 February 2013. Projects, community asset transfers and planned sale of assets realised before 31 March 2014 will also contribute to reducing the present shortfall.
- 2.3.5 It is recommended that the Departmental targets determined by the performance calculation method consistent with previous years be approved for the 2014/15 financial year on the understanding that the carbon budget method will be subject to review following organisational changes and the reduction in staff numbers and assets.

## **2.4 Current Initiatives**

- 2.4.1 Cabinet of 14 December 2009 directed the annual Carbon Budget report include progress against measures and projects to reduce energy use and carbon emissions. The current financial pressures mean that some proposed work may not go ahead in which case the planned carbon reductions will not be realised. However, it is relevant to demonstrate that the Council is planning to meet long term goals:
- The Street Lighting Strategy approved by Cabinet on 9 October 2014 (Minute 68 refers) includes an action plan that could result in reductions in: energy consumption; running costs and carbon emissions. Projections suggest that, if fully implemented, replacement of identified HID (High Intensity Discharge) lamps with high efficiency LED (Light Emitting Diode) lamps will reduce the annual carbon footprint by over 1,500 tonnes. This could be increased to 1,700 tonnes with the implementation of the proposed dimming regime using the Centralised Management System (CMS). Actual reductions will depend upon the pace and extent of implementation.
  - Planned Asset transfers and sales could further reduce the carbon footprint. The emissions reductions achieved will depend on the completion of the transfers.
  - The annual impact from the installation of 9 solar photovoltaic (PV) systems on Council Buildings completed in the last quarter of the 2013/14 financial year is projected to be 78 tonnes CO<sub>2</sub> annually.
  - The installation of Voltage Optimisation equipment at two sites is reducing the carbon footprint by over 88 tonnes.
  - Other projects, initiatives and service reviews that are in progress will also impact on carbon emissions. These include, but are not limited to:

the Windows 7 Upgrade; Office Rationalisation; boiler replacement programme and the Capital Programme.

- 2.4.2 The scheduled quarterly attendance at each Department's Departmental Management Team (DMT) meetings was suspended over the restructuring period. Changes in the Asset Management section were only completed in October 2013. This programme will be reinstated at the earliest opportunity and as organisational changes dictate.
- 2.4.3 It was agreed on 31 July 2012 to proceed with the development of an energy and carbon management framework that will comply with ISO 50001 (Energy management systems). This will clarify roles and responsibilities and give clear directions to achieve the structural carbon savings required. The system will be tailored to the Council's changing needs in order to drive down emissions, control costs and reduce risks. The development of the system has been delayed due to structural reorganisation. Work has started on a compliant Energy Management Policy that will provide the foundation of the system as required by the standard.
- 2.4.4 Training sessions for Building Attendants/Caretakers aimed at improving the flow of information back to Management on issues around maintenance of equipment and plant and identified energy inefficiencies and waste will continue as resources permit. It is intended that the potential for a suitable e-learning module will be evaluated. An implementation plan will be developed if the concept is shown to have a positive impact.
- 2.4.5 The Council intranet now includes a section entitled 'Becoming a Greener Council' under the 'Business Support' heading. This is available to all with intranet access and includes general advice on energy efficiency and how to complete the Carbon Reduction and Environmental Implications section of the standard report template.
- 2.4.6 Schools have been supported through Governor and Bursar training sessions and input to the "Eco-Schools" initiatives.
- 2.4.7 Individual building energy information is available via the energy database web access. It is also planned to include this information in the new Asset Management System. These will provide energy and carbon emission information that can be used to manage performance. Access to this information is accepted as good energy management practice and will become critical if the Council decides to adopt a Corporate Landlord/Tenant approach to its estate.
- 2.4.8 Departmental Management Teams have been provided with a series of actions on improving energy efficiency to communicate to their staff in the past. This will be reinstated at the earliest opportunity once new Departmental responsibilities are reflected in the Asset List
- 2.4.9 Report Authors are required to report carbon reduction implications due to projects and actions they have planned. Guidance on completing this section of the standard report template has been circulated and is available

on the Council Intranet. If the 'Carbon Reduction and Environmental Implications' of the standard report template is properly completed, this process should be simple and straightforward.

- 2.4.10 The Carbon Budget is not the only emissions reporting mechanism. Wirral Council also reports emissions for the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, and the Annual Greenhouse Gas Emission reports. Each reporting scheme differs in scope, emissions covered and measure reported. The CRCEES is the Government scheme that is the most closely regulated.

### **3.0 RELEVANT RISKS**

- 3.1 The greatest risk is not meeting the required corporate targets set out in the carbon budget. Failure to meet targets will mean that energy costs and CRCEES charges could increase.
- 3.2 There is a risk that individual departments may not meet their targets. The Sustainability Unit will continue working with Management and staff over the restructuring period to help meet the carbon reduction targets and reduce this risk which also carries financial implications.
- 3.3 The absence of an effective carbon management system to deliver the Carbon Budget increases the risk of not meeting the targets that support the Corporate Plan. The agreed introduction of an ISO 50001 compliant energy management system will reduce this risk.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Regular reporting on the Carbon Budget on a departmental basis is based on the Council Resolution passed on 14 December 2009. The only other option is to do nothing which is not a reasonable alternative as it would increase the risk of increasing financial costs of the CRC and energy through the absence of any form of management.

### **5.0 CONSULTATION**

- 5.1 The Sustainability Unit is now within Universal and Infrastructure Services and will engage with the renewed Management structure as it develops in order to consult, assist and inform on how to achieve carbon targets. This process will be informed by the new Asset Management system.

### **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 As this is a performance report, there are no outstanding actions.

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

- 7.1 The setting of the Council's Carbon Budget has no direct implications for voluntary, community and faith groups.

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

8.1 There are no direct financial implications arising from this report as it considers CO<sub>2</sub> emissions alone. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost.

8.2 The table below shows the estimated financial impact of reducing emissions reported for CRC by 5% a year from a 2010/11 baseline in order to illustrate the magnitude of the saving associated with that scale of emissions reduction. The calculations assume that energy unit prices remain fixed at 2.5p/kWh for gas and 12p/kWh for electricity and that the CRCEES allowance charge remains at £12/tonneCO<sub>2</sub>. It is also assumed that the ratio of gas to electricity consumption is stable. No account is taken of inflation. CRC emissions differ from those reported for the Carbon Budget because of the regulations covering their submission so the figures below are only indicative of the scale.

<b>Financial Year</b>	<b>Projected cost saving at current rates from 2010/11 baseline</b>			
	<b>CRC</b>	<b>Electricity</b>	<b>Gas</b>	<b>TOTAL</b>
<b>2013/14</b>	£21,865	£226,822	£111,313	£360,000
<b>2014/15</b>	£20,772	£215,481	£105,748	£342,001
<b>2015/16</b>	£19,733	£204,707	£100,460	£324,900
<b>TOTAL</b>	£62,370	£647,010	£317,521	£1,026,901

8.3 There are no IT implications arising directly from this report. However, it should be noted that IT systems and infrastructure contribute directly to emissions as they use energy. It is anticipated that the Windows 7 upgrade will permit a greater degree of energy management for IT.

8.4 There are no staffing implications arising directly from this report but it should be noted that employees' efficient and effective use of energy is vital to improving performance.

8.5 The rationalisation of the Council's estate will assist in reducing carbon emissions. Reducing energy consumption and improving efficiency of its use will also help to control energy costs.

## **9.0 LEGAL IMPLICATIONS**

9.1 There are no direct legal implications arising from this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 The potential impact of the proposal has been reviewed with regard to equality and it is concluded that there is no relevance to equality.

## **11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

- 11.1 Reducing Wirral's expenditure by spending less on ourselves has been identified as a priority in the Corporate Plan. Meeting Carbon Budget targets as set out in this report will reduce Wirral's Carbon footprint and contribute to meeting the goal. Reducing Carbon output is identified as a measure that will deliver budget savings through reduced running cost of Council assets in the Transformational Projects report (Cabinet 23 May 2013, Minute 249 refers). Carbon output will not be reduced without an effective management process that reports regularly on performance.
- 11.2 The Carbon Budget Performance chart (Item 2.2.2) shows that the Council is currently meeting annual targets to reduce emissions at a rate necessary to meet the Corporate goal of reducing emissions by 60% by 2025.
- 11.3 Actions and activities for 2014/15 that have been assessed suggest the Council could reduce CO<sub>2</sub> emissions by approximately 1,971 tonnes which would positively assist in meeting future emissions targets. However, financial, resource and other considerations could mean that some projects cannot proceed in the short term and that the carbon reductions associated with them will not be achieved.

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

- 12.1 The disposal of Council owned properties could have planning implications.
- 12.2 There are no recommendations in this report that impact on Community Safety. However, carbon, energy and cost saving measures need to be assessed individually to ensure that Community Safety is not compromised.

## **13.0 RECOMMENDATION/S**

- 13.1 It is recommended that:
- 13.1.1 Progress towards the 2014/15 target included in Appendix A is noted.
- 13.1.2 The Carbon Budget for 2015/16 included in Appendix A is approved.
- 13.1.3 The current Carbon Budget method is applied until the impacts of the corporate restructuring are assessed and reflected in the new Asset Management System and that Officers be instructed to report further to Members to recommended alterations as a result of these processes.
- 13.1.4 Managers are directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standard report template. Impacts must be reported to the Building Services and Sustainability Section to support the carbon management process.

## **14.0 REASON/S FOR RECOMMENDATION/S**

- 14.1 To set a Carbon Budget that will help the Council to meet local and national emissions targets, assist in the management and operation of the CRC and contribute to reducing energy consumption and costs.

- 14.2 To allow a review of the Carbon Budget method that will permit improvements to be implemented that will ensure it complements other mandatory schemes and removes duplication of effort.
- 14.3 Approval of interim target figures provides a performance measure aimed at achieving the long term corporate carbon reduction goal.
- 14.4 Reporting of carbon impact implications will support the carbon management process and reduce costs.

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## APPENDICES

Appendix A - Carbon Budget Performance Summary

## BACKGROUND PAPERS/REFERENCE MATERIAL

## BRIEFING NOTES HISTORY

Briefing Note	Date

## SUBJECT HISTORY (last 3 years)

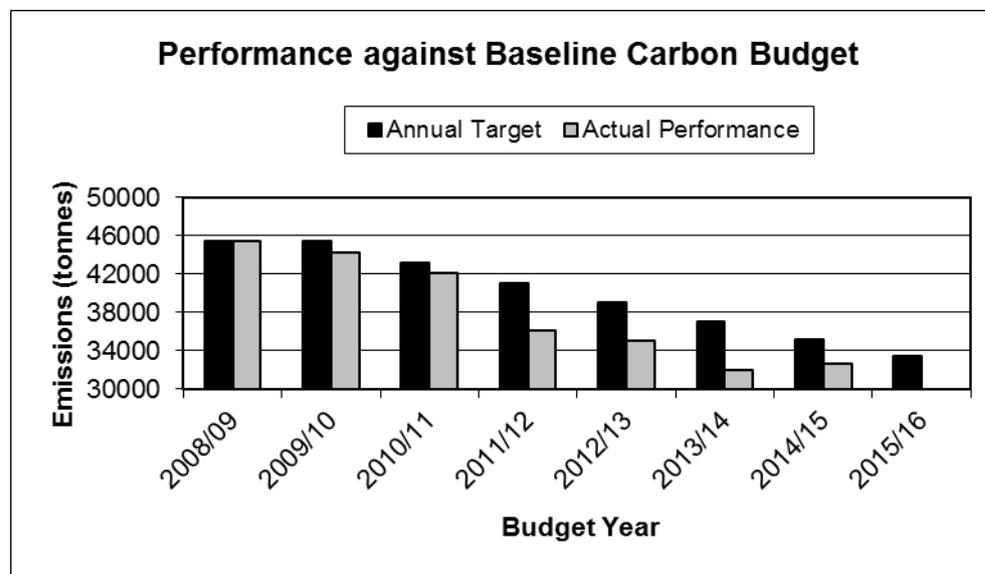
Council Meeting	Date
Council (Notice of Motion)	14 December 2009
Budget Cabinet	22 February 2010
Budget Council	1 March 2010
Cabinet	25 November 2010
Cabinet	21 February 2011
Budget Council	1 March 2011
Cabinet	14 April 2011
Budget Cabinet	21 February 2012
Budget Cabinet	18 February 2013



## Appendix A - Carbon Budget Performance Summary

### October 2013 to September 2014

The graph below shows corporate emissions of carbon dioxide (CO<sub>2</sub>) against the average annual 5% reduction that is required to meet a 60% CO<sub>2</sub> emissions reduction target by 2025.



To date, we have reduced emissions of CO<sub>2</sub> by 12,896 tonnes from a 2008/09 baseline of 45,481 tonnes, a reduction of 28.36% over 4.5 operational years.

October 2013 to September 2014 performance has already exceeded the 2014/15 Corporate emissions target by 7.41%

Although the Corporate target has been met, the mid-year figure has risen. This has been observed in previous years and is expected to be corrected by the end of the financial year. Factors that will affect performance include:

- Weather conditions.
- Continued rationalisation of the Council estate.
- Conversion of schools to Academies.
- The full impact of energy efficiency initiatives implemented from March 2013 and impact of past measures.

Financial Year	Annual Target (tonnes)	Actual Performance (tonnes)
2008/09 (Baseline)	45,481	45,481
2009/10	45,481	44,286
2010/11	43,207	42,131
2011/12	41,047	36,166
2012/13	38,994	35,052
2013/14	37,044	31,999
2014/15	35,192	32,585 (YTD figure))
2015/16	33,432	-

Note: Targets for 2013/14 onwards were agreed at Budget Cabinet 18 February 2013 (Minute 209 refers)

## Departmental Performance - October 2013 to September 2014

### Baseline Carbon Footprint (2008/09): 45,481 tonnes

The departmental performance does not reflect the emerging structures as it is based on the Asset List as instructed by Management.

The convention for reporting environmental indicators is to report absolute figures without compensating for extreme conditions. An extended period of unusually cold weather would mean a higher use of gas to maintain the same internal temperatures would have a negative impact on performance. The changing patterns of use in some buildings may account for an increase of emissions in some areas as energy services may be provided for extended periods in comparison to the baseline year.

Responsible Department	*2014/15 CO <sub>2</sub> Emissions Target (tonnes)	**Actual CO <sub>2</sub> Emissions Oct 2013 to Sept 2014 (tonnes)	*2015/16 CO <sub>2</sub> Emissions Target (tonnes)	Reduction required to meet 2015/16 CO <sub>2</sub> Emissions Target (tonnes)
<b>ADULT SOCIAL SERVICES</b>	867	662	824	43
<b>SCHOOLS</b>	9,117	10,540	7,238	1,879
<b>CYPD</b>	1,136	738	1,079	57
<b>CORPORATE SERVICES</b>	0	0	0	0
<b>LHR &amp; AM</b>	3,408	3,456	3,190	218
<b>FINANCE</b>	629	579	598	31
<b>TECHNICAL SERVICES</b>	13,102	16,610	8,939	4,163
<b>TOTAL</b>	28,259	32,585	21,868	6,391

\* When the first Carbon Budget was agreed, targets were set for the three years 2010/11, 2011/12 and 2012/13. Targets for 2013/14 onwards were approved by Budget Cabinet 18 February 2013 and have been calculated to meet long term corporate goals. Annual targets are revised at each six monthly update when available data is reviewed to compensate for: underperformance; changes in the Council's estate and meet corporate carbon emissions reduction goals. The targets above take these updates into account.

\*\*The last full twelve month period for which data is available.

## WIRRAL COUNCIL

### CABINET

10 FEBRUARY 2015

<b>SUBJECT:</b>	<b>HIGHWAY MAINTENANCE FUNDING AND STRUCTURAL MAINTENANCE PROGRAMME 2015/16</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>KEVIN ADDERLEY, STRATEGIC DIRECTOR REGENERATION AND ENVIRONMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STUART WHITTINGHAM, HIGHWAYS AND TRANSPORT</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1.0 EXECUTIVE SUMMARY

- 1.1 The Department for Transport (DfT) has written to the Council setting out the he maintenance allocation within the Local Highways Maintenance Capital Block Funding 2015/16 to 2020/21. This includes funding for the Highways Maintenance Block for Wirral totalling £3.305 million, and Cabinet is requested to accept the allocation for 2015/16.
- 1.2 The report presents both the proposed breakdown of that highway maintenance allocation between the Bridges, Lighting and Roads/Footway elements of the network and the proposed Highway Structural Maintenance Programme 2015/16, for approval.
- 1.3 The maintenance of highways is a statutory duty for the Council under the Highways Act 1980 (as amended).

#### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The highway network and other transport infrastructure assets together represent by far the largest capital asset the Council holds, and the value of replacing those assets is estimated to be £1.911 billion. The highway network for which Wirral Council is responsible comprises approximately 1,185 kilometres of road.
- 2.2 Local Highways Maintenance Capital Block Funding 2015/16 to 2020/21
- 2.2.1 Following consultation with local highway authorities and other interested bodies, DfT has established a revised methodology for calculating the allocation of highway maintenance funding for local highway authorities. DfT wrote to the Council on 4 December 2014 setting out the new methodology and confirming

the amount of highway maintenance funding including Wirral's allocation for 2015/16 and the indicative allocations for future years up to 2020/21, and a copy of the letter is shown at **Appendix 1**. Cabinet is requested to note the DfT's explanation of the new methodology and the resulting indicative allocations, and approve acceptance of the allocation of maintenance funding of £3,305,000 for 2015/16 within the Local Highways Maintenance Capital Block Funding 2015/16.

2.2.2 That £3.305 million allocation is intended for all highway infrastructure maintenance with particular emphasis on the strategic network. An assessment of the priority needs of the bridges, street lighting, roads and footways elements of the network has been undertaken and the need for maintenance improvements to lighting columns and a number of priority bridge maintenance and strengthening schemes are included within the overall programme.

2.2.3 Accordingly, Cabinet is now recommended to approve the following allocation of the maintenance block as Table 1 below.

Street Lighting	£50,000
Bridges	£550,000
Roads and Footways	£2,705,000
<b>Total</b>	<b>£3,305,000</b>

*Table 1: Allocation of the LHM Capital Programme 2015/16 Maintenance Block*

2.3 Wirral Council Funding for structural highway maintenance/improvements for Roads and Footways

2.3.1 A report on the Capital Programme 2015/2016 is received by Cabinet at this meeting and includes two further £0.5 million allocations for 2015/16 for highway maintenance improvements, funded from Council resources, for classified roads and unclassified/residential roads.

2.4 Overall summary of funding proposed for structural maintenance of Roads and Footways in 2015/2016

2.4.1 Table 2 below summarises the proposed allocations described in Sections 2.2 and 2.3.

<b>Funding Source</b>	<b>£</b>
Local Highways Maintenance Capital Block Funding 2015/16	£2,705,000
Council Capital Programme Maintenance Allocation	
- Classified Roads	£500,000
- Unclassified and Residential Roads	£500,000
<b>TOTAL</b>	<b>£3,705,000</b>

*Table 2: Summary of proposed funding allocations for structural maintenance of roads and footways in 2015/16.*

## 2.5 Network Condition and Assessment Criteria

2.5.1 In order to fulfil its duty to maintain the highway, it is necessary to consider how the Council will prioritise the maintenance schemes to be undertaken and what treatment the prioritised schemes should comprise in order to repair and prevent further deterioration of those lengths of road and footway. The following criteria are used in carrying out this analysis:

- (i) In accordance with national best practice the Council undertakes surveys of the highway network in order to determine the condition of the carriageways.
- (ii) Areas of constant repairs; mainly due to vehicle over-ride; are highlighted in the Highway Inspectors' safety inspections.
- (iii) Particular roads brought to the Council's attention, as warranting significant repair, by Constituency Committees, Ward Councillors, the public and Streetscene officers.
- (iv) Feedback from the Council's Term Maintenance Contractor regarding the suitability of different repair solutions depending on the existing road condition and use.

2.5.2 All Ward Councillors were given the opportunity to contribute to this year's programme and submit lists of roads they considered to be local priorities for significant repair. The programme of schemes is attached as **Appendix 2** where Ward Councillor priorities are denoted on those schemes with a "C".

2.5.3 From the surveys undertaken, the existing condition of the highway network is reported through a small number of former National Indicators (NI). Choices relating to structural repairs to carriageway surfacing is dependent on a number of factors including cost, traffic flows and type and the condition of the

underlying road and foundation. Certain routes require more expensive and durable surfacing whereas in other cases the priority, particularly on relatively lowly trafficked routes, is to prevent further deterioration of the road surface by sealing against ingress of water, whilst restoring skid resistance. Single Data List item 130-01, replacing former National Indicator 168, which measures the condition of Classified Principal (A) Roads has improved from 4.1% in 2009/10 to 2% in 2010/11 and has remained at 1% for the last 3 years (2012-2014).

2.5.4 Single Data List item 130-02 replacing former National Indicator 169 which measures the condition of Classified Non-Principal (B and C) Roads also improved from 4% in 2009/10 to 2% in 2010/11, remained the same at 2% in 2011/12 and improved to 1% in 2012/13. The indicator for 2013/14 has yet to be finalised with the survey to be completed in February, but it is expected that it will remain at 1%.

2.5.5 The unclassified network (formerly BVPI 224b) had deteriorated from 5% in 2009/10 to 6% in 2010/11. However, an additional surfacing programme specifically undertaken on the unclassified highway network in 2012/13, funded from the Council's Capital Maintenance Allocation, returned the condition indicator to 5% in 2011/12. This condition indicator was able to remain at 5% in 2012/2013 with the additional £0.522m funding from DfT. Once again this condition indicator has been able to remain at 5% in 2013/14 with the additional £0.279m funding from the DfT together with £0.5m from the Council's Capital Maintenance Allocation.

2.5.6 All the recorded measurements above indicate the percentage of the network that requires immediate maintenance for each classification of road.

## 2.6 Proposed Structural Maintenance Programme for 2015/16

2.6.1 The proposed Structural Maintenance Programme for 2015/16 for roads and footways is set out in the attached **Appendix 2** and has been prepared taking into account the funding described in Section 2.4 above and the priorities assessed from the criteria described in Section 2.5 above; with all of the schemes in the programme being identified from the surveys as requiring maintenance intervention now.

2.6.2 Cabinet should note that the list of schemes shown in the priority listing is greater than the proposed funding. This is to allow certainty of priority yet flexibility to extend/alter the proposed schemes to be delivered in the event that, for example, there are clashes with major utility activities, severe winter damage to certain roads, some scheme requirements/extent/costs are reduced, or less costly treatment is selected when the schemes are prepared in detail.

## 3.0 **RELEVANT RISKS**

3.1 The duty to maintain the highway is achieved in part through structural maintenance of carriageways and footways, and withdrawal or reduction of funding would mean that that duty would not be met to the same degree.

- 3.2 As with most highway authorities, the network is deteriorating, and without a structural maintenance programme to address the highest priority routes, then the network will deteriorate further, the asset value will decrease and the cost of carrying much greater maintenance at a later date will be disproportionately higher.
- 3.3 Withdrawal of funding would lead to the deterioration of the network. This would have an adverse effect on the amount of substantiated claims received by the authority for Slips, Trips and Falls together with Road Traffic Accidents.

#### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 None. The programme is based on meeting the highest priority needs within the funding available against the condition and assessment criteria.

#### **5.0 CONSULTATION**

- 5.1 Local Ward Councillors have been consulted as described in Section 2.5.

#### **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 There are a number of outstanding schemes from last year's Structural Maintenance Programme 2014/15 due to clashes with statutory undertakers. These schemes will be carried forward and are shown as being included in the 2015/16 Structural Maintenance Programme.

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

- 7.1 None identified through this report.

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

- 8.1 Financial: Schemes identified in the programme will be funded from a variety of sources as detailed in Table 2 above.
- 8.2 Staffing: Existing staff resources will be used for the detailed investigation, design and monitoring of these schemes.
- 8.3 Assets: Preventative maintenance to the highway assets will increase their residual life and asset value, and future spending will be targeted to maintain the carriageway condition indicators at their current level.

#### **9.0 LEGAL IMPLICATIONS**

- 9.1 Section 41 of the Highways Act 1980 imposes a duty on the Council, as Highway Authority, to maintain highways at the public expense.

## **10.0 EQUALITIES IMPLICATIONS**

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

(a) Yes and impact review is attached

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014/eias-regeneration-envir>

## **11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

11.1 The environmental impact of the proposed construction methods and processes contained within the programme are evaluated on a site by site basis.

11.2 Wherever practicable the use of recycling processes is encouraged to reduce the tax burden through landfill and aggregate levies and to limit the use of non-renewable resources.

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

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

## **13.0 RECOMMENDATION/S**

13.1 That Cabinet is requested to approve:

- (i) Acceptance of the £3,305,000 Local Highways Maintenance Capital Block Funding 2015/16.
- (ii) The proposed allocation of Local Transport Plan Capital Programme 2015/16 Maintenance Block between Street Lighting, Bridges and Roads/Footways;
- (iii) The Highway Structural Maintenance Programme for 2015/16 (as detailed in section 2.6) and
- (iv) That the Head of Environment and Regulation, in consultation with the Cabinet Member and Party Spokespersons, be able to make necessary adjustments to the priorities within the programme should the need arise due to financial, condition or other factors.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 The investment in the maintenance of the highway network will enable the Council to comply with its statutory duty to maintain the highway. The establishment of a prioritised programme allows both transparency that the

Council is addressing those highway elements in greatest need of maintenance, proper management of the allocated finances, and to permit co-ordination of roadworks with the utilities' programmes of work.

14.2 Winter salting and freeze/thaw action has a detrimental effect on the condition of highway surfaces, allowing further degradation due to the ingress of water.

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**APPENDICES**

**Appendix 1 – DfT letter - Local Highways Maintenance Capital Block Funding 2015/16.**

**Appendix 2 – Proposed Structural Maintenance Programme 2015/16.**

**BACKGROUND PAPERS/REFERENCE MATERIAL**

United Kingdom Pavement Management Systems (UKPMS) Survey Condition Data held by the report author.

Single Data List Items (Former National Indicators N.I.168, N.I.169 and former BVPI 224b.) held by the report author.

**BRIEFING NOTES HISTORY**

<b>Briefing Note</b>	<b>Date</b>
None	

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet – Highway Maintenance Funding and Structural Maintenance Programme 2014/15</b>	<b>16 January 2014</b>
<b>Cabinet – Highway Maintenance Funding and Structural Maintenance Programme 2013/14</b>	<b>24 January 2013</b>
<b>Cabinet – Highway Maintenance Funding and Structural Maintenance Programme 2012/13</b>	<b>12 January 2012</b>

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Wirral

4th December 2014

Dear Colleague,

**Local Highways Maintenance Capital Block Funding 2015/16 to 2020/21**

**[PLEASE NOTE: ACTION IS REQUIRED BY 11 DECEMBER WITH RESPECT TO FUNDING FOR THE NEXT YEAR AND BEYOND]**

You may have seen within the National Infrastructure Plan published on 2 December - [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/381884/2902895\\_NationalInfrastructurePlan2014\\_acc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381884/2902895_NationalInfrastructurePlan2014_acc.pdf) - the Government has announced the following local highways maintenance capital funding allocations for English local authorities on a regional basis:

- North East - £270 million
- North West - £630 million
- Yorkshire and the Humber - £490 million
- East Midlands - £540 million
- West Midlands - £510 million
- East of England - £650 million
- South East - £780 million
- South West - £850 million

This follows the Department's recent consultation on how the £5.8 billion should be allocated to local highway authorities in England. We are very grateful for the feedback received which has helped Ministers reach decisions on how to allocate the £976 million of local highways maintenance capital block funding available each year. A summary of the key decisions that Ministers have taken is attached at **Annex A** for your information. A formal response to the consultation will be published in due course.

**The purpose of this letter is to provide you with draft “needs-based” formula-funding allocations for your authority for each year from 2015/16 to 2020/21 for review.** Ministers have set the following annual budgets for the needs-based allocations to local authorities, from within the £976 million of total highways maintenance funding available each year.

Year	Needs-based formula funding for English local authorities (£000)
2015/16	901,000
2016/17	826,000
2017/18	801,000
2018/19	725,000
2019/20	725,000
2020/21	725,000

As proposed in the consultation, every authority will also have the opportunity to secure additional funding:

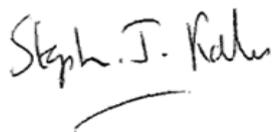
- on an “incentive basis”, dependent on its pursuit of efficiencies and use of asset management; and/or
- from a competitive Challenge Fund for major maintenance projects.

The needs based element for each local authority will be set for the first three years (from 2015/16 to 2017/18) with indicative allocations for the subsequent three years from 2018/19 to 2020/21. The indicative allocations will be reviewed in 2017/18 following a data refresh exercise. This will ensure that funding allocations best reflect need. **Annex B** to this letter outlines how the Department has calculated your authority’s indicative Highways Maintenance Block Funding ‘needs’ allocations for 2015/16 to 2020/21.

**Please review Annex B and ensure that you are content with how we have calculated your authority’s local highways maintenance funding allocation. If you are satisfied, then please confirm this via email to [roadmaintenance@dft.gsi.gov.uk](mailto:roadmaintenance@dft.gsi.gov.uk) by no later than 11 December 2014.** If we do not hear from you then we will assume you are content. If you wish to raise any issues with the calculation, please email [roadmaintenance@dft.gsi.gov.uk](mailto:roadmaintenance@dft.gsi.gov.uk) and include ‘request for clarification’ in the email title, so that we can respond quickly.

You can also contact Steve Berry for any other queries you may have – [steve.berry@dft.gsi.gov.uk](mailto:steve.berry@dft.gsi.gov.uk)

Yours faithfully,



**Stephen Fidler**

cc [robertclifford@wirral.gov.uk](mailto:robertclifford@wirral.gov.uk)

## Annex A

### Local Highways Maintenance Capital Block Funding Consultation

The consultation - <https://www.gov.uk/government/consultations/local-authority-highways-maintenance-funding-201516-to-202021> - ran from 10 to 21 November 2014. This followed a discussion document published earlier this year which also sought views on the issue and which ran for eight weeks and included a number of roadshows held in locations in England.

The Department for Transport is grateful for the feedback received and those responses have helped Ministers reach a decision on how to allocate local highways maintenance capital block funding.

#### Responses

In total 143 responses were received which can be broken down as follows:

Response	Total
Metropolitan District	23
County Council	28
Unitary Authority	44
Organisation	37
Other Respondent	11
<b>Grand Total</b>	<b>143</b>

The questions on which we sought views can be split down into three sections as follows:

#### Funding Model / Needs Funding Element

52% of respondents supported the principle of the revised funding model as proposed within the consultation.

Some 82% of respondents supported the removal of the detrunking element from the needs based formula. **Ministers have agreed that this element will now be removed and incorporated into the roads element of the funding formula.**

53% of respondents also agreed to our proposition to replace the existing bridges element of the Fund with one that is based solely on the number of bridges with a span of 1.5 metres or more which are the responsibility of local highway authorities. We noted that a number of respondents felt that the proposal did not reflect the variety of the asset and that many authorities were responsible for different types of bridge stock, as well as other structures including retaining walls, tunnels, etc. **Ministers have decided that the new proposal should come into effect from 2015/16 to 2017/18 but have asked officials to revisit this element at the time of data refresh proposed for 2017/18 with new data to be incorporated into the formula for 2018/19 onwards. The Department will also seek views nearer the time from the UK Bridges Board.**

69% of those responding agreed for the street lighting element of the funding formula should be based on the number of street lighting columns only. In addition, 70% also agreed that those authorities with an operational street lighting PFI scheme should no

longer receive funding for the street lighting element of the need- based funding. **Ministers agreed with the majority of respondents on both issues and this will now be reflected in the needs based funding from 2015/16.**

With respect to traffic volumes, 63% agreed with the proposition of traffic volumes not being included in the funding formula. Many of the views received were similar to those provided earlier this year with amongst other things, some respondents suggesting that traffic is only one of a number of factors that influence the rate of asset deterioration. Taking into account the responses received, **Ministers have decided not to include traffic volumes in the new formula.**

The consultation also sought views on whether to set aside a proportion of the needs based funding for a resilience contingency fund. 75% of local authorities who responded to this question agreed that no funding should be set aside for contingency purposes. **Ministers have decided not to set aside funding for this purpose. The Department for Transport, therefore, recommends that local highway authorities ensure they retain a contingency for repairing damage to local highways and associated assets caused by incidents such as extreme weather that may occur from time to time.**

In the consultation we recommended introducing a new element to reflect that local highways are also used by pedestrians and cyclists. 87% of responses agreed with the inclusion of cycling and footways as an additional element of the need-based formula. The consultation suggested that this element would not be added to the formula until 2016/17 to ensure that data can be collected nationally on a consistent basis. However we note that many of the responses had concerns as to what would constitute a cycleway and that significant further work is likely to be needed to finalise definitions and collect data. **Ministers have therefore decided that we will not introduce this element into the formula until 2018/19. The Department will now undertake further work in 2015 with the Footway and Cycleway Management Group, a sub-group of UK Roads Board to provide guidance for local highway authorities in order for collection of data from 2017/18.**

We also proposed a 9% weighting for a cycling and walking element. There was no overall agreement whether this was the right weighting with 48 of respondents agreeing with the 9% proposed and 48 not. Some of those against suggested that the deterioration of a footway or cycleway would be much lower than that of a road. However, many agreed with the Department that this weighting should be used as it was consistent with HM Treasury data. **Ministers have set a proposed weighting of 9% but will consider reviewing this again as part of any data refresh. This will ensure that local authorities have 3 year funding certainty from 2015/16 to 2017/18.**

### **Incentive Element**

The consultation proposed that an element of funding should be distributed on an 'incentive basis'. This element is in respect of efficiency and asset management and the level of funding a local highway authority will receive is based on the local authority's record in pursuing efficiencies and asset management *or* its public commitment to adopt these practices within an agreed period of time. **Ministers have decided to introduce an incentive element from 2016/17. Further details in respect of the self-assessment questionnaire proposed within the consultation will be announced in due course.**

## **Challenge Fund**

The consultation asked whether a Challenge Fund for major maintenance schemes should run for three or for six years. 49% of respondents supported a six-year Challenge Fund with 43% disagreeing and 8% neither agreeing nor disagreeing. Local authority views were mixed with 46 out of a total of 92 who responded agreeing that the Fund should be over a six-year period. **Ministers have decided that a Challenge Fund should run for six years.** Further details with respect to the Challenge Fund will be announced shortly. It is suggested that authorities may wish to start to consider now whether they have major maintenance schemes that may wish to bid for funding for.

## Annex B

### Calculation of Highways Maintenance Block 'needs' funding, 2015/16 to 2020/21.

This Annex outlines how the Department has calculated the indicative Highways Maintenance Block Funding 'needs' allocations for **Wirral** for 2015/16 to 2020/21.

Please can you now check the calculations below and ensure that you are content with how we have calculated the local highways maintenance funding allocation for **Wirral**. **If you are satisfied, then please confirm this via email to [roadmaintenance@dft.gsi.gov.uk](mailto:roadmaintenance@dft.gsi.gov.uk) by no later than 11 December 2014.** If we do not hear from you then we will assume you are content. If you wish to raise any issues with the calculation, please email [roadmaintenance@dft.gsi.gov.uk](mailto:roadmaintenance@dft.gsi.gov.uk) and include 'request for clarification' in the email title, so we can respond quickly.

#### The allocations for each element:

As a result of the consultation, we have allocated a proportion of the total funding to four elements in the following proportions, derived from the Whole of Government Accounts:

<b>Roads</b>	75%
<i>Split evenly between:</i>	
<i>A roads</i>	25%
<i>B and C roads</i>	25%
<i>U roads</i>	25%
<b>Bridges</b>	14%
<b>Lighting</b>	2%
<b>Cycleway and Footways</b>	9%

However, to allow time for the Department to specify the data requirements for Cycleways and Footways, we will introduce this element from 2018/19 onwards. For years 2015/16 to 2017/18, the elements will receive the following proportions:

<b>Roads</b>	82.42%
<i>Split evenly between:</i>	
<i>A roads</i>	27.47%
<i>B and C roads</i>	27.47%
<i>U roads</i>	27.47%
<b>Bridges</b>	15.38%
<b>Lighting</b>	2.20%
<b>Cycleway and Footways</b>	0%

These revised proportions reflect the 9% for Cycleways and Footways pro-rated across the other three elements.

**How each element has been calculated:**

The allocation for an authority for each element is calculated in broadly the same way. This is:

**Local authority total** *divided by* **England total** *multiplied by* **England allocation for each element.**

And then rounded to the nearest 1,000.

The allocations for each of the elements are then added together to get the total allocation.

**Data sources: roads**

These are sourced from the Department for Transport's road lengths dataset for 2012 (in kilometres) here:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/316382/rdl0202.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/316382/rdl0202.xls)

A-road totals have been calculated as:

Principal Motorway *multiplied by* 3 *plus* Principal rural 'A' *plus* Principal urban 'A' (all from *RDL0202a (2012)*) *plus* Dual Principal rural 'A' *plus* Dual Principal urban 'A' (both from *RDL0202b (2012)*)

B- and C-road totals have been calculated as:

'Rural B' *plus* 'Urban B' *plus* 'Rural C' *plus* 'Urban C' (all from *RDL0202a (2012)*)

U-road totals have been calculated as:

'Rural U' *plus* 'Urban U' (all from *RDL0202a (2012)*)

**Data sources: bridges**

These were sourced from local authorities in a recent data collection exercise and relate to the number of publicly maintainable highways bridges that highway authorities owned as of 1st April 2014. This figure should include all structures over 1.5 metres in span, whether carrying carriageway or footway (but not including public rights of way, nor structures belonging to other owners, such as Network Rail).

**Data sources: lights**

These were sourced from local authorities in a recent data collection exercise and relate to the total number of street lighting columns owned by authorities as of 1st April 2014.

## PFI

To calculate England totals for all three elements, the following three authorities with PFIs who receive all of their funding via PFI credits have been excluded, currently: Birmingham, Sheffield and the Isle of Wight.

To calculate England totals for the lighting element, in addition to the three authorities mentioned above, all authorities with a street lighting PFI have been excluded.

London Boroughs and the Isles of Scilly are also not eligible for funding and have also been excluded.

### Calculation for: Wirral

	England total (A)	Authority total (B)	% of England total (C) = (B/A)*100	England total allocation (£000) (D)	Your LA allocation (£000) = (D) * ((C)/100)
<b>A roads</b>	29,505.9 kms	130.0 kms	0.44%	247,527	1,091
<b>B- and C-roads</b>	82,034.2 kms	121.0 kms	0.15%	247,527	365
<b>U-roads</b>	166,334.9 kms	963.3 kms	0.58%	247,527	1,434
<b>Bridges</b>	52,386	74	0.14%	138,615	196
<b>Lights</b>	3,308,593	36,771	1.11%	19,802	220
<b>Total allocation for 15/16 (£000)</b>				<b>901,000</b>	<b>3,305</b>

We have used this allocation for 2015/16 to then calculate the indicative allocations for the years to 2020/21. These are as follows:

Year	England allocations (£000)	Indicative authority allocations (£000)
2015/16	901,000	<b>3,305</b>
2016/17	826,000	<b>3,030</b>
2017/18	801,000	<b>2,938</b>
2018/19	725,000	<b>2,659</b>
2019/20	725,000	<b>2,659</b>
2020/21	725,000	<b>2,659</b>

These figures are indicative. The figures up to 2017/18 may change if any data issues are highlighted by local authorities. From 2018/19 onwards, they are indicative pending a data refresh, the collection of cycleway and footway data and a review of the bridges element in the formula.

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
BRIMSTAGE ROAD	GREEN BANK TO ROSE COTTAGE	CLATTERBRIDGE		39,780	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
LISCARD CRESCENT	WALLASEY ROAD TO LISCARD ROAD	LISCARD		34,520	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
MILL LANE	LISCARD ROAD TO ST ALBANS	LISCARD		34,140	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
ST ALBANS ROAD	MILL LANE TO WALLASEY ROAD	LISCARD		43,940	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
DUKE STREET	ROUNDAABOUT AT CORPORATION ROAD AND JUNCTION WITH ST ANNE'S STREET	BIRKENHEAD & TRANMERE		60,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
ARROWE PARK ROAD/ARROW BROOK ROAD	JUNCTION	UPTON/ GREASBY, FRANKBY & IRBY		73,348	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
BOROUGH ROAD / COBURG STREET	JUNCTION	BIRKENHEAD & TRANMERE		25,700	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
NEW CHESTER ROAD/OLD HALL ROAD	JUNCTION	BROMBOROUGH		60,580	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
BRIMSTAGE ROAD	SPRINGFIELD COTTAGE TO PULLMAN CLOSE	CLATTERBRIDGE		46,740	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
UPTON ROAD	BOUNDARY ROAD TO LINGDALE ROAD	CLAUGHTON		36,240	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
NORTH WALLASEY APPROACH ROAD	EXIT AND ENTRANCE	LEASOWE & MORETON EAST / WALLASEY		43,950	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
NORTH WALLASEY APPROACH ROAD	MAIN ROUTE M53 TO GREEN LANE	LEASOWE & MORETON EAST / WALLASEY		107,712	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
UPTON ROAD	WARREN DRIVE TO VYNER ROAD NORTH	BIDSTON & ST. JAMES		35,328	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BOROUGH ROAD	POULTON ROAD TO CHURCH ROAD	SEACOMBE		12,516	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SPITAL ROAD	O/S 15 SPITAL ROAD TO LC 26 (APPROX JOCELYN CLOSE TO KINGLASS ROAD	CLATTERBRIDGE		99,980	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
STATION ROAD / LEVER CAUSEWAY / REST HILL ROAD	ROUNDABOUT	BEBINGTON		35,180	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
BEDFORD ROAD	OLD CHESTER ROAD TO NEW CHESTER ROAD	ROCK FERRY		89,780	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
PENSBY ROAD	JUNCTION OF WHALEY LANE	PENSBY & THINGWALL		47,520	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	RESURFACE CARRIAGEWAY
VILLAGE ROAD	MOUNT ROAD TO TEEHEY LANE	BEBINGTON		27,993	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CALDY ROAD	CALDY WOOD TO TELEGRAPH ROAD	WEST KIRBY & THURSTASTON		33,786	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
MONTGOMERY HILL	HILLBARK ROAD TO COLUMN ROAD	WEST KIRBY & THURSTASTON		46,716	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FRANKBY ROAD	CHINA FARM LANE TO BLACK HORSE HILL	WEST KIRBY & THURSTASTON		45,588	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BOROUGH ROAD	PRENTON ROAD EAST TO MOUNT ROAD	PRENTON		65,628	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MANOR ROAD	GROSVENOR STREET TO SEABANK ROAD	LISCARD		27,744	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
GROVE ROAD	SEA ROAD TO DANEHURST ROAD AND CONISTON AVENUE TO DEAN AVENUE	WALLASEY		23,892	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BOROUGH ROAD	LISCARD ROAD TO CHURCH STREET	SEACOMBE		14,382	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CONWAY STREET	JUNCTION WITH WATSON STREET	BIRKENHEAD & TRANMERE		40,760	CAPITAL BID	RESURFACE CARRIAGEWAY
CONWAY STREET	HEMMINGFORD STREET	BIRKENHEAD & TRANMERE		44,180	CAPITAL BID	RESURFACE CARRIAGEWAY
LEASOWE ROAD / WALLASEY VILLAGE	ROUNDAABOUT	WALLASEY		59,820	CAPITAL BID	RESURFACE CARRIAGEWAY
LEASOWE ROAD	JUNCTION WITH GREENLEAS ROAD	WALLASEY		39,660	CAPITAL BID	RESURFACE CARRIAGEWAY

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
NEW CHESTER ROAD	JUNCTION WITH POOL LANE	BROMBOROUGH		49,320	CAPITAL BID	RESURFACE CARRIAGEWAY
MARKET STREET	MELROSE AVENUE TO HOYLE ROAD (EASTBOUND)	HOYLAKE & MEOLS		35,320	CAPITAL BID	RESURFACE CARRIAGEWAY
SINGLETON AVENUE	WOODCHURCH ROAD TO BOROUGH ROAD	PRENTON		83,520	CAPITAL BID	RESURFACE CARRIAGEWAY
UPTON ROAD	LINGDALE ROAD TO PARK ROAD WEST	CLAUGHTON		53,760	CAPITAL BID	RESURFACE CARRIAGEWAY
CALDY ROAD	CALDY WOOD TO CROFT DRIVE	WEST KIRBY & THURSTASTON		36,740	CAPITAL BID	RESURFACE CARRIAGEWAY
MOUNT ROAD	JUNCTION WITH BRACKEN LANE	BEBINGTON		23,120	CAPITAL BID	RESURFACE CARRIAGEWAY
CHURCH STREET	BRIGHTON STREET TO LISCARD ROAD	LISCARD/NEW BRIGHTON		131,920	CAPITAL BID	RESURFACE CARRIAGEWAY
GROVE ROAD	CONNISTON AVENUE TO DANEHURST ROAD	WALLASEY		33,940	CAPITAL BID	RESURFACE CARRIAGEWAY
VICTORIA MOUNT	ALL	OXTON	C	5,364	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FAIRCLOUGH LANE	ROSEMOUNT TO VILLAGE ROAD	OXTON	C	9,102	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WILLOWBANK ROAD	ALL	BROMBOROUGH	C	3,084	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
HILLARY ROAD	HOUSE NO 1 TO HOUSE NO 15	EASTHAM	C	10,404	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HALL DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	12,312	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LLOYD DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	22,044	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ACRES ROAD	HERON RD	HOYLAKE & MEOLS	C	8,736	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
RESEVOIR ROAD	ALL	PRENTON	C	13,182	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
RESERVOIR ROAD NORTH	ALL	PRENTON	C	8,040	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FOREST ROAD	FROM HOWBECK RD TO ST AIDANS TERRACE	CLAUGHTON		10,116	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINGSMEAD ROAD SOUTH	ALL	CLAUGHTON		14,856	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINGSMEAD ROAD	ALL	CLAUGHTON		7,770	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
UPPER FLAYBRICK RD	ALL	BIDSTON & ST JAMES		9,132	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SPENSER AVENUE	ALL	ROCK FERRY		9,906	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ALTON ROAD	ALL	OXTON		28,848	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WILLOWBANK ROAD	ALL	PRENTON	C	16,338	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CLARENCE ROAD	ALL	PRENTON		8,748	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ST GEORGES AVENUE	ALL	PRENTON		8,160	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
TEMPLE ROAD	ALL	PRENTON		21,384	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THE RAKE	BROMBOROUGH VILLAGE RD	BROMBOROUGH		13,026	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
REEDS AVENUE WEST	ALL	LEASOWE		19,710	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
WAKEFIELD DRIVE	MURRAYFIELD DRIVE TO TWICKENHAM DRIVE	LEASOWE		3,108	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
IVY LANE	LOOP FROM HOUSE 28 TO HOUSE 42	LEASOWE & MORETON EAST	C	6,312	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
DEVONSHIRE ROAD	ALL	MORETON WEST & SAUGHALL MASSIE	C	2,892	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FRANCIS AVENUE	ALL	MORETON WEST & SAUGHALL MASSIE	C	3,888	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THE ALLPORTS	ALL	EASTHAM	C	2,700	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CAULFIELD DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	17,808	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
DINGWALL DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	15,912	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HOWELL DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	11,178	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MACDONALD DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	2,964	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
RIGBY DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	26,952	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BARKER LANE	ALL	GREASBY, FRANKBY & IRBY	C	8,796	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THORNS DRIVE	ALL	GREASBY, FRANKBY & IRBY	C	38,904	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SCHOOL LANE	ALL	WEST KIRBY & THURSTASTON	C	11,484	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
TOWNFIELD LANE	JUNCTION OF RICHMOND ROAD TO BEBINGTON ROAD	BEBINGTON		6,408	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WELLAND ROAD	ALL	BEBINGTON		2,238	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FERNS ROAD	ALL	BEBINGTON		8,676	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLIVE MOUNT	ALL	BIRKENHEAD & TRANMERE		5,472	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLIVER LANE	ALL	BIRKENHEAD & TRANMERE		990	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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LANSDOWNE ROAD	LAIRD ST TO TOLLEMACHE RD	BIDSTON & ST JAMES		20,898	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ARTHUR STREET	FROM PARK RD NORTH TO NUMBER 69	BIDSTON & ST JAMES		12,972	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CROFT LANE	ALL	BROMBOROUGH	C	6,870	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HENTHORN ROAD	ALL	BROMBOROUGH		4,464	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LODGE LANE	POOL BANK TO NEW CHESTER RD	BROMBOROUGH		5,172	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OAKRIDGE ROAD	ALL	BROMBOROUGH		10,944	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OAKRIDGE CLOSE	ALL	BROMBOROUGH		7,716	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
AINSWORTH AVENUE	SELECTED	MORETON WEST & SAUGHALL MASSIE	C	2,268	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WIMBRICK HEY	ALL	LEASOWE & MORETON EAST / WALLASEY		6,906	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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BURRELL DRIVE	ALL	MORETON WEST & SAUGHALL MASSIE	C	12,846	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BLAKELEY BROW	O/S HOUSE NO 7 - HOUSE NO 14	CLATTERBRIDGE		5,838	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLD CLATTERBRIDGE ROAD	ALL (BOTH SIDES OF THE MOTORWAY BRIDGE)	CLATTERBRIDGE		32,478	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THORNLEIGH AVENUE	ALL	EASTHAM		10,182	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WINGATE ROAD	ALL	EASTHAM	C	4,890	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
DELAMERE CLOSE	ALL	EASTHAM	C	3,864	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BROOKFIELD GARDENS	ALL	WEST KIRBY & THURSTASTON	C	6,438	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LABURNUM GROVE	ALL	GREASBY, FRANKBY & IRBY	C	8,052	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CARMICHAEL AVENUE	ALL	GREASBY, FRANKBY & IRBY		4,524	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
DODD AVENUE	ALL	GREASBY, FRANKBY & IRBY	C	5,040	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HARVEY AVENUE	ALL	GREASBY, FRANKBY & IRBY	C	7,224	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LESLIE AVENUE	ALL	GREASBY, FRANKBY & IRBY	C	4,224	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CRANWELL ROAD	ALL	GREASBY, FRANKBY & IRBY	C	6,810	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
STANMORE PARK	ALL	GREASBY, FRANKBY & IRBY	C	9,180	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ROWAN TREE CLOSE	ALL	GREASBY, FRANKBY & IRBY	C	3,702	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FORD WAY	ALL	UPTON		52,800	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FORD ROAD	ALL	UPTON		42,732	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINGS DRIVE	CALDY ROAD TO THORSWAY	WEST KIRBY & THURSTASTON		33,510	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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FERGUSON AVENUE	ALL	GREASBY,FRANKBY & IRBY	C	8,628	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
EDEN PARK ROAD	ALL	PRENTON		3,198	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WELLINGTON ROAD	ALL	BEBINGTON		8,322	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OAKSWAY	ALL	HESWALL		17,556	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLDFIELD WAY	ALL	HESWALL		16,656	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLDFIELD CLOSE	ALL	HESWALL		3,840	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OLDFIELD DRIVE	OLDFIELD ROAD TO GREENFIELD LANE	HESWALL		10,242	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINGSMEAD ROAD NORTH	ALL	CLAUGHTON		13,422	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ALEXANDRA ROAD	ALL	CLAUGHTON		5,232	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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ELM STREET	ALL	BIRKENHEAD & TRANMERE		1,854	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CRAVEN STREET	SELECTED	BIRKENHEAD & TRANMERE		2,916	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HILLSIDE ROAD	ALL	BIRKENHEAD & TRANMERE		10,044	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SIDNEY ROAD	ALL	BIRKENHEAD & TRANMERE		10,014	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LEIGHTON ROAD	ALL	BIRKENHEAD & TRANMERE		6,180	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ROSLIN ROAD	ALL	OXTON	<b>C</b>	5,880	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
GORSEFIELD ROAD	ALL	OXTON		4,926	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OAKDENE ROAD	ALL	OXTON		3,126	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ARNSIDE ROAD	ALL	OXTON	<b>C</b>	4,470	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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CAMBRIDGE ROAD	ALL	PRENTON	C	4,200	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HEATHBANK ROAD	ALL	PRENTON		8,388	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
JUNE AVENUE	ALL	BROMBOROUGH		6,876	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MAYFIELDS NORTH	ALL	BROMBOROUGH		8,100	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
QUEENSBURY AVENUE	AT JNC WITH HIGH STREET	BROMBOROUGH		8,982	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LEGH ROAD	ALL	BROMBOROUGH		4,314	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
EDGERTON ROAD	ALL	BROMBOROUGH		4,500	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OXLEY AVENUE	ALL	LEASOWE & MORETON EAST		4,098	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MONMOUTH ROAD	ALL	LISCARD		12,924	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
MAELOR CLOSE	ALL	CLATTERBRIDGE		4,404	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
TUDOR AVEUNE	ALL	SEACOMBE		4,800	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CLARENCE ROAD	ALL	SEACOMBE		6,096	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BRIARDALE AVENUE	ALL	SEACOMBE		8,142	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MERSEY STREET	ALL	SEACOMBE		2,820	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LONSBORO ROAD	ALL	SEACOMBE		5,628	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
GROFT DRIVE WEST	ALL	WEST KIRBY & THURSTASTON		18,444	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ANGLESEY ROAD	ALL	WEST KIRBY & THURSTASTON		8,634	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ORRYSDALE ROAD	ALL	WEST KIRBY & THURSTASTON		42,960	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
GRANGE OLD ROAD	ALL	WEST KIRBY & THURSTASTON		7,572	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
FROST DRIVE	ALL	GREASBY, FRANKBY & IRBY		9,709	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CORTSWAY WEST	ALL	GREASBY, FRANKBY & IRBY		11,529	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
JEFFREYS DRIVE	ALL	GREASBY, FRANKBY & IRBY		5,607	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WOODWAY	ALL	GREASBY, FRANKBY & IRBY		7,210	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KIRKWAY	ALL	GREASBY, FRANKBY & IRBY	<b>C</b>	8,589	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ABINGDON ROAD	ALL	GREASBY, FRANKBY & IRBY		12,152	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HILLCREST DRIVE	ALL	GREASBY, FRANKBY & IRBY		7,091	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
UPAVON AVENUE	ALL	GREASBY, FRANKBY & IRBY	<b>C</b>	2,940	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
CELTIC ROAD	ALL	HOYLAKE & MEOLS		6,440	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SALACRE LANE	SALACRE CRESCENT TO WROXHAM WAY	UPTON		7,448	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ACKERS ROAD	ALL	UPTON		12,516	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LANDICAN LANE	ALL	BEBINGTON		8,974	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
LITTLE STORETON LANE	ALL	BEBINGTON		17,360	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HOOLE ROAD	JUNCTION WITH HOME FARM ROAD	UPTON		11,193	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
OXLEY AVENUE	ALL	LEASOWE & MORETON EAST	C	4,956	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ALBERT ROAD	ALL	BIRKENHEAD & TRANMERE	C	4,088	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WEST WAY	ALL	LEASOWE & MORETON EAST	C	8,862	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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JOAN AVENUE	ALL	MORETON WEST & SAUGHALL MASSIE	C	2,555	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BRISCOE DRIVE	ALL	MORETON WEST & SAUGHALL MASSIE	C	10,073	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
COBHAM ROAD	ALL	MORETON WEST & SAUGHALL MASSIE	C	23,156	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MILL HILL ROAD	ALL	GREASBY, FRANKBY & IRBY	C	83,804	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ACREVILLE ROAD	ALL	BEBINGTON	N	17,864	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ELMBANK ROAD	ALL	BROMBOROUGH	C	4,564	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BROOKDALE AVE NORTH	ALL	GREASBY, FRANKBY & IRBY	C	10,612	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SEELEY AVENUE	ALL	CLAUGHTON		3,437	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SECOND AVENUE	ALL	BIDSTON & ST JAMES		14,287	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
ST PETERS ROAD	ALL	ROCK FERRY		15,981	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CHATSWORTH ROAD	ALL	ROCK FERRY		9,548	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
TOWN ROAD	SELECTED	BIRKENHEAD & TRANMERE		11,074	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ROCKLANDS AVENUE	ALL	ROCK FERRY		7,959	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CHETWYND ROAD	ALL	OXTON		5,642	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
DOCK RD SOUTH JUNCTION	JUNCTION WITH THERMAL RD	BROMBOROUGH		12,516	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
WIMBRICK CLOSE	ALL	LEASOWE & MORETON EAST		3,570	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MERE FARM ROAD	FARNDON WAY TO WOODBANK PARK	OXTON		5,327	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
SEAFIELD ROAD	ALL	BROMBOROUGH		4,823	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
STUART CLOSE	ALL	LEASOWE & MORETON EAST		3,542	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
TEESDALE ROAD	BORROWDALE ROAD - PETER PRICES LANE	CLATTERBRIDGE		5,215	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BROOKFIELD ROAD	ALL	WEST KIRBY & THURSTASTON	C	3,683	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINLOSS ROAD	ALL	GREASBY, FRANKBY & IRBY	C	16,562	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
GREENWOOD ROAD	BIRKENHEAD RD - DOVEPOINT ROAD	HOYLAKE & MEOLS		7,371	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BERTRAM DRIVE	BIRKENHEAD RD - BIRKENHEAD ROAD	HOYLAKE & MEOLS		34,839	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
RYCROFT ROAD	ALL	HOYLAKE & MEOLS		4,291	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
CROFT DRIVE	ALL	WEST KIRBY & THURSTASTON		36,844	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THORNTON COMMON ROAD	MANOR ROAD TO ST. GEORGES WAY	CLATTERBRIDGE		5,453	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
BEECH ROAD	ALL	HESWALL		4,438	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
THE CARTERS	ALL	GREASBY, FRANKBY & IRBY		2,226	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
RAINES CLOSE	ALL	GREASBY, FRANKBY & IRBY		2,345	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
PASTURE CRESCENT	HOUSES 27-59	LEASOWE & MORETON EAST		12,593	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
RIDLEY GROVE	ALL	WEST KIRBY & THURSTASTON		2,709	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
HIGH STREET	SERVICE ROAD O/S SHOPS	BROMBOROUGH		1,701	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
MILL HILL ROAD	SEAVIEW LANE TO HEATHBANK	GREASBY, FRANKBY & IRBY	<b>C</b>	28,878	CAPITAL BID	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
ASHTON DRIVE	SELECTED	WEST KIRBY & THURSTASTON		54,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
GROVE ROAD	SELECTED	WALLASEY		37,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY

HIGHWAY STRUCTURAL MAINTENANCE PROGRAMME  
2015/2016

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
HEYWOOD CLOSE	ALL	PENSBY & THINGWALL	C	35,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
DURLEY DRIVE	SELECTED	PRENTON	C	57,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
PRINCES BOULEVARD	SELECTED	BEBINGTON		48,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
MANOR DRIVE	SELECTED	UPTON		52,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
GREASBY ROAD	SELECTED	GREASBY, FRANKBY & IRBY	C	61,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
NEW CHESTER ROAD	SELECTED	BROMBOROUGH		48,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
WERVIN ROAD	ALL	PRENTON	C	26,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
WERVIN CLOSE	ALL	PRENTON	C	32,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
GRESFORD AVENUE	ALL	PRENTON		42,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY

Road Name	Limits	Ward	Other Priorities	Estimate £s	Funding	Works Description
MALPAS AVENUE	ALL	PRENTON		26,000	LOCAL HIGHWAYS MAINTENANCE CAPITAL BLOCK FUNDING	L/R & P/L KERBS AS REQUIRED. L/R FLAGS AS REQUIRED. CONSTRUCT/RECONSTRUCT FLEXIBLE FOOTWAY
RAKE LANE	LISCARD VILLAGE TO GRANGE AVENUE	LISCARD / NEW BRIGHTON		91,920	OUTSTANDING PREVIOUSLY APPROVED SCHEME	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KELVIN ROAD	WHEATLAND LANE TO BIRKENHEAD ROAD	SEACOMBE		22,204	OUTSTANDING PREVIOUSLY APPROVED SCHEME	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
KINGS PARADE	SELECTED	WALLASEY		190,608	OUTSTANDING PREVIOUSLY APPROVED SCHEME	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BURNLEY ROAD	SELECTED	LEASOWE AND MORETON EAST		15,344	OUTSTANDING PREVIOUSLY APPROVED SCHEME	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR
BERESFORD ROAD	ALL	OXTON	C	26,264	OUTSTANDING PREVIOUSLY APPROVED SCHEME	SURFACE TREATMENT TO BE DECIDED FOLLOWING CONSULTATION WITH TERM MAINTENANCE CONTRACTOR

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## WIRRAL Council

### REport for Cabinet

**10<sup>th</sup> February 2015**

<b>SUBJECT:</b>	<b>PROPOSED CHANGES TO THE FEES CHARGED FOR ADAPTATION DELIVERED FUNDED BY DISABLED FACILITY GRANT</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR OF REGENERATION AND ENVIRONMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>NEIGHBOURHOODS, HOUSING AND ENGAGEMENT</b>
<b>KEY DECISION?</b> <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	YES

#### 1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to seek the endorsement of Cabinet to increase the fees applied for the delivery of home adaptations funded through Disabled Facility Grant (DFG).

#### 2.0 BACKGROUND

2.1 The 1996 Housing Grants, Construction and Regeneration Act requires that mandatory Disabled Facilities Grants are made available by Local Authorities in England and Wales (and the Housing Executive in Northern Ireland). This is subject to applicants being means tested (except for children & persons in receipt of certain benefits), for essential adaptations to give disabled people better freedom of movement into and around their homes and to give access to essential facilities within the home.

2.2 The Council award a Disabled Facility Grant (DFG) to fund/part fund the cost of adaptations to assist residents who are not able to fund the work themselves. The DFG is based on a 'test of resources' which determines if the applicant has to make a contribution toward the cost and how much that contribution will be. The calculation is prescribed nationally and Wirral Council does not have any discretion regarding its application. Each DFG is calculated using a range of information specific to the client including: their age, marital status, household composition, income and savings

2.3 The Authority plays a facilitating role in delivering the adaptations funded by DFG. Namely exploring adaptation need and feasibility; processing applications; calculating financial means tests; liaison with external and internal bodies as

appropriate; drafting appropriate bespoke schedules of work; ensuring delivery of agreed schemes within required time frame; inclusive of and compliant with relevant legislation, regulations, Code of Practice (COP) and manufacturer's guidance.

- 2.4 The legislation provides for the Local Authority to charge for such preliminary or ancillary services necessary to ensure the delivery of the most appropriate adaption to meet the need within the shortest timescale, to the appropriate standards.
- 2.5 Fees charged to clients who qualify for a DFG, following a means test, are met from the grant allocation. Therefore only those clients who are required to make a contribution will be affected by the proposal contained within this report. We can advise that the majority of applicants qualify for a grant.
- 2.6 Internal Audit Report dated 28<sup>th</sup> March 2013 provided a recommendation that “ A formal review and approval of the charges that are applied for the administration and project management costs of providing Disabled Facilities Grant funding should be carried out to determine if they require adjusting in line with costs and industry best practice.”

\* Priority Level: Medium  
 \*Organisational Impact Rating: Minor

### 3.0 CURRENT CHARGES (FEES)

- 3.1 Fees have remained unchanged for over 10 years and are charged by the Authority for delivery of adaptations funded by DFG, namely exploring adaption need and feasibility, processing applications and financial means tests, liaising with external and internal bodies as appropriate, drafting appropriate bespoke schedules of work, ensuring delivery of agreed schemes within time frames and compliance with relevant legislation, regulations, COP and manufactures guidance:
  - o DFG funded adaptation works costing under £10,000 @ 10%
  - o DFG funded adaptation works costing over £10,000 @ 7%

### 4.0 BENCHMARKING

- 4.1 In line with the audit recommendation a DFG/Adaptations Fee charging benchmarking exercise was conducted in March 2014, with similar pier Authorities

Local Authority	Fee Level
Telford and Wrekin	15%
Anonymous (Midlands LA)	15%
North Tyneside	15%
Sheffield	10%
Trafford	15%
Sefton	12%
Cheshire East	10%

Ealing	10%
Hyndburn	15%
South Ribble	10%
Average	12.7%

4.2 The average Industry charge, as confirmed by this benchmarking exercise, is 12.7%. However for ease of accounting it would be more appropriate to round this figure down to 12.5%

4.3 Peer Authorities did not differentiate the fees charged to the value of the DFG funded adaptation.

## **5.0 RESOURCE COST CALCULATION - DELIVERY OF ADAPTATIONS**

5.1 In addition to the benchmarking exercise, a review has also been carried out to ensure that the proposed fees are based on a percentage of the value of work. The staffing resource cost of delivering adaptations was considered as part of this exercise. The proposed fee has been calculated by evaluating the amount of time, on average, each officer spends on each project. This has then been used to determine the fee for delivering the DFG and it does not exceed the actual costs incurred by Council but rather contributes to the overall cost of the service.

5.2 The review identified that the cost of officers time equated to on average 11.57% of the total cost of the work.

## **6.0 PROPOSED NEW CHARGES (FEES)**

6.1 Peer Authorities do not differentiate the fees charged to the value of the DFG funded adaptation. Therefore it is felt appropriate that Wirral adopt the same approach. Having a 2 tier charging structure (as detailed in 3.1 above) complicates the administration of the charges. The review has identified that higher value DFG cases usually utilise significantly more resources..

6.2 Both the benchmarking exercise and the review of Wirral's costs indicate that an increase in fees would be appropriate. However, in recognising that any fees charged should not exceed the actual incurred costs of service delivery, it is recommended that the Wirral adopt a fee based on the actual time spent, (being 11.57%) of the average (as identified in 5.2) instead of the Benchmarked Industry Standard average percentage of 12.7%.

6.3 It is therefore proposed to apply a charge of 11.5% for all DFG funded adaptation works costing up to maximum grant of £30,000 for facilitating the scheme.

6.4 Approval is also sought to allow charges to be reduced or waived at the discretion of the Head of Service if he/she is satisfied that their full application will lead to financial hardship or a failure to complete the work. This in turn could potentially place health & social care budgets at risk; which would usually far outweigh the value of any fee being waived. The use of such discretion would be as a last resort and it is envisaged that it would be used infrequently, so should no significantly affect fee collection levels.

## **7.0 RESOURCES**

7.1 This proposal will have no effect on the current staffing resource.

7.2 This proposal will increase the overall fee income for the service.

## **8.0 RELEVANT RISKS**

8.1 There are no perceived risks attached to this report.

## **9.0 OTHER OPTIONS CONSIDERED**

9.1 Consideration was given to charging fees for adaptation works in excess of 11.5% in line with peer Authorities however this would not reflect the average cost of officers time per adaptation and may place some vulnerable members of the community under financial pressure. This could lead to the necessary adaptations to meet the need not being provided due to additional contributions not being found by the applicant; potentially placing health & social care budgets at risk

9.2 Consideration was given to not raising charges. However this would go against Corporate Policy and would not reflect the contribution the fee income makes to the cost of delivering the service which has risen over the last 10 years in line with inflation.

## **10.0 CONSULTATION**

10.1 Consultation has been carried out with peer authorities.

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

11.0 None.

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

12.1 Financial - The introduction of the proposed approach should increase the overall fee income for the service in line the conclusion of the review and some peer Authorities. At this point amounts of any increase are unknown as they depend upon demand and type of works completed. Any increased income will enable the service to meet more demand.

12.2 No new IT investment is required as a result of this report

12.3 There are no staffing resource implications to the report.

12.4 There are no asset implications to this report.

## **13.0 LEGAL IMPLICATIONS**

13.1 There are no legal implications to this report.

## **14.0 EQUALITIES IMPLICATIONS**

14.1 The proposed changes to the charges linked to the delivery of the Adaptation service by the Authority will help those vulnerable members of the community least able help themselves through disability; through providing a policy which should guard against placing vulnerable clients at risk of avoidable financial stress through the application of discretion in relation fees attached to higher value adaptations if appropriate.

14.2 An Equality Impact Assessment has been completed can be viewed at:

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

## **15.0 CARBON REDUCTION IMPLICATIONS**

15.1 There are no carbon reduction implications to this report.

## **16.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

16.1 None.

## **17.0 RECOMMENDATION**

17.1 That Cabinet agrees and recommends to Council for approval that the fees associated with the provision of home adaptations as funded through Disabled Facility Grants, be increased to 11.5% from the 1<sup>st</sup> April 2015.

## **18.0 REASON FOR RECOMMENDATION**

18.1 The charging benchmarking exercise and review of Wirral's staffing resource costs were considered and both indicated that an increase in fees would be appropriate.

18.2 As peer Authorities did not differentiate the fees charged to the value of the DFG funded adaptation, it is felt appropriate that Wirral adopt this approach also. Having a 2 tier charging structure only complicates the administration of the charge and in reality the higher value DFG cases demand significantly more resources to deliver anyway

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## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
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N/A	
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**Appendix 1**