



Council Budget Meeting

Town Hall
Wallasey

13 February 2015

Dear Councillor

You are hereby summoned to attend a meeting of the Council to be held at **6.15 pm on Tuesday, 24 February 2015** in the Council Chamber, within the Town Hall, Wallasey, to take into consideration and determine upon the following subjects :

Contact Officer: Andrew Mossop
Tel: 0151 691 8501
e-mail: andrewmossop@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. DECLARATIONS OF INTEREST / RESTRICTIONS ON VOTING

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

2. MAYOR'S ANNOUNCEMENTS

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

3. MINUTES (Pages 1 - 26)

To approve the accuracy of the minutes of the meeting(s) of the Council held on 8 and 15 December, 2014.

4. PETITIONS

To receive petitions submitted in accordance with Standing Order 21.

5. SUSPENSION OF STANDING ORDERS OF THE COUNCIL'S CONSTITUTION

- (i). Standing Order 12(1) relates to 'Motions and Amendments' and provides that:

"A motion or amendment shall relate to a recommendation of a committee submitted in accordance with Standing Order 5.2(i), or to a matter referred to in Standing Orders 7 and 8. It shall not be discussed unless it has been proposed and seconded.

The terms of any amendment or notice of motion shall not be varied except with the agreement of the Council."

- (ii). Standing Order 12(9) relates to 'Amendments' and provides that:

"Subject to Standing Order 7(5) an amendment to a motion or recommendation of the Cabinet or of a Committee shall be relevant to the motion or recommendation under consideration and shall be either

- (a) to refer or refer back a subject of debate for consideration or reconsideration as the case may be;
- (b) to leave out words;
- (c) to leave out words and insert or add others;
- (d) to insert or add words.

as long as the effect of any amendment is not to negate the motion or recommendation."

- (iii). Standing Order 12(10) relates to 'Amendments to be dealt with in order' and provides that:

"Only one amendment may be moved and discussed at a time".

For the purposes of the Budget Debate, Council is requested to suspend:

- (a) Standing Order 12(1) insofar as it relates to amendments;
- (b) Standing Order 12(9); and
- (c) Standing Order 12(10).

6. COUNCIL BUDGET (Pages 27 - 240)

The Budget Debate will only consider:

- (i). the Cabinet's Budget Recommendations/Minutes, which shall include any additional paragraphs / recommendations (e.g. those relating to precepts), together with any other recommendation(s) / minute(s) from the Cabinet meeting held on 10 February 2015 (and / or any other relevant Cabinet meeting) that require approval by the Council; and

- (ii). any Alternative Budget Proposal(s) or Amendment(s) to the Cabinet's Budget Recommendations / Minutes referred to at (i) above must be duly lodged with the Head of Legal & Member Services on or before **12.00 noon on Friday, 20 February 2015**.
- (iii). Budget Debate shall be conducted in accordance with the Budget Debate Process set out at Annex 1 (**pages 27 – 30**).

The minutes of the Cabinet (Budget Meeting) held on 10 February, 2015 are attached (**pages 31 – 58**) together with the following reports / documents:

- A. Revenue Budget 2015/18, Council Tax Levels 2015/16 and Council Tax for 2015/16 (Pages 59 - 106)**
[Cabinet minute 136 refers]
- B. Schools Budget 2015/16 (Pages 107 - 122)**
[Cabinet minute 145 refers]
- C. Capital Programme and Financing 2015/18 (Pages 123 – 147)**
[Cabinet minute 137 refers]
- D. Medium Term Financial Strategy 2015/16 (Pages 149 - 228)**
[Cabinet minute 138 refers]
- E. Carbon Budget (Pages 229 - 240)**
[Cabinet minute 147 refers]

7. FURTHER MATTERS REQUIRING APPROVAL BY THE COUNCIL (Pages 241 - 246)

To consider any recommendations of the Leader, Cabinet, Cabinet Member and Committees which require the approval of the Council. The relevant minutes are attached; copies of the related reports can be provided for Council members on request.

- A. Employment and Appointments Panel – 6 February, 2015 (Page 241)**
Minute 15 - Appointment of Chief Executive, Head of Paid Service (and Returning Officer and Electoral Registration Officer)
- B. Cabinet – 15 January, 2015 (Page 243)**
Minute 125 - Capital Monitoring 2014/15 Month 8
- C. Cabinet – 10 February, 2015 (Page 245)**
Minute 149 - Proposed Changes to the Fees Charged for Adaptation Delivered Funded by Disabled Facility Grant

8. VACANCIES

To receive nominations, in accordance with Standing Order 25(6), in respect of any proposed changes in the membership of committees, and to approve nominations for appointments to outside organisations.

9. ANY OTHER BUSINESS

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

A handwritten signature in black ink, consisting of several loops and a horizontal line at the bottom.

Head of Legal and Member Services

COUNCIL

Monday, 8 December 2014

Present: The Civic Mayor (Councillor Steve Foulkes) in the Chair
Deputy Civic Mayor (Councillor Les Rowlands)

Councillor	RL Abbey	J Hale	D Realey
	T Anderson	P Hayes	L Reecejones
	C Blakeley	A Hodson	L Rennie
	E Boulton	K Hodson	D Roberts
	A Brighthouse	M Hornby	J Salter
	P Brightmore	T Johnson	H Smith
	P Cleary	AER Jones	Tony Smith
	W Clements	C Jones	W Smith
	J Crabtree	S Kelly	C Spriggs
	M Daniel	A Leech	J Stapleton
	G Davies	AR McLachlan	M Sullivan
	P Davies	M McLaughlin	A Sykes
	WJ Davies	C Meaden	J Walsh
	P Doughty	D Mitchell	G Watt
	D Elderton	B Mooney	S Whittingham
	G Ellis	C Muspratt	J Williamson
	L Fraser	S Niblock	I Williams
	P Gilchrist	T Norbury	KJ Williams
	JE Green	M Patrick	S Williams
	R Gregson	T Pilgrim	
	P Hackett	C Povall	

Apologies Councillor B Berry P Williams
C Carubia

66 DECLARATIONS OF INTEREST

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

By virtue of their being Board Members of Magenta Living, Councillors Steve Foulkes, Jeff Green, Denise Roberts and Stuart Whittingham declared a personal interest in agenda item 12 – ‘Vacancies’ (see minute 82 post).

Councillors Geoffrey Watt, Cherry Povall, Steve Williams declared a personal and prejudicial interest in agenda item 11 (iv) – ‘Notices of Motion – Selective

Licensing Scheme' (see minute 85 post) by virtue of them being private landlords.

Councillor Irene Williams declared a prejudicial interest in agenda item 11 (iv) – 'Notices of Motion – Selective Licensing Scheme' (see minute 85 post) by virtue of her employment.

Councillor Andrew Hodson declared a prejudicial interest in agenda item agenda item 12 – 'Vacancies' (see minute 82 post) by virtue of his business involvement with Magenta Homes

By virtue of their membership of the Merseyside Fire and Rescue Authority, Councillors Lesley Rennie, Denise Roberts, Steve Niblock and Jean Stapleton declared a personal interest in Notices of Motion 2 and 3 (see minutes 83 and 84 post) 'No Fire Station in the Centre of Greasby' and 'Government's Fire and Rescue Service Cuts'.

67 **CIVIC MAYOR'S ANNOUNCEMENTS**

The Mayor noted that apologies were received from Councillors Bruce Berry, Chris Carubia and Pat Williams.

68 **PETITIONS**

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

Councillor Mike Sullivan on behalf of 86 signatories objecting to the granting of a late licence to the Texaco Garage, Pensby Road.

Councillor Geoffrey Watt on behalf of 26 signatories supporting the proposed safety pavement at entrance gates Calday Grammar School

Councillor Tom Anderson on behalf of a further 2816 signatories objecting to any proposed fire station in Greasby Village.

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

69 **PUBLIC QUESTIONS**

Mr J Brace, having given the appropriate notice in accordance with Standing Order 11, submitted a question on the BIG (Business Investment Grant) and ISUS (Intensive Startup Scheme) and the Special Audit and Risk Management Committee meeting of the 8th October 2014

Councillor Jim Crabtree (Chair of the Audit and Risk Management Committee) responded accordingly.

70 **MINUTES**

The minutes of the Council meeting held on 20 October, 2014 had been circulated to Members and subject to the amendment of minute 35 with reference to Councillor Muspratt's Declaration of Interest to read 'a serving member of the Armed Forces', it was –

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

71 **LEADER'S, EXECUTIVE MEMBERS' AND CHAIRS' REPORTS**

The Leader of the Council presented his summary report upon matters relevant to his portfolio. He responded to questions from Councillors Jeff Green, Chris Blakeley, Leah Fraser and made a number of comments including –

- A sensible and pragmatic decision was made to halt the senior management structure until the new Chief executive was appointed. Proposals for the senior management structure would be included as part of the budget resolution to be presented to Cabinet.
- He was not in principle in favour of a directly Elected Mayor for the City Region and believed that the Region currently had the best model with the Leaders of each Authority; if this was to change the people of Wirral should decide by holding a referendum. He was keen to meet with the Chancellor of the Exchequer to see what could be negotiated and had written to him but was yet to receive a reply.
- He welcomed the money given by Secretary of State for the pilot project to improve health and employment opportunities, but stated that the Government had cut over £150m from the Council and introduced the Bedroom Tax.

Questions were then invited for Councillor Ann McLachlan on her Governance, Commissioning and Improvement Portfolio report. Her responses to a question from Councillor Jerry Williams included the following comment –

- The Transparency code was introduced by Government to ensure that all Council's were open and transparent in relation to the information they produced and the decision they made. Officers were currently working on this to ensure that all Council's information was open to public as required by the Code.

At this point the Mayor reminded all Members that it was not polite to use electronic devices whilst Members were addressing the Council.

Questions were then invited for Councillor George Davies on the Neighbourhoods, Housing and Engagement Portfolio report. His response to a question from Councillor Phil Gilchrist included the following comment –

- In respect of proposed plans for the Acre Lane site, a written response would be provided as to the plans to include social housing.

Questions were then invited for Councillor Pat Hackett on his Economy Portfolio report. His responses to questions from Councillors Rob Gregson and Dave Mitchell included the following comments –

- There were a number of recent developments, including Wirral Waters; new college in Tower Road by September 2015; a Skills and Enterprise Centre; development in Tower Wharf and the Birkenhead Town Centre Plan which was a priority for this Council.
- In respect of proposed plans for the regeneration of Birkenhead Town Centre, discussions were still ongoing with Neptune Developments. A full consultation would take place in due course, including exhibitions and surveys.

Questions were then invited for Councillor Adrian Jones on his Support Services Portfolio report. His responses to questions from Councillors Pat Cleary, Matt Daniel and Jeff Green included the following comments –

- The roll-out of Office 10 had started and had been the preferred package as it was felt that this compared to other packages could be better supported and safeguarded, a further written response would be provided.
- In relation to the building collapse on King Street, Wallasey, investigations had indicated that the structures had been altered and the building had not been properly supported, discussions were now being held as to the future use of the empty land.
- In respect of the national pay award a full written response would be provided.

Questions were then invited for Councillor Chris Jones on the Adult Social Care and Public Health Portfolio report. Her responses to questions from Councillors Jeff Green and Alan Brighouse included the following comments –

- In relation to Day Services the business case, implementation and project plans and report in relation to the due diligence undertaken had all now been through an internal financial challenge, the project was now progressing.

- She extended an invitation to any Member wishing to attend future spotlight sessions and yes she would encourage people to cycle and walk more.

Questions were then invited for Councillor Chris Meaden on her Leisure, Sport and Culture Portfolio report, questions were then invited for Councillor Chris Meaden. She responded to questions from Councillors Tom Anderson and Andrew Hodson and her response included the following comment:

- She was unaware that Irby Library had been closed on numerous occasions but would investigate and provide a written response.

Questions were then invited for Councillor Bernie Mooney on her Environment and Sustainability Portfolio report. Her response to a question from Councillor Pat Cleary included the following comment –

- There were proposals to look at food waste collections as part of the recycling contract.

Questions were then invited for Councillor Tony Smith on his Children and Families Services report. His response to a question from Councillor Treena Johnson included the following comments:

- He gave an update on the progress of targeted services

Questions were then invited for Councillor Stuart Whittingham on his Highways and Transport Portfolio report. His responses to questions from Councillors Treena Johnston, Harry Smith, and Janette Williamson included the following comments:

- The new Salt Storage Barn was part of the asset strategy and would be a modern facility.
- BAM Nuttall have signed up to the fair payment charter.

Questions were then invited for the Policy and Performance Committee Chairs on their report. No questions were posed and it was then –

Resolved –

(1) That each of the Cabinet Portfolio Summary reports be noted.

(2) That the report of the Policy and Performance Committee Chairs be noted.

72 **MATTERS REQUIRING APPROVAL BY THE COUNCIL**

In accordance with Standing Order 5(2), five matters were submitted for approval by the Council (see minutes 73 to 77 post).

73 **CORPORATE PLAN 2015-2016**

The first matter requiring approval was in relation to the Corporate Plan and the recommendations of Cabinet at its meeting 27 November 2014 (minute 99 refers).

An amendment was moved by Councillor Phil Gilchrist and seconded by Councillor Dave Mitchell –

Council notes the sense of excitement and progress that the corporate plan intends to convey.

Council believes that this will be undermined if the controlling Labour Cabinet fails to pay due regard to the recent budget consultation.

Since the plan talks about '*ensuring that our vision, priorities and spending decisions are based on sound evidence, thorough analysis and understanding of community needs*' there are a number of areas where the Cabinet needs to match such sentiments with its actions.

Therefore these policy areas will lead to public confusion and cynicism if the Cabinet's future actions fall short of the hopes expressed.

- The plan says "*pupils should have access to a safe, healthy school environment*"

but will this be the case if there are insufficient crossing patrols to achieve this.

- The plan says it will "*ensure residents have access to green and open spaces*" but will this be ensured if residents are deterred by parking charges at the country parks.

- The plan says it will "*achieve warmer and safer homes*" but will this be achieved if the Cabinet, as in recent months, cuts the Public Health budget for healthy homes.

- The plan says it will "*build on the assets already in our communities*" but the assets will be reduced in our communities if the Cabinet does not respond to public concern about library opening times and youth and play facilities.

- The plan says it is "*empowering*" local residents "*in their communities*" but the Cabinet will not have built up community resilience if reductions in the availability of grit and grit bins are brought in.

• This latest plan also states...

'It is of the utmost importance that we safeguard our vulnerable people and deliver our services with empathy at all times'. The decision on the future of the Lyndale School, currently awaited, will be a litmus test or touchstone of this statement and a test of whether *'sound evidence'* and *'thorough analysis'* is being applied in practice.

Council therefore is not in a position to endorse the plan until it is clear that the laudable sentiments of the plan are adhered to and demonstrated in practice, particularly by the Cabinet.

Following a debate and Councillor Phil Davies having replied, the amendment proposed by Councillor Gilchrist was put and lost (24:37) (Two abstentions).

The motion was put and carried (37:25) (One abstention)

Resolved (37:25) (One abstention) – That the recommendations contained within Cabinet minute 99 be approved.

74 **TRANSITIONAL PAY POLICY**

The second matter requiring approval was in relation to the Transitional Pay Policy and the recommendations of Cabinet at its meeting 27 November 2014 (minute 101 refers).

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

Resolved (62:0) (One abstention) – That the recommendations contained within Cabinet minute 101, be approved.

75 **PROPOSED MERGER OF THE WIRRAL AND LIVERPOOL CORONER AREAS AND CORONER SERVICES**

The third matter requiring approval was in relation to the Proposed Merger of the Wirral and Liverpool Coroner Areas and Coroner Services and the recommendations of Cabinet at its meeting 27 November 2014 (minute 100 refers).

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

Resolved (61:0) (Two abstentions) – That the recommendations contained within Cabinet minute 100, be approved.

76 **CAR PARKING SCRUTINY REVIEW**

The fourth matter requiring approval was in relation to the Car Parking Scrutiny Review the recommendations of Cabinet at its meeting 6 November 2014 (minute 91 refers).

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

Resolved (61:1) (One abstention) – That the recommendations contained within Cabinet minute 91, be approved.

77 **EMPLOYMENT AND APPOINTMENTS PANELS**

The fifth matter requiring approval was in relation to the Employment and Appointments Panels and the recommendations at its meeting 24 November 2014 (minute 3 refers).

In relation to Part (1) of the resolution – Employment and Appointments Panel (Chief Executive). Two amendments which had been circulated in advance of the meeting were submitted in accordance with Standing Order 12(1) and (9). It was moved, as follows

Prior to first amendment being introduced Councillor P Gilchrist indicated that the seconder Councillor Chris Carubia had tendered his apologies to the meeting therefore proposed that Councillor Dave Mitchell under Standing Order 7(3) be allowed to second this amendment.

First amendment –

Proposed by Councillor Phil Gilchrist
Seconded by Councillor Dave Mitchell

“Delete section 1 and replace it with...

Council notes

- A) the detailed comparisons made with other authorities and
- B) the external advice provided by representatives of the Local Government Association and Penna.

Council considers, however,

- i) that the work of the Chief Executive in Wirral is supported by a series of Strategic Directors

ii) comparisons made with other authorities should look at the period and the financial climate in which their Chief Executives took up their posts

iii) the salary of the Chief Executive should not be more than ten times that of the lowest grade employee

iv) increasing the salary of the Chief Executive at a time when officers are being re-organised and evaluated is inappropriate

v) increasing the salary to the level proposed sends the wrong message to the workforce and taxpayers.

vi. An in depth performance appraisal of the successful applicant will be undertaken after one year's employment with a view to determining whether the salary should be enhanced.

In the light of these considerations the proposed salary should be advertised at the present level”

Second amendment -

Proposed by Councillor Jeff Green

Seconded by Councillor Lesley Rennie

“Amend paragraph (1) as follows:

First paragraph:

Delete “The current salary of the Chief Executive is not sufficiently competitive given the size and scope of the authority” from the first paragraph so as to only leave ‘Wirral Council is the ninth largest metropolitan authority in the country.’

Second paragraph

This paragraph be revised to read as follows:

The Council notes the external advice from the Local Government Association and Penna Plc, acting recruitment consultants, and the Panel's recommendations with regards to the salary range (£155,000 - £175,000 per annum) and final determination, of the Chief Executive's salary.

However, Council believes that it is incumbent on councillors of all parties to demonstrate the clear understanding that every pound the Council spends on itself is a pound less it can spend on services for Wirral residents and believes a salary of £175,000 (plus on costs) taking it over £200,000 per annum is unacceptable.

Council is concerned that, at the same time it is being asked to put in place increased transitional pay arrangements for staff who are facing huge salary cuts, Labour councillors appear determined to spend £1 million over the next 5 years on a new Chief Executive without first checking to see if a Chief Executive can be:

- (i) shared with another Authority, or
- (ii) recruited at the current salary level (£121,807 - £135,341)

Council therefore recommends that the Head of Human Resources and Organisational Development **first** reports on the progress of these recommendations at the next Employment and Appointments Panel meeting and before any final decision on the salary range of the Chief Executive by Council and any recruitment exercise is undertaken.”

Following a debate and Councillor Phil Davies having replied, the first amendment was put and lost (25:37) (One abstention).

Prior to the vote on the second amendment, Councillor Jeff Green and five Conservative Members rose to request a ‘card vote’

A ‘card vote’ was then taken on the second amendment and the Council divided as follows:

For the amendment (24) Councillors T Anderson, C Blakeley, E Boulton, A Brighthouse, Mrs W Clements, D Elderton, G Ellis, L Fraser, P Gilchrist, J Green, J Hale, P Hayes, A Hodson, K Hodson, M Hornby, S Kelly, D Mitchell, T Pilgrim, C Povall, Mrs L Rennie, L Rowlands, A Sykes, G Watt, and S Williams.

Against the Amendment (37) Councillors R Abbey, P Brightmore, J Crabtree, M Daniel, G Davies, P Davies, W Davies, P Doughty, R Gregson, P Hackett, T Johnson, A Jones, C Jones, A Leech, A McLachlan, M McLaughlin, C Meaden, B Mooney, C Muspratt, S Niblock, T Norbury, M Patrick, D Realey, L Reecejones, D Roberts, J Salter, H Smith, PA Smith, W Smith, C Spriggs, J Stapleton, M Sullivan, J Walsh, S Whittingham, I Williams, KJ Williams and J Williamson.

Two abstentions – Councillors S Foulkes and P Cleary.

The second amendment was therefore lost (24:37) (Two abstentions).

Prior to the vote on the recommendation contained within part (1) of the resolution, Councillor Jeff Green and five Conservative Members rose to request a ‘card vote’

A 'card vote' was then taken on the recommendation contained within Part 1 and the Council divided as follows:

For (37) Councillors R Abbey, P Brightmore, J Crabtree, M Daniel, G Davies, P Davies, W Davies, P Doughty, R Gregson, P Hackett, T Johnson, A Jones, C Jones, A Leech, A McLachlan, M McLaughlin, C Meaden, B Mooney, C Muspratt, S Niblock, T Norbury, M Patrick, D Realey, L Reecejones, D Roberts, J Salter, H Smith, PA Smith, W Smith, C Spriggs, J Stapleton, M Sullivan, J Walsh, S Whittingham, I Williams, KJ Williams and J Williamson.

Against (25) Councillors T Anderson, C Blakeley, E Boulton, A Brighthouse, P Cleary, Mrs W Clements, D Elderton, G Ellis, L Fraser, P Gilchrist, J Green, J Hale, P Hayes, A Hodson, K Hodson, M Hornby, S Kelly, D Mitchell, T Pilgrim, C Povall, Mrs L Rennie, L Rowlands, A Sykes, G Watt, and S Williams.

One abstention – Councillor S Foulkes.

Resolved (37:25) (One abstention) – That the recommendations contained within part (1) of the resolution of the Employment and Appointments Panel (Chief Executive) on 24 November 2014, be approved.

On a motion by Councillor P Davies, seconded by Councillor Ann McLachlan in relation to recommendations (4) and (5) of the Employment and Appointment Panel (Chief Executive) on 24 November 2014 it was –

Resolved (61:1) (Councillor Chris Blakeley voting against) (One abstention) – That the recommendations contained within minute 3, recommendations (4) and (5) of the Employment and Appointments Panel (Chief Executive) on 24 November 2014, be approved.

On a motion by Councillor P Davies, seconded by Councillor Ann McLachlan in relation to minute 3 in part (2) of the Employment and Appointments Panel (Director of Resources) on 24 November 2014 it was –

Resolved (62:0) (One abstention) – That the recommendations contained within part (2) of the resolution of minute 3 of the Employment and Appointments Panel (Director of Resources) on 24 November 2014, be approved.

The Mayor then adjourned the meeting at 8.15pm for a short break.

The meeting resumed at 8.25pm

78 **MATTERS FOR NOTING**

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

Resolved – That the following matters be noted -

Minute 61 (Cabinet – 9 October 2014) – Financial Monitoring 2014/2015 (Month 5) – Revenue.

Minute 62 (Cabinet – 9 October 2014) – Financial Monitoring 2014/2015 (Month 5) – Capital.

Minute 79 (Cabinet – 6 November 2014) – Financial Monitoring 2014/2015 (Month 6) – Revenue.

Minute 80 (Cabinet – 6 November 2014) – Financial Monitoring 2014/2015 (Month 6) – Capital.

Minute 92 (Cabinet – 6 November 2014) – Youth Employment Gateway (Youth Contract Underspend) (Reason – waiving of call-in).

79 **MEMBERS' QUESTIONS**

Councillor Phil Gilchrist, having given the appropriate notice in accordance with Standing Order 10(2) (b), submitted a question addressed to Councillor Phil Davies (Leader of the Council), in respect of working relationships with Cheshire West and Chester Council

Councillor Phil Davies responded accordingly.

80 **MATTERS REFERRED FROM POLICY AND PERFORMANCE COMMITTEES**

A matter had been referred to the Council by the Families and Wellbeing Policy and Performance Committee, in accordance with Standing Order 7(5) (see minute 81 post).

81 **BECOMING A DEMENTIA FRIENDLY COUNCIL - COMMITTEE REFERRAL**

At the meeting of the Council held on 14 July 2014 (minute 17 refers) the Mayor had referred a Notice of Motion 'Becoming a Dementia Friendly Council' to the Families and Wellbeing Policy and Performance Committee. The motion was duly considered at the meeting of the Committee on 9 September 2014 (minute 15 refers).

In accordance with Standing Order 7 (5) the Council was invited to consider the recommendation of the Families and Wellbeing Policy and Performance Committee which advised that –

The Notice of Motion be supported and the Council be advised accordingly.

On a Motion by Councillor Moira McLaughlin, seconded by Councillor Phil Davies, it was

Resolved – That the Motion be agreed as follows:

- (1) the Council be advised that the Families and Wellbeing Policy and Performance Committee fully supports the Notice of Motion in relation to Becoming a Dementia Friendly Council; and**
- (2) the Chief Executive be requested to implement a training programme for all staff and elected members.**

82 NOTICES OF MOTION

Notices of Motion submitted in accordance with Standing Order 7(1) were reported to the Council. The Mayor having considered each motion, in accordance with Standing Order 7(4) had decided that they would be dealt with as follows:

- (i). No Fire Station in the Centre of Greasby
To be debated
- (ii). Government's Fire and Rescue Service Cuts
To be debated
- (iii). Selective Licensing
To be debated
- (iv). The Corporate Plan's Ideals in Practice
To be referred to the Cabinet.

In accordance with Standing Order 12(2) the Mayor suggested that as motions (i) and (ii) were of similar subjects, both motions be dealt with together.

This was duly moved by Councillor P Davies, seconded by Councillor Jeff Green and agreed. That the motions (i) and (ii) be dealt with in one debate but with separate votes on each.

83 **MOTION - NO FIRE STATION IN THE CENTRE OF GREASBY**

Proposed by Councillor Tom Anderson
Seconded by Councillor Wendy Clements

Council acknowledges the overwhelming public opposition to a fire station on the site of Greasby Library.

Council notes that this concern relates to the specific site, not to the policy of merging of fire stations.

Council impresses upon Cabinet:

- (1) not to gift, sell, lease the land concerned at the centre of Greasby, because of the value it has for the community; and
- (2) to ask officers to work co-operatively with Merseyside Fire and Rescue Service in identifying and facilitating a more suitable site for operational purposes and to maintain the amenity of the local people.

Following an intervention from the Mayor, the Head of Legal and Member Services advised the Council that the issues raised by Councillor Anderson in his address did not give rise to any particular issues for members of the Planning Committee.

Following a combined debate and Councillor Tom Anderson having waived his right to reply, the motion was put and carried (60:1) (one abstention).

84 **MOTION -GOVERNMENT'S FIRE AND RESCUE SERVICE CUTS**

Proposed by Councillor Phil Davies
Seconded by Councillor Adrian Jones

Council welcomes the announcement by the Leader of the Council to withdraw the Council-owned land in the centre of Greasby from consideration for a new fire station.

Given the Merseyside Fire and Rescue Authority's obligation to maximise the protection of lives, and of property, it is inevitable that the location of Fire Stations may, from time to time, conflict with local preferences particularly where such structures may detract from the established scenic value of the MFRA's preferred locations.

The Government's devastating and unfair cuts to MFRA's budget have resulted in the unavoidable need to cut the number of Fire Stations in Wirral. The Fire and Rescue Authority's preferred location of a single Fire Station on a site in the centre of Greasby was based on its assessment of life saving

response times. However, this would result in the loss of a much loved local green space.

The Council is asked to continue to work with the Merseyside Fire and Rescue Authority to identify an alternative site in the greater Greasby area.

Following a combined debate and Councillor Phil Davies having replied, the motion was put and carried (41:20) (One abstention)

Resolved (41:20) (One abstention) – That the Motion be approved.

Councillor Bill Davies suggested that Standing Order 9 be suspended to allow debates on the final motion referred for debate. It was agreed that Standing Order 9 be suspended.

85 **MOTION - SELECTIVE LICENSING SCHEME**

Proposed by Councillor George Davies
Seconded by Councillor Bernie Mooney

Council welcomes the introduction of Selective Licensing of private landlords in four designated areas of the Borough. The four areas are known as Super Output Areas as identified by Government data.

The anticipated success of this scheme will enable us to move into other areas, where there is a similar shortage of good quality affordable homes.

Council therefore seeks the support of all parties in ensuring that Selective Licensing is endorsed and championed to raise the standard of private rented accommodation for all Wirral residents.

Following a debate and Councillor George Davies having replied, the motion was put and carried (53:1) (One abstention)

Resolved (53:1) (One abstention) – That the Motion be approved.

86 **VACANCIES**

The Council was requested to deal with the following matters in respect of appointments to Committees and outside organisations.

Outside Bodies

Wirral Metropolitan College Governing Body

Julia Hassall to replace David Armstrong.
(appointed for a 4 year term to 23 October 2018)

Magenta Living – Governance and Membership Committee

Councillor George Davies to be appointed to the Magenta Living – Governance and Membership Committee

West Kirby Charities

Mr David Stevenson be re-appointed until 30 October 2018

Resolved – That the appointments and amendments to the membership of the Committee and outside body listed above, be approved.

COUNCIL

Monday, 15 December 2014

Present: The Civic Mayor (Councillor Steve Foulkes) in the Chair
Deputy Civic Mayor (Councillor Les Rowlands)

Councillors	RL Abbey	P Hackett	D Realey
	T Anderson	J Hale	L Reecejones
	B Berry	P Hayes	L Rennie
	C Blakeley	A Hodson	D Roberts
	E Boulton	K Hodson	J Salter
	A Brighthouse	M Hornby	H Smith
	P Brightmore	T Johnson	Tony Smith
	C Carubia	AER Jones	W Smith
	P Cleary	C Jones	C Spriggs
	W Clements	S Kelly	J Stapleton
	J Crabtree	A Leech	M Sullivan
	M Daniel	AR McLachlan	A Sykes
	G Davies	M McLaughlin	J Walsh
	P Davies	C Meaden	G Watt
	WJ Davies	D Mitchell	S Whittingham
	P Doughty	B Mooney	J Williamson
	D Elderton	C Muspratt	I Williams
	G Ellis	S Niblock	KJ Williams
	P Gilchrist	T Norbury	S Williams
	JE Green	M Patrick	
	R Gregson	T Pilgrim	

Apologies Councillors C Povall P Williams

87 DECLARATIONS OF INTEREST

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

No such declarations were made.

88 MAYOR'S ANNOUNCEMENTS

The Mayor noted that apologies were received from Councillors Cherry Povall and Mrs PM Williams.

At the invitation of the Civic Mayor, Councillor Norbury addressed the Council on the success of the Authority in gaining the Members Development Charter, Level 1 from the North West Employers' Organisation and presented the certificate and award to the Council.

The Mayor congratulated everyone involved at the Floral Pavilion in achieving the Gold Award from the nationally recognised Green Tourism Business Scheme.

89 **PETITIONS**

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

Councillor Treena Johnson on behalf of 522 signatories and 128 online signatories requesting the Council to keep the Moreton Youth Club open.

Councillor Gerry Ellis on behalf of 514 signatories requesting 60 minute parking restrictions in Acacia Grove, West Kirby.

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

B. In accordance with the Petition Scheme (when petitions with a threshold of 3000 signatures triggered a Council debate) the Council received a petition of some 4042 signatures submitted by Sue Kellett of UNISON, asking the Council to stop dismantling Council services and making even more job cuts.

Phil Goodwin, Branch Secretary of UNISON addressed the Council on behalf of the petitioners.

Following a debate, it was moved by Councillor Phil Davies, duly seconded and –

Resolved – That Phil Goodwin be thanked for his compelling presentation and that the petition and its contents be noted.

The Mayor announced that in respect of the second petition received with regards to Wirral Sailing Centre the lead petitioner had withdrawn the petition so it would not be debated.

90 **PUBLIC QUESTIONS**

Mr J Brace, having given the appropriate notice in accordance with Standing Order 11, submitted a question on the four week consultation period over the closure of Lyndale School.

Councillor Tony Smith (Cabinet Member – Children and Family Services) responded accordingly.

In accordance with Standing Order 10, Mr Brace asked a supplementary question and Councillor Smith replied that he would respond in writing.

91 **LEADER'S, EXECUTIVE MEMBERS' AND CHAIRS REPORTS**

Reports from the Leader, Cabinet Member and Chairs were considered at the Council meeting on 8 December so no reports were provided for this Council meeting.

92 **MATTERS REQUIRING APPROVAL BY THE COUNCIL**

In accordance with Standing Order 5(2), six matters were submitted for approval by the Council (see minutes 93 and 95 to 99 post).

93 **COUNCIL BUDGET CONSULTATION FINDINGS**

The first matter requiring approval related to budget options and Council Budget Consultation Findings and the recommendations from minute 106, Cabinet of 9 December, 2014.

It was moved by Councillor Phil Davies and seconded by Councillor Ann McLachlan –

“That the recommendations contained within Cabinet minute 106 of 9 December, 2014 be approved.”

It was moved as an amendment by Councillor Gilchrist and seconded by Councillor Brighthouse, that –

“Council notes the lengthy resolution presented by the Cabinet and recognises that it was overtaken, within twenty four hours, by warnings from Ed Balls, as Labour’s Shadow Chancellor, that there would be cuts in spending.

The resolution has to be considered in the context of the need for a frank and genuine debate about the scale and pace of deficit reduction, set out by all parties, with a belated recognition by Ed Miliband of the need to tackle the deficit.

It should be pointed out, however, that the Local Government Association has been successful in making the case for local services.

The Cabinet's claims and assertions about the Government also need to be placed in context. The last Labour manifesto repeatedly referred to the tough choices that would have been made.

Nevertheless, the following constructive comments are offered on the Cabinet resolution in the run up to the budget making period:

1. The savings removed from the Chief Executive's proposals, recognising public disquiet, should be welcomed.
2. Despite the fact that, during two consultation processes, our citizens have expressed clear views about certain services, proposals continue to be included in successive years (e.g. school crossing patrols, grit bins and parking charges for Country Parks). This needs to be resolved and the Cabinet should ensure these do not appear in future consultations.
3. The proposed reduction in the hours available at community libraries, down to 18, is so great that it should be rejected. There has been no public consultation in the communities being affected by the proposal. It is substantially less than the hours given detailed consideration at the Transformation and Resources P & P Committee.
4. The proposals to close satellite youth centres have been dropped, along with the reduction of a further night at the hubs. However, doubts were expressed about the impact of the proposed Youth Zone on the financing of the youth service. Concerns have also been raised about the impact of the Zone on youth services in the area. The project should be re-evaluated in the light of these issues.

The Council has, at last, secured the return of £6.7 million of Wirral taxpayers' money from the Merseyside Waste and Recycling Authority. This money has been returned with too many strings attached. To overcome this, officers are requested to work with all Merseyside Authorities and the Waste Authority to enable this funding to be successfully utilised.

The Council further notes the potential for substantial receipts from the sale of land and assets in the next twelve months and the coming years. The projected capital receipts position for 2015/16 is £15,500,000. Council notes the proposed reduction in preventative maintenance of £370,000.

Council believes that the infrastructure of parks and highways requires further investment and a further £2 million should be included in the capital programme to deliver these improvements. Officers are requested to draw up proposals so that investment in the parks takes around 25% of the funding and the remainder is directed to the highways infrastructure. This would augment the Integrated Transport Budget funding received from the Government.

Wirral needs to make more progress with the introduction of 20mph zones and other schemes to improve the health of local people by increasing walking and cycling.

Building on the integration of the Council and Public Health services, the opportunity should be taken to improve the health and wellbeing of residents through the use of Public Health funding to support walking and cycling projects.

As the cost of larger highway safety schemes is beyond the funding presently allocated to Constituency Committees, these Committees should have more resources, responsibilities and the freedom to develop local decision-making and priorities.

To secure additional and continuing resources for the future, the Council has to give a greater priority to the generation of additional and sustainable income. This includes development opportunities that should bring in additional business rates and new house-building that will increase Council Tax receipts.

As Wirral is now, at last, making progress on office accommodation, agile working and securing the efficiencies from re-organisations, the Council is better placed to respond to, and make representations to, the Government on the resources required for local services. Arrangements should, therefore, be made for the Council to respond to the impending Local Government Finance Settlement and any future consultations.

The Cabinet, therefore, is requested to revisit its spending proposals in the light of these considerations prior to finalising the Budget in February.”

Following a debate and Councillor Phil Davies having replied, the amendment proposed by Councillor Gilchrist was put and lost (24:38) (One abstention).

The motion was put and carried (37:25) (One abstention).

Resolved (37:25) (One abstention) - That the recommendations contained within Cabinet minute 106 of 9 December, 2014 be approved.

94 **PROCEDURE**

On a motion by Councillor Bill Davies duly seconded, it was –

Resolved (56:6) (One abstention) – That Standing Order 9 be applied at 8.00pm.

95 **COUNCIL TAX 2015/16**

The second matter requiring approval related to Council Tax and the recommendations from minute 108, Cabinet of 9 December, 2014.

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

Resolved (61:0) (Two abstentions) - That the recommendations contained within Cabinet minute 108 of 9 December, 2014, be approved.

96 **BUDGET COUNCIL AGENDA AND PROCEDURE**

The third matter requiring approval related to the agenda and procedure for the Budget Council meeting and recommendations from minute 109, Cabinet of 9 December, 2014.

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

Resolved (61:1) (One abstention) - That the recommendations contained within Cabinet minute 109 of 9 December, 2014, be approved.

97 **AMENDMENT TO THE TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2014-15**

The fourth matter requiring approval related to an amendment to the Treasury and Investment Strategy and the recommendation from minute 112, Cabinet of 9 December, 2014.

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

Resolved (43:19 (One abstention) - That the recommendation contained within Cabinet minute 112 of 9 December, 2014, be approved.

98 **FINANCIAL MONITORING 2014/15 (MONTH 7) - CAPITAL**

The fifth matter requiring approval related to variances to the capital programme and the recommendations from minute 111, Cabinet of 9 December, 2014.

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

Resolved (62:0 (One abstention) - That the recommendations contained within Cabinet minute 111 of 9 December, 2014, be approved.

99 **SAFEGUARDING REFERENCE GROUP**

The sixth matter requiring approval related to a delegated decision taken by the Deputy Leader of the Council and the recommendations within that decision relating to the proposed re-establishment of the Safeguarding Reference Group.

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

Resolved (62:0 (One abstention) - That the recommendations of the Deputy Leader of the Council be approved.

100 **MATTERS FOR NOTING**

There were no matters were submitted for noting.

101 **MEMBERS' QUESTIONS**

There were no Members' general questions.

102 **MATTERS REFERRED FROM POLICY AND PERFORMANCE COMMITTEES**

There were no matters referred from Policy and Performance Committees.

103 **NOTICES OF MOTION**

Notices of Motion submitted in accordance with Standing Order 7(1) were reported to the Council. The Mayor, having considered each Motion, in accordance with Standing Order 7(4) had decided that the Motions would be dealt with as follows –

- (i) Consultation that Counts – to be referred to the Standards and Constitutional Oversight Committee
- (ii) Government Economic Policies Working for Wirral - to be debated

Resolved – That the Notice of Motion, 'Consultation that Counts', be referred to the Standards and Constitutional Oversight Committee.

104 **MOTION - GOVERNMENT ECONOMIC POLICIES WORKING FOR WIRRAL**

Proposed by Councillor Jeff Green
Seconded by Councillor Lesley Rennie

Council notes that since 2010, the Conservative-led Government has been working to a long-term economic plan to turn Britain around.

Council further notes that when Labour left Government there was a record peacetime deficit, increased unemployment and a welfare system that didn't reward work – they had even doubled income tax on the poorest by abolishing the 10p tax band.

Council acknowledges that the Government's economic policies have delivered the following achievements:

- The deficit cut by over a third
- Income tax cut for over 25 million people
- Benefits capped to reward work
- 1.8 million more people in employment
- The state pension increased by £800
- More children in good and outstanding schools
- 50,000 families with a home thanks to Help to Buy

Council further acknowledges that we are now seeing the tangible benefits of these Government policies working for Wirral people including:

- Wirral having the lowest rate of Job Seekers Allowance Claimants in the Liverpool City Region at 2.0% (October 2014), the lowest rate since December 2004.
- 2,600 people in Wirral coming off JSA since October 2013 and earning a wage for themselves and their families.
- Nearly £10 million of Regional Growth Fund monies being allocated to Wirral which has led to the safeguarding or creation of in excess of 1500 jobs.
- Building work commencing within the Wirral Waters Enterprise Zone on Wirral Metropolitan College's Built Environment Skills and Enterprise Centre, Tower Road South.
- Over £2 million of additional Regional Growth Fund resources secured ensuring the development of 120,000 sq ft of floor space along the A41 corridor.

Council is therefore dismayed that the Labour Administration continues to deny the significant economic benefits delivered to Wirral people from the Coalition Government's economic policies.

Council therefore instructs the Chief Executive to write to the Prime Minister congratulating him on these achievements.

Councillor Green spoke to the motion, followed by Councillor Lesley Rennie, and then having applied the guillotine in accordance with Standing Order 9 (see minute 94 ante), the Council did not debate this matter.

The motion was then put and lost (24:38) (One abstention).

105 **VACANCIES**

Following on from the re-establishment of the Safeguarding Reference Group (see minute 99 ante) the Council was requested to appoint named deputies for the Reference Group.

Resolved – That the political groups be requested to supply names of deputies to the Head of Legal and Member Services.

106 **GRAHAM BURGESS**

The Mayor informed the Council that this would be the Chief Executive's last meeting before his retirement from the Council and thanked him for his service over the last two and a half years.

The Leader of the Council expressed his thanks to Mr Burgess for all his work in improving the Council, Wirral was now regularly cited as a good example of sector led improvement. Wirral had been shortlisted for a number of Local Government Chronicle awards and at City Region level was leading the debate about greater devolution.

Councillor Green added his thanks and stated that Mr Burgess had played his part in starting to move the Council to a different place.

Councillor Gilchrist added his thanks and said that Mr Burgess had been instrumental in changing the culture of the Council.

Mr Burgess thanked the Mayor and the Leaders for their kind words and said that the Council was now in a good and stable position.

This page is intentionally left blank

ANNEX 1

Budget Debate Process

1. Cabinet Minute

- a. The Cabinet's Budget Recommendations/Minute(s) referred to at 7(i) of the Budget Council Procedure is formally moved by the Leader of the Council.
- b. The Cabinet's Budget Recommendations/Minute(s) is formally seconded.

2. Alternative Budget Proposal(s)/Amendments

- a. The Mayor will advise Council that Alternative Budget Proposal(s) or Amendments (submitted in accordance with 7(ii) of the Budget Council, Procedure) are to be proposed by both the other two Political Group Leaders and the Green Party Member (if applicable).

First Alternative Budget Proposal(s) or Amendment

- b. The Mayor will invite the Group Leader of the largest opposition political group to first propose his Alternative Budget Proposal(s) or Amendment.
- c. The Group Leader of the largest opposition political group formally moves his Alternative Budget Proposal(s) or Amendment.
- d. The Alternative Budget Proposal(s) or Amendment is formally seconded.

Second Alternative Budget Proposal(s)/Amendment

- e. The Mayor will invite the Group Leader of the other opposition political group to propose his Alternative Budget Proposal(s) or Amendment.
- f. The Group Leader of the other opposition political group formally moves his Alternative Budget Proposal(s) or Amendment.
- g. The Alternative Budget Proposal(s) or Amendment is formally seconded.

Third Alternative Budget Proposal(s) or Amendment (If applicable)

- h. The Mayor will invite the Green Party Member to propose his Alternative Budget Proposal(s) or Amendment.

- i. The Green Party Member formally moves his Alternative Budget Proposal(s) or Amendment.
- j. The Alternative Budget Proposal(s) or Amendment is formally seconded.

In the event that there is no seconder, the Third Alternative Budget Proposal(s) or Amendment(s) shall not be debated or voted upon.

3. Debating and Voting

The moved and seconded Cabinet's Minute and Alternative Budget Proposal(s)/Amendments shall be debated together (in accordance with the Rules of Debate set out below) and a vote then taken on each of them in turn.

Order of Speakers

- a. The Leader of the Council will speak to the Cabinet Budget Recommendations/Minute(s) (15 Minutes).
- b. The Portfolio Holder for Children's Services will speak to the Schools' Budget element of the Cabinet Budget Recommendations/Minute(s). (7 Minutes).
- c. The Group Leader of the largest opposition political group will speak to the First Alternative Budget Proposal(s)/Amendment (15 Minutes).
- d. The Group Leader of the other opposition political group will speak to the Second Alternative Budget Proposal(s)/Amendment (15 Minutes).
- e. If applicable, the Green Party Member will speak to the Third Alternative Budget Proposal(s)/Amendment (15 Minutes).
- f. Other members wishing to speak shall indicate to the Mayor, who will call them to speak in the order determined by the Mayor (Each Member - 3 Minutes).
- g. The budget debate shall end with the Seconders, **unless** they have spoken earlier. (Each Seconder - 7 Minutes)

Right of Reply

- h. If applicable, the Proposer of the Third Alternative Budget Proposal(s)/Amendment will be invited to exercise his right of reply. (5 Minutes).

- i. The Proposer of the Second Alternative Budget Proposal(s)/Amendment will be invited to exercise his right of reply. (5 Minutes).
- j. The Proposer of the First Alternative Budget Proposal(s)/Amendment will be invited to exercise his right of reply. (5 Minutes).
- k. The Leader of the Council will be invited to exercise his right of reply. (5 Minutes).

Speakers

Speakers will be allocated the following time:

The Leader of the Council speaking to the Cabinet’s Budget Recommendation(s)/Minute(s)	15 minutes
The Portfolio Holder for Children’s Services (speaking on the Schools’ Budget element)	7 minutes
The Group Leaders of the opposition political groups and Green party Member (if applicable) speaking to their respective Alternative Budget Proposal(s)/ Amendment	15 minutes
Other speakers	3 minutes
Secunder of an Alternative Budget Proposal(s)/Amendment (as applicable)	7 minutes
The Secunder of the Cabinet Budget Recommendation(s)/Minutes(s)	7 minutes
The Group Leaders of the opposition political groups and Green Party Member (if applicable) – right of reply	5 minutes
The Leader of the Council – right of reply	5 minutes

(For the avoidance of any doubt the times mentioned in the table above shall not affect the Mayor’s discretion to permit a speaker to speak beyond the allotted time).

4. Voting

The order of voting shall be as follows (and subject to 4(d)(ii) below):

a. If applicable, Third Alternative Budget Proposal(s)/ Amendment

A vote will be taken on the Third Alternative Budget Proposal(s)/Amendment.

b. Second Alternative Budget Proposal(s)/Amendment

A vote will be taken on the Second Alternative Budget Proposal(s)/Amendment.

c. First Alternative Budget Proposal(s)/Amendment

A vote will be taken on the First Alternative Budget Proposal(s)/Amendment.

d. Substantive Cabinet Recommendation(s)/Minute(s)

- (i) If all the Alternative Budget Proposal(s)/Amendments to the Cabinet's Budget Recommendation(s)/Minute(s) fall, a vote will be taken on the Cabinet's Budget recommendation(s) / Minute(s).
- (ii) If the Cabinet's Budget Recommendation(s)/Minute(s) are amended or an Alternative Budget Proposal(s) carried pursuant to 4a–c above, that decision will be regarded as an in-principle decision, which will automatically come into effect five working days after the date of the decision, *unless* the Leader of the Council informs the Head of Legal & Member Services in writing within that time that he objects to the decision becoming effective and provides a written submission setting out his reasons why.

Council shall adjourn the matter to 6.15pm, 3 March 2015 when the Council will reconsider its decision having regard to Leader of the Council's written submission.

At that the adjourned meeting the Council can:

- (i) accept the Cabinet Budget Recommendation(s)/Minute(s) (without amendment); or
- (ii) approve a different decision that does not accord with the Cabinet Budget Recommendation(s)/Minute(s).

The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 requires a recorded vote (i.e. names of all Cllrs voting and how they voted) to be taken in respect of all votes.

CABINET

Tuesday, 10 February 2015

Present: Councillor P Davies (Chair)

Councillors AR McLachlan P Hackett
G Davies Tony Smith
AER Jones B Mooney
C Jones S Whittingham
C Meaden

134 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

Councillor Bernie Mooney declared a personal and prejudicial interest in Item No. 11 – Proposal to Realign the Joint Carers' Commission (in line with Wirral's Strategy for Carers 2014-17) (Minute No. 144 refers) by virtue of her employment at Age UK. She indicated that she would be leaving the meeting whilst the item was under discussion.

Councillor Phil Davies declared a personal and prejudicial interest in Item No. 13 – Proposal to Realign the Joint Carers' Commission (in line with Wirral's Strategy for Carers 2014-17) (Minute No. 146 refers) by virtue of his appointment as Director for the Chamber of Commerce. He indicated that he would be vacating the Chair and leaving the meeting whilst this matter was under consideration and that Councillor Ann McLachlan would take the Chair for that Agenda Item.

135 MINUTES

RESOLVED:

That the minutes of the meeting held on 15th January be approved.

136 REVENUE BUDGET 2015/18 AND COUNCIL TAX LEVELS 2015/16

Councillor Phil Davies introduced a report of the Acting Section 151 Officer, updating the Budget Projections for 2015/16 to 2017/18. It outlined the issues and actions in relation to the Forecast Budget Funding Gap.

It indicated that Budget Council was scheduled for 24 February 2015 and the Council had to agree a Budget and set the levels of Council Tax for 2015/16 by 10 March 2015.

The Overview of the Council's Future Financial Position report to Cabinet on 9 December 2014 had provided the context by which budget decisions were being made. The projections indicated a net funding deficit over the three years of £70 million.

The report highlighted the key issues and the following documents were appended to it:

Appendix 1 - Savings 2015/16 to 2017/18

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 the Cabinet agenda)

Appendix 4 - Level of General Fund Balances

Appendix 5 - Reserves

Appendix 6 - Robustness of the Estimates

Councillor Phil Davies highlighted the issues and recommendations detailed in the Director's report, which contributed to enabling the Cabinet to be in a position to recommend a Budget proposal. He introduced the Budget proposal and the following resolution was moved, which was seconded by Councillor Ann McLachlan and agreed unanimously –

RESOLVED:

That the following Budget Resolution be agreed and recommended to Budget Council:

BUDGET RESOLUTION 2015/16

Cabinet notes the following:

- 1. In spite of the continuing draconian cuts by the Tory-led government amounting to £151m since 2010, this Council has protected front-line services and welcomes the fact that in 2015/16 no Library, Children's Centre or One Stop Shop will close.**

2. Cabinet welcomes the fact that, in spite of inheriting an overspend of £17m from the previous administration, Labour will deliver a balanced budget in 2015/16.

GROWTH

3. In spite of the unprecedented cuts in the Council's budget, Cabinet is able to recommend the following growth items in the period 2015/18 which will allow us to meet our corporate priorities (these are set out in Appendix 2 of the Acting Section 151 Officer's report). These include the following:-

Protecting vulnerable people

£6.8m to address demographic growth in Children's and Adults' Services.

£400,000 to address homelessness and fund the Community Safety Team.

Narrowing the inequalities gap

£600,000 to address property conditions in the private sector and promote housing and growth.

£356,000 for Selective Licensing pilot scheme in four areas of the Borough to improve private sector housing standards.

£1.5m capital for a new house building programme which continues into 2015/16.

£1.9m to continue support to schools previously funded by the Education Services Grant cut by the government.

Economic Growth

£808,000 capital to provide assistance to businesses.

£7m investment, primarily from grant, to replace the Dock Bridges.

£4m of capital to install LED lighting throughout the Borough.

£2m of capital investment into Highways (over and above Government funding).

Improving staff pay

£2.5m growth has been identified for 2015/16 to fully fund the national pay award for staff. This runs from January 2015 to March 2016.

£400,000 growth is included in the budget for 2015/16 rising to £800,000 by 2017/18 to increase the pay of social workers in recognition of the importance of safeguarding children, young people and adults.

4. Cabinet notes that there is a resource of £1.5m available for allocating in 2015/16 and that, whilst an additional £614,000 allocated as part of Wirral's Revenue Support grant is welcome, this pales into insignificance compared to the £24m which the government has cut from Wirral's Revenue Support Grant in 2015/16. This administration has a long-standing commitment to protecting front-line services and helping vulnerable people. Cabinet therefore proposes to allocate this funding as follows:-

Tackling Anti-Social Behaviour - £365,200

Cabinet is determined to address the issue of anti-social behaviour which residents tell us is a key issue in many parts of the Borough. This entails being tough on the consequences of anti-social behaviour, as well as investing in facilities such as the proposed Wirral Youth Zone which will tackle the causes of this problem. We are therefore proposing the following comprehensive package of measures at a total cost of £365,200. This will be implemented by working together with our key partners, notably the police, and will be subject to a detailed evaluation to determine the impact of this additional funding.

- Employ two additional Anti-Social Behaviour officers - £75,000

Initially the matter with the highest priority is to provide an additional 2 ASB Enforcement Officers in the existing ASB team. This would result in a model of 2 ASB Enforcement Officers per constituency area and this investment would enable a far quicker and more improved response to locational issues of ASB. It would also lead to speedier case resolution, dealing with the perpetrators more quickly and providing a resolution to the victims.

- Establish an Out of Hours Environmental Health Officer rota - £30,000

Another significant ASB matter is that which relates to nuisance environmental health matters, for example – noise, light, smells, etc. This option seeks to support the setting up an Out of Hours standby Environmental Health Officer (EHO) rota. This would allow for an EHO to be on call to respond to those noise complaints outside normal working hours. This officer would also be able to issue Environmental Protection Notices direct to offenders and also install monitoring equipment, etc.

- Establish Co-ordinator for Neighbourhood Justice Scheme - £45,000

There is a pressing need for the Neighbourhood Justice Scheme to have a full-time Co-ordinator to oversee and drive forward this initiative. At present, the ASB Manager and a Police Sergeant are managing it, but they are unable to dedicate enough time, without major impact on other critical service delivery. This scheme has the real potential to reduce demand, change behaviour and culture across the Borough. A bid is being prepared to the Police and Crime Commissioner when her fund for Restorative Justice is released shortly, but there is no guarantee that Wirral would be successful. This item would fund the secondment of a police officer (preferably a Sergeant) into the Corporate and Community Safety Team.

- Supporting the victims of ASB - £20,000

In dealing with ASB, all the effort appears to be concentrated on investigating, identifying and dealing with the perpetrator. There is often little support with regard to the victims. In an attempt to redress this balance, an amount of £20,000 would be provided to engage the services of a Victim Support Mediation Service. This service would work directly with supporting the victims of ASB, which would also result in increasing the perception with those victims that we are tackling ASB.

- Funding additional StaySafe Operations - £35,200

One of the most effective ASB reduction programmes with regard to public perception and confidence is the StaySafe Operations. These are concentrated multi-agency operations, where teams of police, ASB officers, youth support workers, etc. saturate a particular area in a High Visibility manner engaging with youths and residents in that area. Youths who are engaged in high risk activities – drinking, drugs, etc. or those that are seen to be carrying out ASB, are taken back to a ‘place of safety’ where professionals are able to deal with these issues and where the carers and/or parents of these youths are called in to discuss their behaviour. The cost of a typical StaySafe operation is £2,200. This option would fund an additional 4 StaySafe Operations in each Constituency Area over the next 12 months.

- **Capital Investment - Funding additional CCTV cameras and other equipment - £100,000**

Following a number of years of reducing ASB spending, there is now a critical need to equip the team correctly to ensure they can tackle ASB cases more effectively. This includes replacing the 2 ASB team vehicles, replacing the Police and Criminal Evidence recording equipment, providing additional mobile CCTV cameras and most importantly investing in a modern electronic case management system. The investment in this re-equipping of resources will enable the team to operate far more effectively, and more importantly, allow them to resolve more ASB cases by being able to capture more evidence.

- **Monitoring of Council Owned CCTV Cameras - £100,000**

Working in partnership with the police, Cabinet agrees to increase the monitoring of the Council's CCTV system by appointing additional staff to be based in the Control Room at Cheshire Lines. The details to be reported back to Cabinet.

- **Provide dedicated funding to Constituency Committees to tackle ASB - £60,000**

In support of the constituency committee process and to engage the committees in tackling ASB in their areas, it is proposed to make available a fund of £60,000 to be split equally amongst the 4 Constituency Committees. The ASB team would work with the Constituency Committees and produce action plans to tackle ASB in their area. Constituency Committees will be offered a menu of ASB prevention and intervention activities to enable them to choose what they feel would benefit their areas. Some examples on this menu are – Youth alcohol testing programmes, additional youth provision, sports development workers, enhanced household security campaigns, and increased CCTV camera provision.

Local Welfare Assistance Fund - £900,000

This fund provides financial assistance to people in dire need. The government transferred responsibility for administering this from DWP to the Council together with a grant of £1.1m. The government announced that this grant was being cut with effect from March 2015. The Council has £600,000 in a reserve for this fund. Cabinet intends to make this available together with the anticipated underspend in 2014/15 of £300,000 to create a fund totalling £900,000 available in 2015/16. This will provide a local scheme to fill the gap left by the government's unwillingness to assist the most vulnerable in our communities. It is proposed that the 2014/15 policy be continued until the end of July 2015.

In the interim, Cabinet asks the Scrutiny Review Group which has been set up to look at this fund to meet in order to make recommendations as to how this resource should be allocated.

Discretionary Housing Payments - £300,000

The government recently announced that Wirral's Grant for Discretionary Housing Payments would be cut from £996,000 to £736,000 in 2015/16. Cabinet deplores this cut as yet another attack on the poor. In order to ensure that people continue to receive help with their housing needs, Cabinet agrees to invest £300,000 of Council funding to bridge the gap created by this misguided decision.

Appoint Additional Dog Wardens - £102,500

In order to tackle the prevalence of dog fouling across the Borough, Cabinet is proposing to increase the resources in this area by £102,500. It is generally accepted that a mixed service delivery model of both enforcement and education produces the best results with regards to reducing the prevalence of dog fouling. The Council is pursuing the adoption of Public Space Protection Orders (PSPOs) across the 4 constituency areas which will be in place by summer at the latest. These PSPOs will permit a more rigorous enforcement programme. In preparation to ensure that the Council is ready to use these new Orders as soon as they are live, it will be necessary to reinforce the existing dog fouling team by a further 4 enforcement officers at a cost of £72,500. This will result in each constituency having 2 dedicated Dog Fouling Wardens.

This proposal is an enhancement of existing plans to second a senior community patrol officer to the Waste and Environmental Services team, in order to deliver the "We're Watching You" dog fouling campaign, undertake educational visits and gather intelligence from the public to assist in targeted enforcement activities. This item is also cost neutral as the budget will be substituted from the Sinking Fund.

To optimise the effectiveness of this saving option there will be a requirement to have a small marketing and advertisement budget of £15,000 per annum for 2 years. A review will be undertaken at the end of this period.

Williamson Art Gallery - £250,000

The Williamson Art Gallery is a vital element of Wirral's cultural offer. The Council has been working with a group of supporters, including the Friends of the Williamson, and the National Museums Liverpool, to put the Williamson on a stable financial footing. In the short term this will

require an additional £250,000. Looking to the future, it is our intention to work with the Friends Group and others to look at operating the Williamson under a new model such as a Trust.

Floral Pavilion - £200,000

Cabinet wishes to reduce the subsidy to the Floral Pavilion with a view to it becoming commercially self-sufficient within the next twelve months. To enable this transition to take place will require additional funding. Cabinet will therefore commit growth of £200,000 to this facility with a view to exploring a new service delivery model going forward.

Constituency Committees - £200,000

Labour introduced Constituency Committees in 2013 as part of a new Neighbourhood Working agenda. We have been impressed with the work each committee has done to enable local people to have a greater influence over how the Council spends its funding at a local level. When we started this programme we allocated £50,000 for 'seed corn' funding, focussed on tackling poverty and deprivation, which we hoped would be matched by other public agencies. Cabinet will continue to devolve funding to each Constituency Committee, however, we would request the Acting Chief Executive to undertake an evaluation of the work of Constituency Committees, and to report back to the Cabinet on what additional activities may be devolved and how far each Committee has tackled deprivation in the Borough and whether there is a case for weighting the funding going forward based on levels of deprivation. This funding is in addition to the £60,000 allocated to Constituency Committees to tackle ASB and £40,000 to carry out community clean-ups (see Section 6).

Using Business Rates flexibilities to incentivise employers to pay the Living Wage - £50,000

The Council has the discretion to award discounts in national non-domestic rates to businesses under section 47 of the Local Government Finance Act 1988. To award discounts under this provision a business must meet criteria set by the Council. The cost would be charged in accordance with the business rate allocation from the Collection Fund, i.e. the Council would pay 49%, Fire 1% and Central Government 50%. If the Council contributed £50,000 then the scheme total fund would be £100,000.

It is therefore proposed that £50,000 be set aside to create a total fund of £100,000 and to offer small and medium sized businesses (10-250 employees) the opportunity of obtaining a discount on their business

rates if they become an accredited Living Wage employer. The details of how such a scheme will operate will be reported to Cabinet.

5. Cabinet has also identified additional funding for the following:-

Reduced car parking charges - £313,000

Following careful consideration of the recommendations set out in the Car Parking Scrutiny Review Report presented to Cabinet in November 2014, Cabinet proposes the following measures, for an initial 12 month trial period, to help local businesses and support the viability of Wirral's shopping and commercial centres:

- i. Simplified charges at all Council car parks for a 12 month trial period April 2015 to March 2016 which includes the removal of the 5p tariff denomination*

Proposed tariff:	Car parks:
Tariff A – shopper car parks: Up to half hour – £0.50 Up to 1 hour - £1.00 Up to 2 hours - £1.60 Up to 3 hours - £2.10 Up to 4 hours - £3.30 Up to 5 hours - £4.10 All day - £4.50	Barton Street Cook Street Europa Square Wilbraham Street Oliver Street 1 Exmouth Street Atherton Street Europa Pools Hamilton Building
Tariff B – long stay car parks: Up to 1 hour - £1.00 All day - £4.50	Hinson Street Duncan Street Woodside Approach
Tariff C – long stay car parks: Up to half hour – £0.50 Up to 1 hour - £1.00 All day - £2.00	Elgin Way Quarry Bank Street Upper Mount Avenue
Tariff D – long stay car parks: Coaches - £5.00 Up to 1 hour - £1.00 Up to 2 hours - £1.60 Up to 3 hours - £2.10 All day - £3.00	Price Street

- ii. *A new significantly reduced Pilot Tariff for the following shopper car parks for a 12 month trial period April 2015 to March 2016*

Proposed tariff:	Car parks:
Pilot Tariff – shopper car parks:	Seaview Road
Up to half hour – Not Applicable	Liscard Village
Up to 1 hour - £0.70	Liscard Crescent
Up to 2 hours - £0.80	Rocky Lane
Up to 3 hours - £1.20	Pye Road
Up to 4 hours - £2.10	Puddydale
Up to 5 hours - £3.30	Mount Avenue
All day - £4.50	Dee Lane
	Concourse

Cabinet also requests officers to progress the testing of new technology such as “Phone to Pay” as highlighted in the Car Parking Scrutiny Review report and carry out further consultation with traders’ associations to look at the feasibility of a “Parking Cashback” scheme that allows shoppers to park and have the cost of their parking ticket refunded by participating outlets. It is anticipated that these revised charges will lead to a reduction in income of £313,000 which will be found from balances. As part of this new policy it is hoped that businesses will work with the Council to ensure the success of the pilot. A review of the impact of these revised charges will be undertaken towards the end of the year and reported to Cabinet.

Continuation of Council Apprenticeship Programme – £218,000

Cabinet proposes the continuation of the Council’s apprenticeship programme which will fund 12 apprenticeship places at a cost of £218,000. This will be funded from the Children and Young People’s Department.

CREATING A CLEANER AND GREENER WIRRAL

6. Cabinet is mindful of the fact that the Waste Development or ‘sinking fund’ is ‘one off money’ and that it is therefore important to allocate as much of the fund as possible on initiatives that can be sustained (or have a sustainable outcome) once the fund runs out. Cabinet therefore proposes the following initiatives which will create a cleaner and greener Wirral. They will also directly improve recycling performance, and hence are fully eligible to be funded from the sinking fund under the terms of the Memorandum of Understanding agreed with the Waste Disposal Authority. In addition, all initiatives are designed to engender sustainable

improvements that can be realised after initial periods of investment.

A. Removal of charges for replacement grey wheeled bin recycling bins (140 litre, 240 litre and 360 litre)

Currently, residents are charged £37 to replace a lost, stolen or damaged wheeled bin. Over time, many residents have simply not replaced grey bins in order to avoid this cost. Those residents without grey bins are unlikely to be recycling regularly. If residents do not have enough capacity in their green residual bin for all their waste, it can also cause waste to escape into the local environment as bins are overfilled, or waste is left uncontained.

It is proposed that all grey bins are provided free of charge over the next two years. Residents should be required to sign for their bin and undertake to store it securely and use it correctly (via the serving of a notice). Bins will also be delivered pre-numbered.

Large households should also be allowed to upsize their grey recycling bin free of charge if they feel they could recycle more. Second hand bins will be recirculated wherever possible to reduce costs to the Council.

It is estimated that up to 4,000 households who should have a grey bin do not currently have one. We are also likely to receive around 1,000 calls in 2015/16 from other residents requesting replacements.

Funding required: £180,000 over a 2 year period.

B. Reduction of charge for replacement residual (green) bins

Residents are more likely to buy a green bin if their needs replacing, or they do not have one. It is therefore recommended that the charging policy remains in place for green bins. However, it is proposed that the cost of a green bin be reduced from £37 to £24 so that it is more in line with other districts and more affordable to more households.

Funding required: £80,000 over a two year period

C. Bin Repair Service

The bin repair service trialled over the last 18 months has resulted in over 1,200 bins being repaired successfully (bin lid/axles/wheels), saving the tax payers of Wirral £44,400. It is proposed that this service is formally launched and offered free of charge to residents for the next two years.

Funding required: £45,000 for two years (1 x FTE, vehicle and spare parts over 2 years)

D. Increasing capture rates for recycling on the co-mingled scheme

Research carried out by the Waste Team has proven that many households do not have an internal system within their households to segregate their waste and this leads to less recycling being captured. It is proposed that re-usable bags for all households are issued alongside a comprehensive campaign to re-engage people in recycling of all 5 materials. The design of the bag has already been determined through extensive piloting and with consultation with members of the public.

The campaign messages will vary depending upon the levels and quality of recycling we are receiving from various demographics. It is proposed to roll out the scheme borough wide to all households over a two year period, targeting areas that are recycling the least first.

This important campaign will help prepare residents for the next step change in our recycling schemes that will need to be implemented in April 2017 when Biffa are scheduled to replace the waste collection fleet. Households that actively and optimally engage in recycling will be most likely to accept and cope with any potential future changes (such as the introduction of food waste and further changes to the frequency or bin size for residual waste collections).

Funding required: £300,000 over two years (£150,000 per year).

E. Appoint four new Neighbourhood Recycling Officers

From 2015/16, resources will be set aside to completely fund 4 new full time Neighbourhood Recycling Officer roles. The roles will oversee all changes to recycling schemes and be instrumental in delivering behaviour change initiatives to ensure Wirral optimises its diversion of waste from landfill and reduces the burden of waste management costs. These posts are essential to helping Wirral achieve the 2020 recycling target of 50%.

Funding Required: £170,000 for two years (initially)

F. Community Clean-ups - £40,000

There have been a number of examples during this year where individuals and communities have come together to help clean up their local areas. We applaud the commitment and pride shown by individuals and communities and would wish to support them to continue to do so.

We therefore propose allocating £10,000 to each of the four constituency committees to enable local groups to pay for the cost of skips to be provided to support these local clean-ups. Constituency Committee managers will work with staff from the Council's waste team to quickly develop processes for this option to be introduced

The total allocation of the sinking fund proposed by the above initiatives is £775,000. If the £400,000 already allocated to tackle alleyway dumping is added, together with the £72,500 for additional Dog Wardens, this makes a grand total of £1,247,500 out of the £6.7m fund. This leaves around £5m to invest in infrastructure required to realise the step changes in 2017 that will be introduced when the new fleet is commissioned. Details are still to be worked up collaboratively across the City Region but will possibly include the roll out of food waste collections.

COUNCIL TAX TO BE FROZEN IN 2015/16

7. Cabinet was pleased to be able to freeze the Council Tax last year and was able to do this because the Council Tax Freeze Grant was built into the Council's base budget. If the rules on the use of this grant continue for a further year we intend to recommend to Council that the Council Tax is frozen for a further year. Given that Council Tax are one of the largest bills residents face, Cabinet is pleased to be able to freeze Wirral's Council Tax for the second consecutive year which will help Wirral residents cope with the cost of living crisis.

NEW MODELS OF SERVICE DELIVERY

8. This Council will be required to deliver £70m of additional savings over the next three years. This will require radical thinking around new models of service delivery, building on the company which is being proposed in partnership with Cheshire West and Chester around schools traded services and the local authority company which is being proposed for Day Centres for people with learning disabilities. More integrated working will also be essential to deliver savings and maintain good quality services. Some useful work has already been done in using public health funding to help other services such as housing and environmental health deliver key outcomes. Integrated working between social care and health is a central feature of the Better Care Fund and implementing the new Care Act.

9. FUTURE YEARS

This budget focuses on 2015/16. Cabinet intends to review the Corporate Plan in July with a view to producing a new 3 year plan. This

will look at how the Council will deliver, with its partners, future investments in local services for the period 2016 to 2019. Our main aims will continue to be protecting frontline services and delivering our corporate priorities.

CONCLUSION

In spite of the Tory-led government's unprecedented cuts in this Council's budget over the past five years, this Labour administration has protected front-line services, frozen the Council Tax for two consecutive years and invested in services for vulnerable people, programmes which tackle inequalities and action to create jobs, assist businesses, and create safer and greener communities. However, another five years of austerity will make it almost impossible to maintain even basic levels of public services. That is why this administration is totally opposed to the government's intention to return to 1930s levels of public spending. That is why this country needs a change of direction nationally and the return of a Labour government at the general election in May to restore fairness in the distribution of public funding and provide the progressive policies to deliver social justice and economic success.

RECOMMENDATIONS

1. Cabinet recommends to Council a budget proposal for 2015/16 as follows:-
 - a) That the savings 2015/18, set out at Appendix 1 of the Acting Section 151 Officer's report be confirmed.
 - b) That the Budget Growth 2015/18, set out in Appendix 2 of the Acting Section 151 Officer's report be agreed and the detail built into the Budget.
 - c) That the additional growth items identified in this resolution together with the proposals to be funded by the Waste Development Fund be agreed.
 - d) That the fees and charges be noted and delegated authority be given to the Acting Section 151 Officer to update the Council Fees and Charges Directory prior to publication before 1 April 2015.
 - e) That delegated authority be given to the relevant Portfolio Holder, relevant Strategic Director and Director of Resources in respect of revising present charges particularly for leisure and cultural activities.

- f) That 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 and that the Council maintains balances at, or above, this level.
 - g) That the release of reserves by Directorates be agreed and transferred to the Remodelling Restructure Reserve.
 - h) 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 of the Acting Section 151 Officer's Report be noted.
2. Cabinet recommends to Council the Council Tax levels for 2015/16 as follows:-
- a) That, with reference to Sections 2.38 and 8.2 of the Acting Section 151 Officer's report, Wirral's Council Tax to be frozen for 2015/16.
 - b) That it be confirmed that the Wirral Council Tax will include the precepts from the Police 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 levels for 2015/16 authority be delegated to the Acting Section 151 Officer to publish the final Wirral Tax levels for 2015/16.
3. Cabinet recommends to Council for approval the statutory calculations associated with the decision to accept the Council Tax Freeze Grant and there be no increase in the Wirral Council Tax element for 2015/16.

The Statutory Calculations and Resolution

It be noted that in accordance with Section 31B of the Local Government Finance Act 1992 (as amended), that Cabinet on 9 December 2014 calculated the Council Tax Base 2015/16 for the whole of the properties in its area as 89,344.9 (Item T in the statutory formula).

That the following amounts be calculated and approved by the Council for the year 2015/16 in accordance with Sections 32-36 of the Local Government Finance Act 1992 (as amended) ("the Act");

- a) £114,206,012 being the amount calculated in accordance with Section 31A (4) of the Act (amended) as the Council Tax Requirement for 2015/16

(item R in the statutory formula). This amount (D) is determined as being the difference between:

- i) £722,401,275 this being the aggregate of the amounts calculated in accordance with Section 31A (2) of the Act (as amended), i.e. the aggregate of the amounts that the Council estimates that will be charged to a revenue account for the year in performing its functions, that are required to be set aside for contingencies and reserves and required to be transferred from its General Fund to its Collection Fund in the year and
 - ii) £608,195,263 this being the amount calculated in accordance with Section 31A (3) of the Act (as amended), i.e. the aggregate of the amounts of income that the Council estimates will be credited to a revenue account for the year in accordance with proper practices, the amount of reserves that are estimated to be used to provide for the items referred to in paragraph (a) above, and required to be transferred from its Collection Fund to its General Fund in the year.
- b) £1,278.26 being the amount calculated in accordance with Section 31B (1) of the Act (amended) as the Basic Amount of Council Tax for 2015/16. This amount being calculated as item R divided by item T (as above).

c) that in accordance with section 36(1) of the Act that the following amounts are calculated for each valuation band in the area:

Wirral – Basic Amount Of Council Tax Per Valuation Band

A	B	C	D
£852.17	£994.20	£1,136.23	£1,278.26
E	F	G	H
£1,562.32	£1,846.38	£2,130.43	£2,556.52

These amounts being the amounts given by multiplying the amount calculated as the basic amount of council tax by the number which in the proportion set out in Section 5(1) of the Act is applicable to dwellings in a particular valuation band which is applicable to dwellings listed in valuation Band D.

It be determined that the amount set in (c) above as the Council’s Basic Amount of Council Tax for 2015/16 is not excessive in accordance with the principles determined by the Secretary of State under section 52ZC of the Act (as amended) and that no Referendum to approve the Basic

Amount of Council Tax is required. The principles require a Referendum to be held for any increases of 2% or above.

Wirral – Basic Amount Of Council Tax Comparison For Referendum

	2014/15	2015/16	Change
	£	£	£
Band D	1,278.26	1,278.26	Nil

To note that the Police and Crime Commissioner for Merseyside and the Merseyside Fire and Rescue Service have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council’s area as indicated in the tables.

Police and Crime Commissioner for Merseyside (figures are awaited)

A	B	C	D
E	F	G	H

Merseyside Fire and Rescue Service (figures are awaited)

A	B	C	D
E	F	G	H

That having calculated the amounts for Wirral together with the Police and Fire the Council in accordance with Section 30 (2) of the Act hereby sets the following amounts as the total amount of Council Tax for the year 2015/16 for each of the categories of dwellings.

Total Council Tax for Wirral (awaiting figures for Police and Fire)

A	B	C	D
E	F	G	H

137 **CAPITAL PROGRAMME AND FINANCING 2015/18**

Councillor Phil Davies introduced a report by the Acting Section 151 Officer providing the Cabinet with a draft Capital Programme for 2015/18 for consideration and referral to Council for approval. It also included information regarding the revenue implications of this Programme.

RESOLVED: That

- (1) the new bids as detailed in Appendix 4 be approved;**
- (2) 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;**
- (3) progress on delivering the Capital Programme be presented in accordance with the agreed Capital Monitoring arrangements; and**
- (4) the overall Capital Programme 2015/18 as detailed in Appendix 6 to the report be agreed and referred to Budget Council for approval.**

138 **MEDIUM TERM FINANCIAL STRATEGY (INCLUDING TREASURY MANAGEMENT STRATEGY AND CAPITAL STRATEGY)**

Councillor Phil Davies introduced a report by the Acting Section 151 Officer, setting out the Medium Term Financial Strategy 2015-18. This was a strategic, financial document that set out the Council's financial approach for the planning period 2015-16 to 2017-18. It also incorporated the Treasury Management Strategy for 2015-18 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

RESOLVED:

- (A) That in respect of the Treasury Management Strategy 2015-18**
 - (1) The Treasury Management Strategy for 2015-18 be agreed**
 - (2) The Prudential Indicators be adopted**
 - (3) The Council's Minimum Revenue Provision Policy be approved;**
 - (4) The Council Officers listed in Appendix G be authorised to approve payments from the Council's bank accounts for all treasury management activities; and**
 - (5) Referred to Budget Council for approval.**
- (B) That in respect of the Medium Term Financial Strategy 2015-18**

- (1) The Medium Term Financial Strategy be agreed and referred to Budget Council for approval; and**
- (2) Regular updates of the Medium Term Financial Strategy be reported to Cabinet.**

139 **FINANCIAL MONITORING - REVENUE (MONTH 9)**

Councillor Phil Davies introduced a report by the Acting Section 151 Officer, setting out the revenue position for 2014/15, which at Month 9 (December 2014) showed a projected General Fund overspend of £0.82 million (0.3% of the net revenue budget). This was a small improvement on the £0.85 million projected overspend reported at Month 8 as shown in Graph 1 of the report.

The report indicated that the Adult Social Services projected overspend had increased in the month by £52,000 to £2.77 million. The overspend was mainly due to slippage or non-delivery of in year savings and continued demand pressures. The forecast overspend within Children's Services had reduced further with a forecast overspend now of £196,000 (down from the Month 8 projection of £330,000). The overspend largely related to the non-achievement of in year transport savings as well as costs of external placements. The Families and Wellbeing Directorate had implemented a number of management actions to help compensate and/or limit any adverse variances.

Councillor P. Davies asked officers and Cabinet Members to bear down on any possible slippage in savings as it was important to balance the books.

RESOLVED: That

- (1) that at Month 9 (December 2014), the full year forecast projected a General Fund overspend of £825,000 be noted;**
- (2) the changes in budget allocations relating to the pay award, revised depreciation charges and re-modelling savings as detailed in paragraphs 2.1 and 2.2 in the report, which did not impact on the General Fund position; and**
- (3) the risks relating to non-delivery of savings as detailed in the report and the continued requirement for mitigation and actions to be identified be noted.**

140 **FINANCIAL MONITORING - CAPITAL (MONTH 9)**

Councillor Phil Davies introduced the report of the Acting Section 151 Officer, setting out the capital position for 2014/15 at Month 9 (December 2014).

Councillor P. Davies commented that he was pleased to see the progress made on the Capital Receipts as detailed within the report.

RESOLVED:

That the spend to date at Month 9 of £22.5 million pounds, with 75% of the financial year having elapsed be noted.

141 **REFERRAL FROM CABINET - 9/12/14**

At its meeting on 9 December, 2014, the Cabinet considered a report by the Chief Executive and Councillor Phil Davies on the Council Budget Consultation Findings. As part of its resolution, the Cabinet made a recommendation to Council which the Cabinet was asked to consider. (Minute No. 106 refers)

The Cabinet had resolved:

At its meeting on 14 April, 2014, the Transformation and Resources Policy and Performance Committee considered a report by the Head of Business Processes on the Local Welfare Assistance Scheme 2014/15 and Future Support Options. As part of its resolution, the Committee made a recommendation to Cabinet which the Cabinet was asked to consider. (Minute No. 36 refers)

The Committee had resolved:

- (1) That this Committee sets up a Task and Finish Group to examine future options for the Local Welfare Assistance Scheme as a potential piece of work in the new municipal year recognising that the timing of this is critical.
- (2) That this Committee recommends to Cabinet the establishment of a reserve to include the unspent grant funding so the Authority could review spending on welfare assistance and that it would be disheartened to see this unspent funding subsumed into general reserves rather than go towards extending the lifetime of the LWA scheme.

- (3) That the Chief Executive be asked to write to the appropriate Government Minister and request that the Government rethink its position on this grant funding for 2015/16 and beyond.'

RESOLVED:

That the Cabinet recommendations as set out above be noted.

142 **WELFARE REFORM UPDATE**

Councillor Phil Davies introduced a report from the Head of Business Processes, providing an update on areas of change within the Government Welfare Reform agenda, the impact on the residents of Wirral and how Council services were responding.

Councillor P Davies and Members of the Cabinet commented that this was yet another example of the Government cuts which affected the most vulnerable in society, concerns were raised about the further impact Universal Credit would have on those already struggling with financial hardship.

RESOLVED: That

- (1) **The report be noted and that further reports be given on Welfare Reform;**
- (2) **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 be approved; and**
- (3) **it be noted that this Cabinet condemns the Government's decision to withdraw the funding for Discretionary Housing Payment fund and asks that our representative MP's put pressure on the Government to revise their decision on the damaging cuts affecting the most vulnerable people in Wirral .**

143 **SUNDRY DEBTOR WRITE-OFFS**

Councillor Phil Davies introduced the report of the Head of Financial Services, setting out details of Housing Benefit overpayments requested to be written off.

RESOLVED:

That the report be noted and the debts be written-off as detailed in the report.

144 **PROPOSAL TO REALIGN THE JOINT CARERS' COMMISSION (IN LINE WITH WIRRAL'S STRATEGY FOR CARERS 2014-17**

Prior to consideration of this item, Councillor Mooney having previously declared a prejudicial interest in this item, left the room and took no part in its consideration.

Councillor Chris Jones introduced the report of the Director of Adult Social Services. Stating that, under the Care Act and in line with Better Care Fund resource allocation, Health and Social Care commissioning was increasingly becoming integrated.

The report set 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.

The Better Care Fund Plan identified joint investment of £765,000, of which £65,000 was 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 included supporting increased number of Carers receiving an assessment or review. A specific Carers experience survey would also be undertaken.

The report set out the reasons for, and outcomes of, a tender for Carer services.

In addition, the draft Short Break (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.

RESOLVED: That

- (1) the awards being offered to the provider organisations for the delivery of the Carers Health and Wellbeing Service, be approved 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 onset dementia	Age UK Wirral
2D	Short break beds: Age UK – 6 residential EMI beds Hoylake Cottage Hospital – 6 residential beds	Age UK Wirral (lead) Consortia
2D	Short break beds: 6 residential EMI beds	Norens Ltd

- (2) that the following services had not been awarded as part of the 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
Reason: Due to the service provider not being able to offer the service within stipulated budget, we feel that a contract with this organisation is not sustainable if contract runs for two years and therefore not viable.		
2C	Care at Home and Outreach	Re-advertise or offer to current preferred providers
Reason: 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 destabilise the market.		
2D	Short break beds: 6 residential beds	Re-advertise
Reason: There were no applications made for the 6 residential short break beds, this service will require re-advertising.		

- (3) 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 be approved.**

Councillor Mooney returned to the meeting.

145 **SCHOOLS BUDGET 2015/16**

Councillor Tony Smith introduced the report of the Director of Children's Services, recommending 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.

Councillor T. Smith commented that eight of the Borough's primary Schools had received a letter from the Education Minister commending them on their use of Pupil Premiums to help disadvantaged children.

Councillor Smith further commented that in relation to attainment, the Borough was rated 1st against our statistical neighbours and 2nd in the North West for GCSE results. Councillor Smith, along with the Cabinet Members commended the work of all the teaching staff, support officers, governors and officers on their achievement towards the attainment results of their pupils.

RESOLVED:

That having taken account of the views of the Schools Forum Cabinet recommends to Budget Council that:

- (1) the contributions to combined budgets be agreed;**
- (2) the proposed reductions totalling £2.3m (£1.7m in 2015-16) be agreed;**
- (3) the High Needs Contingency totalling £500,000 be agreed;**
- (4) the reserves totalling £894,900 used to set the Schools Budget be agreed;**
- (5) 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; and

- (6) that following the increase in High Needs place funding for Alternative Provision to £10,000 in September 2015, the Top Up element of funding be reduced by a matching amount – from £5,000 to £3,000 per annum;
- (7) the teaching staff, support officers, governors and officers be congratulated on all their hard and achievement towards the attainment results of their pupils.

Prior to consideration of the item Councillor P Davies having previously declared a prejudicial interest in this item, left the room and took no part in its consideration.

Councillor Ann McLachlan in the Chair.

146 **WIRRAL BUSINESS SUPPORT PROGRAMME**

Councillor Pat Hackett introduced the report of the Senior Manager – Business and Investment, updating on the progress of Wirral Council business support initiatives and the merger of Wirral Business Partnership and Wirral Chamber of Commerce (the Chamber). The report sought approval for the formation of a strategic business collaboration between Wirral Council and The Chamber for the delivery of the borough's business support services.

RESOLVED: That

- (1) the formation of a collaboration agreement between Wirral Council and The Chamber to deliver all business support services in the Borough be approved; and
- (2) the Head of Legal and Member Services be authorised to sign a legal collaboration agreement between the Council and The Chamber upon the content of this report.

Councillor Ann McLachlan vacated the Chair.

Councillor Phil Davies in the Chair.

147 **CARBON BUDGET**

Councillor Bernadette Mooney introduced a report of the Director of Universal and Infrastructure Services, advising Members of the corporate and

departmental progress made against the Carbon Budget 2014/15 as detailed in Appendix A to the report; and the revisions that were required to meet Corporate Goals for 2015/16.

Council requested that a carbon budget be established (Council 14th 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.

The Corporate Plan 2013 – 2016 stated that the Council should spend less on ourselves and obtain best value for every penny its spent. 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 promoted these aims.

The Carbon Budget was not a statutory requirement but was Wirral's only method of managing CO₂ emissions in order to reduce the carbon footprint and the costs associated with it.

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.

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

RESOLVED: That

- (1) progress towards the 2014/15 target included in Appendix A to the report be noted;**
- (2) the Carbon Budget for 2015/16 be agreed and referred to Budget Council for approval;**
- (3) the current Carbon Budget method be 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 recommend alterations as a result of these processes;**

- (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.**

148 HIGHWAY MAINTENANCE FUNDING AND STRUCTURAL MAINTENANCE PROGRAMME 2015/16

Councillor Stuart Whittingham introduced a report of the Strategic Director Regeneration and Environment. It stated that the Department for Transport (DfT) had written to the Council setting out the maintenance allocation within the Local Highways Maintenance Capital Block Funding 2015/16 to 2020/21. This included funding for the Highways Maintenance Block for Wirral totalling £3.305 million, and Cabinet was requested to accept the allocation for 2015/16.

The report presented both the 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.

The maintenance of highways was a statutory duty for the Council under the Highways Act 1980 (as amended).

RESOLVED: That

- (1) **acceptance of the £3,305,000 Local Highways Maintenance Capital Block Funding 2015/16 be approved;**
- (2) **the proposed allocation of Local Transport Plan Capital Programme 2015/16 Maintenance Block between Street Lighting, Bridges and Roads/Footways be approved;**
- (3) **The Highway Structural Maintenance Programme for 2015/16 as detailed in paragraph 2.6 of the report be approved; and**
- (4) **that the Head of Environment and Regulation, in consultation with the Cabinet Member and Party Spokespersons, be authorised to make the necessary adjustments to the priorities within the programme should the need arise due to financial, condition or other factors.**

149 **PROPOSED CHANGES TO THE FEES CHARGED FOR ADAPTATIONS DELIVERED FUNDED BY DISABLED FACILITY GRANT**

Councillor George Davies introduced a report from the Strategic Director of Regeneration and Environment, which sought the endorsement of Cabinet to increase the fees applied for the delivery of home adaptations funded through Disabled Facility Grant (DFG).

RESOLVED:

the fees associated with the provision of home adaptations as funded through Disabled Facility Grants, be increased to 11.5% from 1st April 2015 be agreed and be recommended to Budget Council for approval.

WIRRAL COUNCIL

CABINET

10 FEBRUARY 2015

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

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 th 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 2014 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.

REPORT AUTHOR: Tom Sault
Acting Section 151 Officer
Telephone 0151 666 3407
Email tomsault@wirral.gov.uk

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

Council Meeting	Date
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

FAMILIES AND WELLBEING	2015/16 £000	2016/17 £000
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
Families and Wellbeing Total	22,198	1,980

REGENERATION AND ENVIRONMENT	2015/16 £000	2016/17 £000
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
Regeneration and Environment Total	3,066	1,005

TRANSFORMATION AND RESOURCES	2015/16 £000	2016/17 £000
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
Transformation and Resources Total	3,460	145

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

SUMMARY OF THE SAVINGS	2015/16 £000	2016/17 £000
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
TOTAL	38,024	3,130

GROWTH SUBMISSIONS 2015/18

DIRECTORATE	DESCRIPTION	2015/16 £000	2016/17 £000	2017/18 £000
	DEMOGRAPHIC GROWTH			
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
	Demographic Growth	2,289	2,281	2,280
	OTHER GROWTH			
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
	Other Growth	1,532	2,457	200

DIRECTORATE	DESCRIPTION	2015/16 £000	2016/17 £000	2017/18 £000
	INFLATION			
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
	Inflation	1,814	1,695	1,550
	UNALLOCATED AND HELD CENTRALLY			
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
	TOTAL UNALLOCATED GROWTH	3,398	10,165	9,970
	TOTAL GROWTH	9,032	16,598	14,000

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
			Legislative Changes									
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
74,762		1,679.6		61,076		1,321.5	81,076		1,721.5	101,076.0		2,921.5
			Inflation									
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
574,979		3,947.1		563,162		3,053.0	563,162		2,453.0	563,162		2,453.0
			Interest Rates									
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
13,519		0.0		13,519		0.0	13,519		0.0	13,519		0.0

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
			Grants and Partnerships									
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
202,522		1,325.0		231,013		1,505.1	228,813		1,794.1	226,613.0		1,883.1
			Volume / Demand Changes									
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
251,705		2,799.3		265,418		3,470.1	266,208		3,504.0	261,208		2,704.0
			Budget Savings									
45,000	15.00%	6,750.0	Budget Reductions	38,000	19.00%	7,220.0	28,000	25.00%	7,000.0	25,000	25.00%	6,250.0
			Insurance/Public Liability Third Party Claims									
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
13,475		284.4		13,198		278.9	13,198		278.9	13,198		278.9
			Energy Security and Resilience									
3,000	15.00%	450.0	Infrastructure failure	3,000	15.00%	450.0	3,000	15.00%	450.0	3,000	15.00%	450.0
294	20.00%	58.8	Carbon Tax Legislation	400	20.00%	80.0	400	20.00%	80.0	400	20.00%	80.0
		17,294.3	TOTAL			17,378.5			17,281.5			17,020.5

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	-40,000	-
IF104 - Equipment Insurance Fund	-75,000	-75,000	-		
IF105 - Fidelity Fund	-10,500	-10,500	-		
Total			-20,297,660	-19,697,660	600,000

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	-
Total			-19,312,330	-19,312,330	-

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Schools	Families CYP	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	-
Total			-17,836,094	-17,836,094	-

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Support	Corporate	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	-
	Families- CYP	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	-
	Families -DASS	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	-
	Families-Sport	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	-
	Regen & Env	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	-
	T & Resources	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	-
Total			-32,884,027	-30,728,356	2,155,672
Grand Total			-90,330,112	-87,574,440	2,755,672

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
Grand Total		90,330,112	-2,755,672

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"> Demographic demand pressures have been identified within Social Care - the elderly, children and the vulnerable. <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>

Budget Assumption	Financial Standing and Management
	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>

Budget Assumption	Financial Standing and Management
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

Budget Assumption	Financial Standing and Management
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"> • Borrowing (with provision made in the Revenue Estimates), • Grants, Government and Other; • Capital Receipts. <p>In respect of borrowing the objective is to minimise / eliminate:</p> <ul style="list-style-type: none"> ▪ Prudential Borrowing, and ▪ Revenue contributions, ▪ Unless Invest-To-Save. <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

SUBJECT:	SCHOOLS BUDGET 2015/16
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION	YES

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 17th 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 1st 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:

Block	Pupil Numbers	Funding Per Pupil £	Allocation £
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
		Total	<u>241,244,700</u>

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
	2,300,000

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 6th Form Funding

The Schools Budget includes funding for High Needs students in 6th 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 6th 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 6th 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
Total	16,579,000

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 6th 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 31st 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 area 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.

Combined Budget Summary	£
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
Total	2,114,800

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 27th February 2015 and to Special Schools and Early Years providers by 31st 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

REPORT AUTHOR: Andrew Roberts
Interim Head of Universal Services
telephone (0151) 666 4249
email andrewroberts@wirral.gov.uk

Appendix 1 Schools Budget Summary

Appendix 2 Schools Budget details

BACKGROUND PAPERS/REFERENCE MATERIAL

School Funding Allocations from DfE 18th December 2014.

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Schools Forum School Funding and Formula Proposals, PFI and Central Budget Review, Schools Funding Outcome from Local Consultation, Schools Budget 2015-16	2 nd July 2014, 8 th October, 3 rd December and 14 th January 2015

Schools Budget Summary**2015-16**

	£000
Dedicated Schools Grant	241,245
Use of DSG and other reserves	895
Total Grant Funding	<u>242,140</u>
Schools Budget Base Expenditure	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>240,737</u>
Change in ISB costs	
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>3,686</u>
Changes in SEN / High Needs Costs	
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>317</u>
Other Changes in Central Costs	
Increase (inflation) re PFI contracts	150
Reduced Council Contribution	(2,300)
Other	(13)
	<u>(2,163)</u>
Total Schools Expenditure	<u>242,577</u>
Net Schools Budget	437

EDUCATION - SCHOOLS

	Base Estimate 2014-15 £	Base Estimate 2015-16 £
Individual Schools Budget		
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
Individual Schools Budget Total	151,165,900	216,740,200
Central School Costs		
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
Costs delegated to schools		
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	-
High Needs Pupils		
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
Non delegated School Costs Total	27,987,100	25,835,900
Total School and Central Costs	179,153,000	242,576,100
Dedicated Schools Grant Total	(175,835,000)	(241,244,700)
Use of Reserves	(1,331,500)	(894,900)
Grand Total	1,986,500	436,500

Note – Base Estimate 2014-15 is after academy recoupment

WIRRAL COUNCIL

CABINET

10 FEBRUARY 2015

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

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)

Analysis of the Capital Programme	2015/16	2016/17
	£000	£000
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
Current Capital Programme	35,739	11,020

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

New Bids by Directorate	2015/16	2016/17	2017/18
	£000	£000	£000
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
Total	9,852	7,799	9,053

- 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

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

- 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

	2015/16	2016/17	2017/18
	£000	£000	£000
Total Expenditure	49,954	21,849	11,991
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
Total Funding	49,954	21,849	11,991

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

	2014/15	2015/16	2016/17	2017/18
	£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

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

	2015/16
	£000
Council funding for the original approved 2015/16 Programme	9,824
Less: use of capital receipts	-2,500
Borrowing required	7,324
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
New Borrowing for 2015/16	9,534
Add: Borrowing for schemes re-profiled from 2014/15	9,456
Total Borrowing per proposed 2015/16 Programme (See Appendix 6)	18,990

- 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.

REPORT AUTHOR: Reg Huyton
Finance Manager – Treasury Management
Telephone (0151) 666 3415
Email: reghuyton@wirral.gov.uk

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

Council Meeting	Date
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)
A	Direct Links to Council Themes (16%)			
1	Driving growth in our economy		5	
2	Protecting the vulnerable		5	
3	Tackle health inequalities		5	
B: Outcomes (32%)				
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	
C: Finance (52%)				
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	
OVERALL WEIGHTED SCORE				
(Scoring scheme: 1 poor, 2 below average, 3 average, 4 good, 5 very good)				
A scoring threshold of 250 has been used to determine those schemes to be recommended for inclusion in the Capital Programme.				

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

Project title and description
<p>Extra Care Housing 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>Dock Bridges Replacement 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>Stanley Special School 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>Refurbish buildings to increase occupancy 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>Aids & Adaptations/Disabled Facilities Grants Support the Authority to meet its statutory duty with regards to grant aiding the provision of essential aids & adaptations to give disabled persons better freedom of movement into and around their homes and to give access to essential facilities</p>
<p>West Kirby Flood Alleviation 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>Housing Renewal 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
Expenditure			
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
	9,852	7,799	9,053
Resources			
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
	9,852	7,799	9,053
Universal and Infrastructure Services			
Expenditure			
Building refurbishment to increase occupancy	500	750	250
	500	750	250
Resources			
Capital Receipts	500	750	250
	500	750	250
Families and Wellbeing - CYP			
Expenditure			
Stanley Special School - additional classrooms,	150	600	0
School remodelling and additional classrooms	750	750	750
	900	1,350	750
Resources			
Capital Receipts	650	1,100	500
Grant	250	250	250
	900	1,350	750

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
	5,200	1,000	0

Resources

Capital Receipts	3,200	1,000	0
Grant	2,000	0	0
	5,200	1,000	0

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
	665	690	0

Resources

Capital Receipts	665	690	0
	665	690	0

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
	2,780	3,530	4,810

Resources

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

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
	-1,193	379	3,243

Resources

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

**Regeneration and Environment - Regeneration
Expenditure**

Hamilton Square Accessibility Improvements	1,000	100	0
	1,000	100	0

Resources

Capital Receipts	640	60	0
Grant	360	40	0
	1,000	100	0

*** 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
Expenditure		
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
	35,739	11,020
Resources		
Borrowing	20,522	3,626
Capital Receipts	5,758	750
Grants	9,282	6,644
Revenue/Reserves	177	0
	35,739	11,020

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
	8,456	750

Resources

Borrowing	4,948	0
Capital Receipts	3,508	750
	8,456	750

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
	7,617	5,350

Resources

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

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
	3,063	1,604

Resources

Borrowing	1,396	1,604
Grants	1,667	0
	3,063	1,604

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

West Kirby/Guinea Gap/Europa Pools	1,200	0
	1,200	0

Resources

Borrowing	1,200	0
	1,200	0

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
	5,490	150

Resources

Borrowing	5,480	150
Revenue/Reserves	10	0
	5,490	150

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
	7,605	2,866

Resources

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

Regeneration and Environment - Regeneration

Expenditure

Business Investment Grants	808	300
	808	300

Resources

Borrowing	808	300
	808	300

Transformation & Resources

Expenditure

I.T Development	1,500	0
	1,500	0

Resources

Capital Receipts	1,500	0
	1,500	0

APPENDIX 6

PROPOSED CAPITAL PROGRAMME 2015/16 TO 2017/18

	2015/16	2016/17	2017/18
Expenditure			
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
	49,954	21,849	11,991
Resources			
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
	49,954	21,849	11,991

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
	8,956	1,500	250

Resources

Borrowing	4,948	0	0
Capital Receipts	4,008	1,500	250
	8,956	1,500	250

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
	8,517	6,700	750

Resources

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

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
	8,263	2,604	0

Resources

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

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
	1,865	690	0

Resources

Borrowing	1,200	0	0
Capital Receipts	665	690	0
	1,865	690	0

**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
	12,633	6,710	7,748

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
	12,633	6,710	7,748

**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
	6,412	3,245	3,243

Resources

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

**Regeneration and Environment - Regeneration
Expenditure**

Business Investment Grants	808	300	0
Hamilton Square Accessibility Improvements	1,000	100	0
	1,808	400	0

Resources

Borrowing	808	300	0
Capital Receipts	640	60	0
Grants	360	40	0
	1,808	400	0

Transformation & Resources

Expenditure

I.T Development	1,500	0	0
	1,500	0	0

Resources

Capital Receipts	1,500	0	0
	1,500	0	0

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.

This page is intentionally left blank

WIRRAL COUNCIL

CABINET

10 FEBRUARY 2015

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

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.

REPORT AUTHOR: Jenny Spick
Senior Finance Manager – Financial Management
Telephone (0151) 666 3582
Email jennyspick@wirral.gov.uk

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 & 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

Contents

Section 1 **Overview of the Period 2015-18**

- 1.1 Purpose of Document
- 1.2 Links to the Corporate Plan
- 1.3 National and External Influences
- 1.4 Budget Priorities

Section 2 **Forecast Income**

- 2.1 Local Government Grant Funding
- 2.2 Local Taxation

Section 3 **Forecast Expenditure**

- 3.1 Cost Pressures
- 3.2 Overall Financial Projections 2015-18
- 3.3 Revenue Budget Strategy to meet pressures

Section 4 **General Fund Balances and Earmarked Reserves**

- 4.1 Introduction
- 4.2 General Fund Balances
- 4.3 Earmarked Reserves
- 4.4 Monitoring and Management
- 4.5 Summary

Section 5 **Capital, Treasury Management and Asset Management**

- 5.1 Balance Sheet Management
- 5.2 Capital Overview
- 5.3 Capital Strategy
- 5.4 Treasury Management
- 5.5 Asset Management

Section 6 **Risk Management and Business Continuity**

Section 7 **Managing the MTFS**

- 7.1 Achieving a balanced budget 2015-18
- 7.2 Equality
- 7.3 Consultation
- 7.4 Review of the MTFS

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:-

	2014/15 Funding £m	2015/16 Funding £m
Upper Tier Funding	118.155	97.742
Lower Tier Funding	20.825	17.402
Formula Funding	138.980	115.144
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
Total Grants Rolled in	21.062	22.458
Total Settlement Funding	160.042	137.602

*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
Business Rates Baseline	32.688	33.315
Less: Amount to be paid to Merseyside Fire and Civil Defence Authority (1%)	0.654	0.666
Retained Business (RBR) element:	32.034	32.649

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:

		2014/15	2015/16
		£m	£m
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
Total Funding		160.040	137.603

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

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

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

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

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

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

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:

Type of Saving	Nature of Saving
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

Type of Saving	Nature of Saving
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

CONTENTS

1. Overview and Purpose of the Capital Strategy
2. Influences on the Capital Strategy
3. Definition and Eligibility of Capital Expenditure
4. Financial Implications of the Capital Programme
5. Sources of Capital Funding
6. Investment decisions
7. Governance and process
8. Capital Programme and Financing 2015-18

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.

	2014/15	2015/16	2016/17	2017/18
	£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
A: Direct links to Council Themes (16%)		(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: Outcomes (32%)				
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	
C: Finance (52%)				
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	
Total weighted score – maximum 475				
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

CONTENTS

1. Background
2. Capital Financing Requirement
3. Borrowing Strategy
4. Annual Investment Strategy
5. Other Items as required by Cipfa or CLG
6. Interest Rate Forecast
7. Policy on Delegation
8. Performance Monitoring and Reporting

APPENDICES

- A. Treasury Management Policy Statement
- B. Existing Investment and Debt Portfolio Position
- C. Approved Investment Counterparties
- D. Prudential Indicators 2015/16 – 2017/18
- E. 2015/16 Minimum Revenue Provision (MRP) Statement
- F. Interest Rate Outlook
- G. Authorised Signatories

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

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

- 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 31st 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

	Current Portfolio
	as at 31 Dec 14
	£m
External Borrowing:	
Fixed Rate – PWLB	47
Fixed Rate – Market (LOBO and Other Loans)	157
Variable Rate – PWLB	0
Variable Rate – Market	0
Total External Borrowing	204
Other liabilities:	
PFI	54
Finance Leases	0
Total Other Long-Term Liabilities	54
Total External Debt	258
Investments:	
<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
Total Investments	56
Net Borrowing Position	202

APPENDIX C

APPROVED INVESTMENT COUNTERPARTIES

Investment Limits

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

	Cash limit
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

	Cash limit
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
Total Financing and Funding	45,294	45,289	49,954	21,849	11,991

3. Incremental Impact of Capital Investment Decisions:

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

the revenue budget requirement arising from the proposed capital programme.

Table B:

Incremental Impact of Capital Investment Decisions	2014/15 Approved	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£	£	£	£
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:

Ratio of Finance Costs to net Revenue Stream	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	%	%	%	%
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:

Capital Financing Requirement	2014/15 Approved	2014/15 Revised	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
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:

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

8. The Authorised Limit

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

Table G:

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

9. The Operational Boundary

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

Table H:

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

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:

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

Maturity structure of fixed rate borrowing	Lower Limit 2015/16	Upper Limit 2015/16
	%	%
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:

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

13. Credit Risk

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

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

- Published credit ratings of the financial institution 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:

	31.03.2015 Estimated CFR £m	2015/16 Estimated MRP £m
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
Total General Fund	343.9	16.9

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
Official Bank Rate													
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
3-month LIBID rate													
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
1-yr LIBID rate													
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
5-yr gilt yield													
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
10-yr gilt yield													
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
20-yr gilt yield													
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
50-yr gilt yield													
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

BUDGET CABINET 10 FEBRUARY 2015

SUBJECT:	CARBON BUDGET 2014/15
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF UNIVERSAL & INFRASTRUCTURE SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BERNADETTE MOONEY
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Members of the corporate and departmental progress made against the Carbon Budget 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 CO₂ emitted as a direct result of Council operations for 2010 onwards;
- Prepare carbon budgets detailing emissions and efficiency targets for each department to be presented at Budget Cabinet and Council alongside the Council's financial budget; and,
- Report to Cabinet on progress being made by departments against their carbon target and the measures and projects being undertaken to reduce energy use and carbon emissions.

2.1.2 Since the Carbon Budget was approved by Cabinet on 22 February 2010 (Minute 335 refers) the method of apportioning emissions between Departments has altered to reflect the Asset List by service responsible for a site or building. Total emissions were not affected. This will alter further as the Asset List is updated to reflect organisational changes that are taking place.

2.1.3 Due to the time lags in obtaining comprehensive energy consumption data from energy suppliers, Carbon Budget figures do not match the Financial Year when the Carbon Budget report is presented. If the most recent complete financial year were to be used, the report would be unable to reflect the most recent trends.

2.1.4 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:

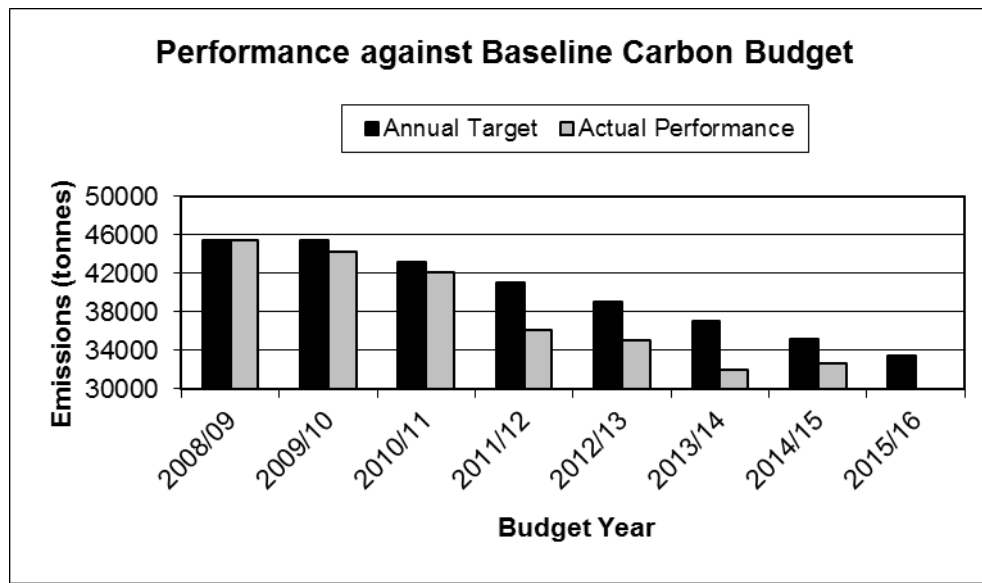
- The Corporate Target which is based on the average annual reduction that is needed to meet the goal of reducing carbon emissions by 60% by 2025.
- Departmental Performance which is calculated from actual energy consumption. Annual Departmental targets are modified to reflect changes in the Council's 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 CO₂ by 60% by 2025. The first carbon footprint was calculated for the 2008/09 financial year as 45,481 tonnes CO₂. This is the baseline figure on which

corporate targets are based. In order to achieve the reduction within the required timescale, an average year on year reduction of approximately 5% is required in order to achieve a 2025/26 carbon footprint of 18,192 tonnes CO₂.

2.2.2 The chart below shows actual 12 month carbon emissions compared against the annual emissions targets set out in the Carbon Budget that was approved by Cabinet on 22 February 2010 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 CO₂.

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 CO₂ 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 CO₂ emissions alone. It should be appreciated that a reduction in carbon emissions is normally associated with a corresponding reduction in energy use and consequent cost.

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/tonneCO₂. 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.

Financial Year	Projected cost saving at current rates from 2010/11 baseline			
	CRC	Electricity	Gas	TOTAL
2013/14	£21,865	£226,822	£111,313	£360,000
2014/15	£20,772	£215,481	£105,748	£342,001
2015/16	£19,733	£204,707	£100,460	£324,900
TOTAL	£62,370	£647,010	£317,521	£1,026,901

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 CO₂ 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.

REPORT AUTHOR: Andrew Snow
 Energy Conservation Engineer
 telephone (0151) 606 2348
 email andrewsnow@wirral.gov.uk

APPENDICES

Appendix A - Carbon Budget Performance Summary

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

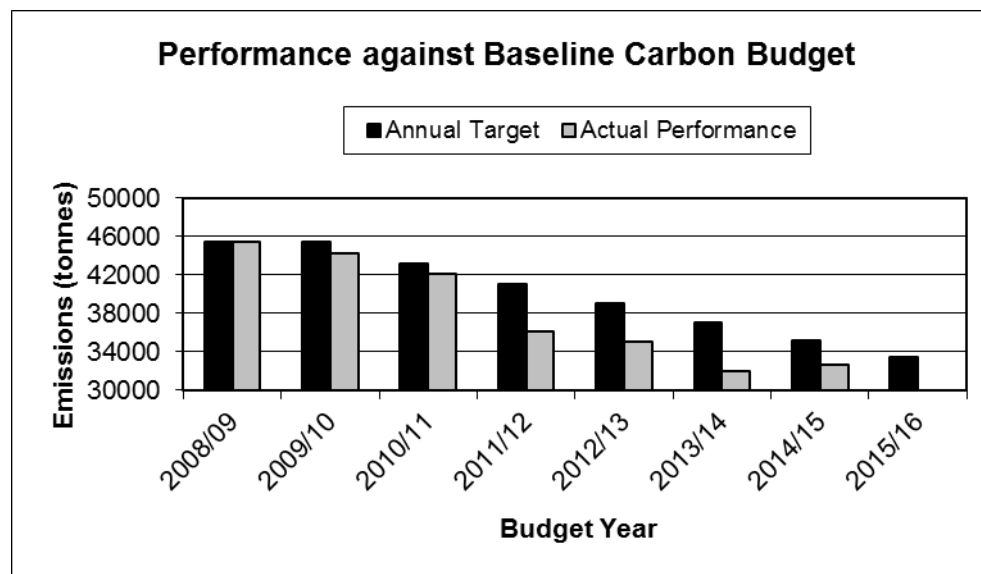
SUBJECT HISTORY (last 3 years)

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 (CO₂) against the average annual 5% reduction that is required to meet a 60% CO₂ emissions reduction target by 2025.



To date, we have reduced emissions of CO₂ 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 ₂ Emissions Target (tonnes)	**Actual CO ₂ Emissions Oct 2013 to Sept 2014 (tonnes)	*2015/16 CO ₂ Emissions Target (tonnes)	Reduction required to meet 2015/16 CO ₂ Emissions Target (tonnes)
ADULT SOCIAL SERVICES	867	662	824	43
SCHOOLS	9,117	10,540	7,238	1,879
CYPD	1,136	738	1,079	57
CORPORATE SERVICES	0	0	0	0
LHR & AM	3,408	3,456	3,190	218
FINANCE	629	579	598	31
TECHNICAL SERVICES	13,102	16,610	8,939	4,163
TOTAL	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.

EMPLOYMENT AND APPOINTMENTS PANEL (CHIEF EXECUTIVE)

Friday, 6 February 2015

Present: Councillor P Davies (Chair)

Councillors AR McLachlan JE Green
G Davies L Rennie
AER Jones P Gilchrist

13 **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

Members of the Panel were requested to declare whether they had any disclosable pecuniary interests and/or any other relevant interest in the item on this agenda and, if so, to declare it and state the nature of such interest.

No such declarations were made.

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

On a motion by the Chair, seconded by Councillor McLachlan it was -

Resolved - That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined by paragraph 1 of Part I of Schedule 12A (as amended) to that Act.

15 **APPOINTMENT OF CHIEF EXECUTIVE, HEAD OF PAID SERVICE (INCLUDING RETURNING OFFICER AND ELECTORAL REGISTRATION OFFICER)**

Further to minute 12, the Panel interviewed the two short listed candidates for the post of Chief Executive and Head of Paid Service.

It was moved by Councillor Phil Davies, seconded by Councillor Green and then –

Resolved (unanimously) – That this Panel recommends to Council that Eric Robinson, currently Deputy Chief Executive / Director of People, Staffordshire County Council, be appointed to the post of Chief Executive and Head of Paid Service (including Returning Officer and Electoral Registration Officer).

This page is intentionally left blank

CABINET – 15 JANUARY 2015

125. CAPITAL MONITORING 2014/15 MONTH 8 (NOVEMBER 2014)

Councillor Phil Davies introduced a report by the Acting Section 151 Officer which set out the capital position for 2014/15 as at Month 8 (November 2014). The Cabinet noted a number of variances which had been identified, which would impact upon the forecast outturn (Table 2). The report provided information on the progress in delivering the 2014/15 Capital Programme and the sources of funding.

The Cabinet noted that the latest projections from Lambert, Smith and Hampton suggested that the Council would be able to realise £22m from asset disposals including Acre Lane, former Rock Ferry High School and Manor Drive, Upton. The capital receipts could be invested in other capital projects.

Councillor Phil Davies commented that it was good news that the investment put into the budget had come to fruition. He thanked everyone who had been involved with the key projects outlined in the report including the Cabinet Member – Support Services and the Deputy Director CYPD and Assistant Chief Executive and his team.

Appended to the report were the Revised Capital Programme and Funding, and Capital Receipts.

RESOLVED: That

- (1) the spend to date at Month 8 of £18.1 million, with 67% of the financial year having elapsed be noted;**
- (2) the net additional grants of £13,000 in respect of the schemes referred to in Table 2 (Reference C) in the report be noted;**
- (3) the revised Capital Programme of £45.4 million (Table 1) be agreed and referred to Council; and**
- (4) the re-profiling in respect of the schemes referred to in Table 2, reference D, of £0.111 million be agreed and referred to Council.**

This page is intentionally left blank

CABINET – 10 FEBRUARY 2015

149 PROPOSED CHANGES TO THE FEES CHARGED FOR ADAPTATIONS DELIVERED FUNDED BY DISABLED FACILITY GRANT

Councillor George Davies introduced a report from the Strategic Director of Regeneration and Environment, which sought the endorsement of Cabinet to increase the fees applied for the delivery of home adaptations funded through Disabled Facility Grant (DFG).

RESOLVED:

That the fees associated with the provision of home adaptations as funded through Disabled Facility Grants, be increased to 11.5% from 1st April 2015 be agreed and be recommended to Budget Council for approval.

This page is intentionally left blank