



Cabinet

Date: Monday, 22 February 2016

Time: 10.00 am

Venue: Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

2. MINUTES

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

RECOMMENDATION: That the minutes be approved and adopted.

LEADER'S UPDATE

3. EXECUTIVE KEY DECISIONS TAKEN UNDER DELEGATED POWERS

Key Decisions – taken under delegated powers from 15 January 2016 (date of publication of last Cabinet agenda) to date.

- Leader of Council – Strategic & Policy Oversight

Request for Financial Assistance – Business Growth Grant Funding -recommendations approved. Effective date: 30 January, 2016.

Collection Fund 2015/16 - recommendations approved. Effective date: 20 January, 2016.

4. **REVENUE MONITORING 2015/16 QUARTER 3 (TO DECEMBER 2015) (Pages 1 - 16)**
5. **CAPITAL MONITORING 2015/16 QUARTER 3 (TO DECEMBER 2015) (Pages 17 - 34)**
6. **ANNUAL REPORT 2015-16 (Pages 35 - 78)**
7. **BUDGET CONSULTATION FINDINGS (Pages 79 - 130)**
8. **COUNCIL BUDGET (Pages 131 - 288)**
 - A Revenue Budget and Council Tax Levels 2016/17
(Pages 131 – 178)
 - B Capital Programme and Financing
(Pages 179 – 198)
 - C Medium Term Financial Strategy
(Pages 199 – 271)
 - D Schools Budget
(Pages 272 – 288)
 - E Carbon Budget
(To be presented at the Council Meeting in July 2016)
9. **NATIONAL NON DOMESTIC RATES DISCRETIONARY RELIEF 2016/17 (Pages 289 - 298)**

CABINET MEMBER REPORTS

10. **ADMISSION ARRANGEMENTS FOR COMMUNITY AND VOLUNTARY CONTROLLED PRIMARY AND SECONDARY SCHOOLS AND COORDINATED SCHEME FOR 2017-2018 AND UPDATE ON SOMERVILLE FEDERATION (Pages 299 - 344)**
11. **NOTICE OF MOTION - INVESTING IN OUR CONSTITUENCIES (Pages 345 - 346)**

At the meeting of the Council held on 14 December 2015 (minute 92 refers), the attached Notice of Motion proposed by Councillor Phil Gilchrist and seconded by Councillor Dave Mitchell was referred by the Mayor to the Cabinet for consideration.

In accordance with Standing Order 7 (6), Councillor Gilchrist has been

invited to attend the meeting in order for him to be given an opportunity to explain the Motion.

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

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

13. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

The following items contain exempt information.

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

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

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

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COUNCILLOR PHIL DAVIES

**CABINET
22 FEBRUARY 2016**

**REVENUE MONITORING 2015/16
QUARTER 3 (TO DECEMBER 2015)**

Councillor Phil Davies (Leader of the Council) said:

“Robust and transparent management of the Council’s finance is a fundamental role; and one which in which we are demonstrating continuous improvement. This quarter three projection shows we have made major progress in delivering a stable budget through effective and rapid management.”

REPORT SUMMARY

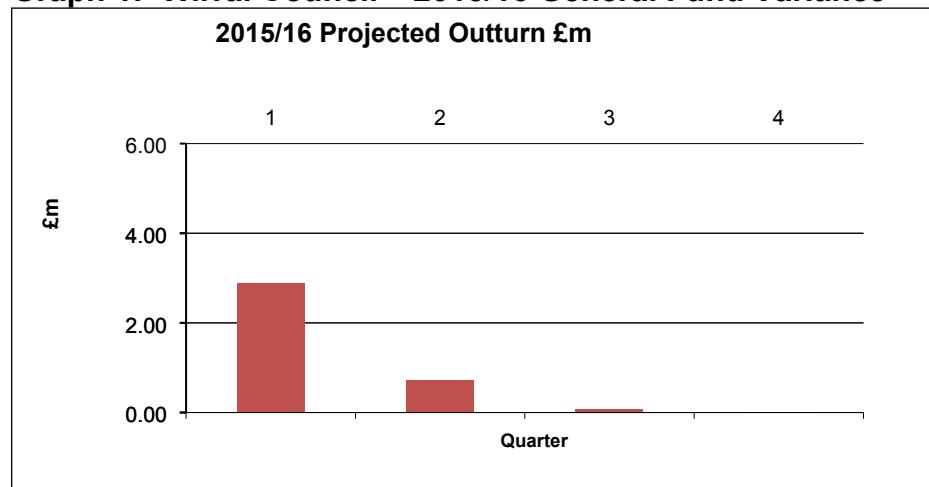
This report sets out the projected revenue position for 2015/16 as at the close of quarter 3 (31 December 2015). The projected outturn shows an improvement of £0.65 million on the quarter 2 position.

The latest position forecasts an £80,000 year end overspend (previous period £0.73 million). There has been further improvement in the quarter within both Regeneration & Environment and Transformation & Resources predicted underspends. The most significant positive variance in the quarter relates to Regeneration & Environment with an improvement of £1.08 million due to a combination of early achievement of 2016/17 savings and the release of budget set aside to match fund future grant delivery programmes not required this financial year.

This matter affects all Wards within the Borough.

The headline position is shown in the graph.

Graph 1: Wirral Council – 2015/16 General Fund Variance



The decisions in this report are key decisions.

Recommendations

1. That the improvement of £0.65 million in the 2015/16 Revenue Budget position during quarter 3 be noted.
2. That Officers continue to identify actions and to take measures to reduce the projected overspend of £80,000 and to mitigate against any in-year funding reductions for Public Health and to replenish General Fund balances.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council, having set a Budget at the start of the financial year, needs to ensure that the delivery of this Budget is achieved. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required which is enhanced with the regular reporting of the financial position.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 This is a monitoring report but any options to improve the monitoring and budget accuracy will be considered.

3.0 BACKGROUND INFORMATION

3.1 CHANGES TO THE AGREED BUDGET

- 3.1.1 The 2015/16 Budget was agreed by Council on 24 February 2015 and is detailed in Annex 1; any increase in the Budget has to be agreed by full Council. Changes to the Budget since it was set are summarised in Table 1.

Table 1: 2015/16 Original & Revised Net Budget by Directorate £000's

	Original Net Budget	Approved Budget Changes Prior Qtrs	Approved Budget Changes Qtr 3	Revised Net Budget
FWB - Adult Social Care	68,305	2,934	-173	71,066
FWB – Children & Young People,	67,964	4,816	-322	72,458
FWB - Further Areas: Safeguarding, Schools, Leisure, Public Health	7,956	831	619	9,406
Regeneration & Environment	90,287	-795	-31	89,461
Transformation & Resources	31,947	-797	-110	31,040
Corporate Growth, Savings & Grant	-7,267	2,611	17	-4,639
Net Cost of Services	259,192	9,600	0	268,792

Note: £9.6 million Quarter 1 change was ratified by Council on 12 October 2015

- 3.1.2 The main budget movements in quarter three relate to the transfer of Adult Social Care Safeguarding to FWB Further Areas for reporting purposes and an adjustment within the support services budget. Both of these adjustments have no effect on the net cost of services.

3.2 PROJECTIONS AND KEY ISSUES

- 3.2.1 The projected outturn position as at the end of December 2015, key issues emerging and Directorate updates are detailed in the following sections.

Table 2: 2015/16 Projected Budget variations by Directorate £000's

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 3	RAGBY Class	Change from prev
FWB - Adult Social Care	71,066	73,478	2,412	R	2
FWB – Children & Young People	72,458	75,143	2,685	R	885
FWB - Further Areas: Safeguarding, Schools, Leisure, Public Health	9,406	9,791	385	R	135
Regeneration & Environment	89,461	87,651	-1,810	Y	-1,080
Transformation & Resources	31,040	27,590	-3,450	Y	-450
Corporate Growth, Savings & Grant	-4,656	-4,796	-140	G	-140
TOTAL	268,775	268,857	82		-648

The report classifies the forecast under/overspends for the above areas using a colour RAGBY rating. The ratings are defined as follows:

- Extreme: Overspends **Red** (over +£301k), Underspend **Yellow** (over - £301k).
- Acceptable: **Amber** (+£141k to +£300k), **Green** (range from +£140k to - £140k); **Blue** (-£141k to -£300k).

3.3 DIRECTORATE UPDATES

Families and Wellbeing: Adult Social Care

3.3.1 The forecast has been contained at a £2.4 million overspend which is mainly due to demand pressures within Community Care. A number of projects are being supported by the Improvement and Transformation Team and saving plans and profiles are continuously under review. Actions include:

- A programme of targeted reviews of care packages is being undertaken, including joint reviews with NHS colleagues.
- A new 'asset based' assessment framework has been implemented to determine need.
- The Liquid Logic case management system has been implemented and the support structure consultation agreed. This is streamlining working processes and increasing efficiency.

3.3.2 The transformation of day services has progressed. The Local Authority Day Services Company commenced on 1 December 2015.

Families and Wellbeing: Children and Young People

3.3.3 The forecast overspend has increased by £0.8 million to £2.69 million. This reduces to a net £2.55 million once £0.14 million additional Educational Services grant confirmed in November (shown within the Corporate Savings, growth and grant line) is factored in. The overspend position is mainly due to an increase within residential placements and increased costs following the re-profiling of agency staff.

3.3.4 Actions being taken to reduce the overspend include:-

- A detailed review of all residential care and independent fostering placements
- A weekly Access to Resources panel to consider and approve all new care packages for children.
- Assessments are being undertaken to determine entitlement to Primary and Secondary transport with notification of any changes to parents by half term
- A rolling programme of recruitment to Social Work positions. The Social Worker Progression Framework has been implemented. Agency numbers reviewed on a monthly basis.
- Implementation of new Children's Centres structures

3.3.5 The Youth Justice Board has confirmed that its grant has been reduced by £70,000 in year which has been mitigated through the non-filling of vacant posts. In the longer term a review of structures and where possible further integration across the wider youth provision will be utilised to match the resources available.

Families and Wellbeing: Other

3.3.6 Leisure Services: The forecast overspend is currently £305,000. This figure reflects slippage in budget savings. Savings plans are under review to identify mitigating action. There are ongoing discussions and plans with regard to savings in 2016/17.

3.3.7 Public Health: The Chancellor's proposals to reduce in year the Public Health Budget have been confirmed and there has been a grant reduction of £1.9m. This had been anticipated in commissioning decisions earlier in the year and has been managed from savings within retendered contracts.

3.3.8 Safeguarding: An overspend of £80,000 is forecast within this area relating to agency costs.

Regeneration and Environment

3.3.9 There has been a further underspend of £1.08 million this quarter. Within Waste & Environment there is a forecast underspend of £0.2 million. The annual inflation rate applied to the Biffa contract was less than originally budgeted for resulting in a small underspend. There is also some additional income from litter enforcement fines and which is reflected within the above underspend position.

3.3.10 Due to EDRF funding for the salaries within Business Support being extended until November 2015, there will be an underspend of approximately £0.1 million on employee budgets. There are also further potential underspends of £0.3 million from budgets set aside to match funding future grant delivery programmes. As yet these monies have not been committed.

3.3.11 In Housing there is also additional income from DFG fees and underspends from employee vacancies during the year. A further £0.26 million has been added to this underspend by removing a budget allocated as a 'revenue contribution to capital' and using in its place other available capital programme resources.

Transformation & Resources

3.3.12 The projected saving has increased by £0.45 million in quarter 3 to £3.45 million. The increase is mainly due to increased vacancies within the directorate. The major element of the existing underspend (£2.5 million of the overall total) is within Treasury Management. This is from the continued use of internal cash flow to delay external borrowing and projected slippage within the Capital Programme (which delivers one-off in year savings). Other savings have arisen from continued vacancies during the year across a number of service areas.

3.3.13 In respect of Treasury Management, external borrowing to fund capital investment has been delayed through temporarily funding the 'borrowing' using cash flows derived from reserves and other balances. This policy whilst 'losing' investment interest receivable (average 0.5%), saves an average 3.5% on borrowing costs plus delays any principal repayment. External borrowing will need to take place eventually to fund past programmes either at the point when reserves/cash flow is utilised and/or to lock into lower rates before interest rates rise. Economic data and Bank of England Monetary Policy Committee announcements now make interest rate increases in 2015/16 unlikely. Therefore the timing of borrowing has been delayed to produce increased in year and one-off Treasury Management savings.

3.4 IMPLEMENTATION OF SAVINGS

3.4.1 The delivery of the agreed savings is key to the Council's financial health and is tracked at both Council and Directorate level. The Budget for 2015/16 originally included £38 million of efficiency measures and it was recognised that the delivery of the savings, particularly within Adults and Children's Services was challenging being more of a transformational / change nature. Cabinet in July agreed the reprofiling of £9.6 million of savings funded from earmarked reserves (£5.4 million) and General Fund Balances (£4.2 million) which was confirmed by Council 12 October.

Table 3: Budget Implementation Plan 2015/16 (£000's)

BRAG	Number of Options	Approved Budget Reduction	Amount Delivered at Dec 15	To be Delivered
B - delivered	24	14,258	14,258	0
G – on track	19	3,756	2,671	1,085
A - concerns	18	11,249	4,196	7,053
R - high risk/ not achieved	1	10	0	10
Total at Dec 2015-16	62	29,273	21,125	8,148

3.4.2 The savings tracker contains an assessment of the 2015/16 savings. The

tracker reflects the reprofiling referred to above.

3.5 GROWTH

- 3.5.1 An allowance for the impact of demographic changes, inflation and other risks has been incorporated into the 2015/16 budget. Details of these allowances are contained within the Budget Book and Forecasts 2015-18 approved by Budget Council on 24 February 2015.
- 3.5.2 In response to the projected overspend reported at Quarter 1 a review was undertaken of the growth allocated for 2015/16. As this primarily covered the impact of the social worker pay review, which had been implemented, and contractual inflation, which had been paid, there was limited opportunity for any reductions to be identified.

3.6 INCOME AND DEBT

- 3.6.1 Revenue and Income falls into four broad areas for reporting purposes. Amounts raised and collected in the year are shown below.

Table 4: Amount to be collected in 2015/16

	2015/16	2015/16	
	Collectable	Collected	%
	£000	£000	
Council Tax	140,136	114,253	81.5%
Business Rates	71,349	58,385	81.8%
Fees and charges – Adults & Children	40,735	25,181	61.8%
Fees and charges – all other services	43,939	32,551	74.1%

COUNCIL TAX

- 3.6.2 Compared with December 2014 the collection performance is down by 0.9% and recovery action is well under way. Nationally collection is also down.
- 3.6.3 The major change this year relates to the full removal of the local Pensioner Discount for 2015/16. This affected 11,482 Band A-D, 70+ households who previously received a 5% discount. In 2014/15 the discount from Band E-H households was removed with a reduction in the discount from 7.76% to 5%.

BUSINESS RATES

- 3.6.4 Compared with December 2014 the collection performance is slightly down by 0.6%.
- 3.6.5 The Government has undertaken a fundamental review of Business Rates including consultation with interested parties. It indicated that any changes would need to raise the same amount as Business Rates does now, some £26 billion and the preference was for a property based tax. The outcome of the review is expected to feature in the Government Budget 2016.

- 3.6.6 The Provisional Local Government Finance Settlement announced in December 2015 confirmed that Revenue Support Grant will be phased out but from 2020 Councils will keep all the Business Rates they collect. Further detail is awaited and the CLG Committee has called for submission of evidence as to how proposals will impact on local authorities. Under the existing arrangements Wirral currently receives a ‘top-up grant’ from Government and receives more than is currently collected in Business Rates.

DEBTORS

- 3.6.7 At the end of December 2015 the arrears stood at £23.6 million which compares to £19.4 million at December 2014. A large element of this increase (£1.7m) relates to a small number of large Merseyside Pension Fund invoices raised to Pension Fund employers at the end of the period and therefore showing as outstanding when the quarter closed. There has also been an increase in debt outstanding relating to Families and Wellbeing – however £1.1 million of this increase was debt which of less than 10 days old at the reporting date. Recovery action continues to be undertaken to minimise arrears and additional temporary staff will support this work.

4.0 FINANCIAL IMPLICATIONS

- 4.1 On 10 February 2015 Cabinet agreed to the level of General Fund balance for 2015/16 being based upon a risk calculation and a minimum of £17.4 million. The level is kept under review during the year to reflect changing circumstances and in-year developments.
- 4.2 As reported to Cabinet on 13 July 2015 the 2014/15 financial year saw an underspend of £0.5 million on the revenue budget whilst the release of £0.9 million of Insurance Fund Reserves added a total £1.4 million to balances at 31 March 2015.
- 4.3 As referred to in this report the delivery of the large savings programme contained significant risks of delay (slippage). The opening balance contained £7.2 million specifically against this risk of which £4.2 million is to be used to meet the in-year shortfall set out in Section 4.

Table 5: Summary of the projected General Fund balances

Details	£m
Balance 31 March 2015 when setting the Budget 2015/16	+17.4
Add; Increase following closure of 2014/15 Accounts	+1.4
Less Transfer to General Fund	-4.2
Less: Potential overspend at August 2015	-0.1
Projected balance 31 March 2016	+14.5

- 4.4 The requirement to replenish the General Fund balances to the minimum level will be addressed through Directorates identifying potential underspends in the current financial year together with a mid-year review of the Earmarked Reserves. The Reserves excluding School balances totalled £71.5 million at 1 April 2015. These include reserves relating to the cost of Council remodelling,

mitigation and specific project support and ongoing financial risks.

4.5 Cabinet in July agreed to the use of £5.4 million of earmarked reserves to be used in reprofiling the 2015/16 savings programme. This decision was ratified by Council on 12 October 2015.

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

5.0 LEGAL IMPLICATIONS

5.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS; ICT, STAFFING AND ASSETS

6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 The possible failure to deliver the Revenue Budget is being mitigated by:

- Senior Leadership Team / Directorate Teams reviewing the financial position.
- Tracking system of savings options to monitor progress.
- Benefits Realisation Group monitors the delivery of key change projects.
- Use of temporary additional support to assist with revenues collection.
- Use of earmarked reserves and General Fund Balance savings risk contingency

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITIES IMPLICATIONS

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

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ANNEXES

- Annex 1 General Fund Revenue Budget 2015/16
Annex 2 Income and Debt

SUBJECT HISTORY

Council Meeting	Date
Revenue monitoring reports presented to Cabinet 2015/16 (Quarter 1) 2015/16 (Quarter 2)	27 July 2015 05 November 2015 24 February 2015
Budget Council	

ANNEX 1

GENERAL FUND REVENUE BUDGET 2015/16

ORIGINAL BUDGET AGREED BY COUNCIL ON 24 FEBRUARY 2015

Directorate/Service Area	Original	Changes/	Revised
	Budget	Variances	Budget
	£000	£000	£000
Expenditure			
Families and Wellbeing			
Adult Social Services	68,305	2,761	71,066
Children and Young People	67,964	4,494	72,458
Further Areas - Public Health, Schools, Sports and Recreation	7,956	1,450	9,406
Regeneration and Environment	90,287	-826	89,461
Transformation and Resources	31,947	-907	31,040
Net Cost of Services	266,459	6,972	273,431
Corporate Savings/Growth	-3,611	2,628	-983
Education Services Grant	-3,656	-	-3,656
Budget Requirement	259,192	9,600	268,792
Income			
Revenue Support Grant	64,281	-	64,281
Business Rates Baseline	33,266	-	32,266
Business Rates Top Up	41,287	-	41,287
Business Rates Section 31 Grants	2,193	-	2,193
Council Tax Requirement	114,210	-	114,210
Council Tax Freeze Grant	1,358	-	1,358
New Homes Bonus	2,597	-	2,597
Contribution from Reserve	-	5,400	5,400
Contribution from Balances	-	4,200	4,200
Total Income	259,192	9,600	268,792
Statement of Balances			
As at 1 April 2015	17,400	1,400	18,800
Contributions to/from Balances Cabinet 27 July and confirmed Council 12 October 2015)	-	-4,200	-4,200
Potential Overspend at Quarter 3		-82	-82
Forecast Balances 31 March 2016	17,400	-2,882	14,518

Notes:

This table will be updated for agreed variances during the year.

Balances as at 1 April 2015 updated following completion of the Accounts for 2014/15.

Quarter 3 overspend includes impact of £140,000 additional Educational Services Grant.

INCOME AND DEBT

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

COUNCIL TAX

The following statement compares the amount collected for **Council Tax** in the period 1 April 2015 to 31 December 2015 with the amount collected in the same period in 2014/15:

	Actual 2015/16 £000s	Actual 2014/15 £000s
Cash to Collect	140,136	137,344
Cash Collected	114,253	113,164
% Collected	81.5%	82.4%

Staff have been recruited to vacant posts which will help to begin to address recovery work with intention of recovering this drop in collection.

Council Tax Support Scheme

The Council Tax Support scheme was introduced from 1 April 2013. £26.2 million is currently in payment and the numbers of awards as at 31 December 2015 are as follows:

Number of pensioners	14,744
Number of vulnerable (working age)	9,364
Number of working age	10,898
Number of Council Tax Support recipients	<u>35,006</u>

Council Tax Support claimants have dropped from 36,231 to 35,006 (1,225) since the beginning of the financial year. There are a number of reasons for this, which include the impact of charges in respect of non-dependants in the household removing entitlement to CTS and people moving into low paid employment, claims from people of pensionable age ending.

Council Tax Discretionary Policy as at 30 December 2015

Period 1 April 2015 – 30 December 2015
2 awards (£902.19p), 47 refusals in this period.

BUSINESS RATES

The following statement compares the amount collected for **National Non-Domestic Rates** for the period 1 April 2015 to 31 December 2015 with the amount collected for the same period in 2014/15:

	Actual 2015/16 £000	Actual 2014/15 £000
Cash to Collect	71,349	70,633
Cash Collected	58,385	58,225
% Collected	81.8%	82.4%

ACCOUNTS RECEIVABLE

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

Directorate Description	Less than 10 days	1st reminder	2nd reminder	3rd reminder	Total at 31.12.15
Chief Executive	£94,697	£4,777	£29,444	£876,950	£1,005,868
Neighbourhood	£14,507	£7,066	£0	£13,865	£35,438
Transformation & Resources	£2,352,010	£845,351	£228,400	£1,935,954	£5,361,715
Families & Wellbeing	£4,975,211	£652,650	£456,622	£9,829,635	£15,914,118
Regeneration & Environment	£343,751	£67,288	£123,284	£796,056	£1,330,379
Policy & Performance	£100,000	£15,000	£0	£153,756	£268,756
Totals	£7,880,176	£1,592,132	£837,750	£13,606,216	£23,916,274

The above figures are for invoices in respect of the period up to the end of December 2015. Payments as well as amendments such as write-offs and debt cancellations continue to be made after this date on all these accounts. There is a further deduction of £342,882 to be made for unallocated payments at month end leaving a balance of **£23,573,392**

BENEFITS

The following statement details the number of claimants in respect of benefit and the expenditure for Tenants (Housing Benefit) and those in receipt of Council Tax Support up to 31 December 2015:

	2015/16	2014/15
Number of Private Tenant recipients	29,565	31,731
Total rent allowance expenditure	£105,179,580	
<i>Number under the Local Housing Allowance Scheme (included in the above)</i>	11,200	11,980
	£41,127,454	

Number of Council Tax Support recipients	35,006	36,954
Total Council Tax Support expenditure	£26,312,030	
Total expenditure on benefit to date	£131,491,610	

The following statement provides information concerning the breakdown according to client type as at 31 December 2015 and gives the early year numbers to show the shift in sector by benefit claimants during the year.

	31.12.15	31.3.15
Claimants in the Private Rented Sector	13,137	13,723
Claimants in the Social Rented Sector	16,428	16,271
Owner Occupiers	10,181	10,112
 Total claimants by age group		
- under 25 years old	2,018	2,238
- 25 – 60 years old	21,019	20,921
- over 60 years old	16,709	16,947

There are 39,746 benefit recipients in Wirral as at 31 December 2015.

Under Occupancy regulations

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

- By 14% in 2394 cases
- By 25% in 609 cases

The number of claims affected does fluctuate. The numbers above are a snapshot at 31 December 2015

Housing Benefit Fraud and Enquiries – 1 April 2015 to 31 December 2015

New Cases referred to Fraud team in period	1199
Successful Prosecution/Administration penalty/caution	39

With effect from 1 November 2015 the investigation of Housing Benefit fraud transferred to the DWP's Single Fraud Investigation Service. Fraud Investigation Officers in scope to transfer will do so at this time. New roles have now been recruited to and a newly formed Fraud Investigation team is in place, ensuring ongoing capacity to address other areas at risk of fraud and error within service/systems, including Council Tax Support, Council Tax, Personal Finance and Discretionary areas.

Discretionary Housing Payments

The table below profiles the position of Discretionary Housing Payment (DHP) administration and associated spend. DHP is not a payment of Housing Benefit and is

funded separately from the main scheme. The impacts of the ongoing Welfare Reforms continue to be a primary reason for the need of this additional support with Housing costs.

The Government contribution for 2015/16 is £736,570 with an overall limit of £1,841,425 which the Authority must not exceed. The difference must come from the Authority's own Expenditure.

It was agreed to supplement the Government contribution by a Local Authority contribution of £300,000, giving a total budget in respect of 2015/2016 of £1,036,570.

The backlog of Discretionary Housing Payment applications previously reported is now clear. At the present time the strain on the available budget is less evident although Officers expect to see an influx in applications during Quarter 4 as awards due to end are sought again. Small awards continue to be made for shorter periods, essentially to allow the service to support more people through the use of this fund.

The present position is that we expect to spend 100% of the Government Grant by year end although that may not be the case with the local authority contribution, any residual amount of this top-up remaining can be carried forward, whereas unspent Government grant is lost.

date	Number of awards	current awards	committed awards up to 31/03/2016	% spent (committed)
08/04/2015		£4,687.23	£40,158.74	4%
05/05/2015	864	£40,421.27	£70,031.94	7%
01/06/2015	934	£47,148.86	£94,694.10	9%
02/07/2015	1041	£103,253.24	£208,173.93	20%
05/08/2015	1272	£158,082.51	£296,029.82	29%
01/09/2015	1387	£218,434.45	£366,839.57	35%
05/10/2015	1495	£294,417.37	£450,614.50	43%
02/11/2015	1614	£378,052.74	£529,915.74	56%
30/11/2015	1737	£455,259.79	£606,617.41	59%
04/01/2016	1845	£528,144.93	£654,367.64	63%

Local Welfare Assistance

The Local Welfare Assistance Scheme was up until March 2015 directly funded by central government grant which has now been withdrawn with the recommendation that local authorities should consider funding future schemes from their General Fund.

On 10 February 2015, Cabinet agreed as part of its budget resolutions that £900,000 would be held in a reserve for this fund following the Government's decision to withdraw direct funding from 1 April 2015. The original scheme ran until 31 July 2015 and a Task & Finish Scrutiny Review Panel reviewed the position and Cabinet approved a continuing scheme from 1 August 2015 whereby the Council continues to administer and maintain a Local Welfare Assistance Scheme with the remaining budget available with a number of small amendments to the scheme now in place. Primarily awards

made are in respect of immediate need, such as for food, utilities etc.

Officers provided an update to Transformation and resources Policy and Performance Committee of 1 February 2016 regarding progress of the scheme during 2015/16. Members acknowledged the progress made during 2015/2016 and agreed to recommend to Cabinet that actions are continued and that Wirral's Local Welfare Assistance Support Scheme is therefore maintained, albeit on a moderated basis during 2016/2017 utilising the projected residual funding of £414,820.

No. of Awards - 2015/16		Total Awarded	Cumulative expenditure
April	673	£38,896.60	£38,896.60
May	564	£26,315.11	£65,211.71
June	754	£42,240.12	£107,451.83
July	734	£43,553.30	£151,005.13
Aug	649	£34,923.09	£185,928.22
Sep	741	£40,435.51	£226,363.73
Oct	668	£35,241.04	£261,604.77
Nov	653	£31,939.49	£293,544.26
Dec	532	£25,713.19	£319,257.45



COUNCILLOR PHIL DAVIES

**CABINET
22 FEBRUARY 2016**

**CAPITAL MONITORING 2015/16
QUARTER 3 (TO DECEMBER 2015)**

Councillor Phil Davies (Leader of the Council) said:

'It is important that we are robust and transparent in how we manage all Council expenditure. This report demonstrates that we have made good progress on our capital programme for the current year, and are taking sensible and pragmatic steps to make best use of resources.'

REPORT SUMMARY

This report provides an update on the progress in delivering the Capital Programme 2015/16 at the end of December 2015. The report recommends that Cabinet agrees the rephasing of the 2015/16 Capital Programme down to £47.1 million and reports expenditure to date of £26.2 million.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

That Cabinet is asked to note the spend to date at Month 9 of £26.2 million, with 75% of the financial year having elapsed;

That Cabinet is asked to agree and refer to Council the revised Capital Programme of £46.9 million (Table 1) which includes the return of the £0.4 million Liverpool City Region Sustainable Transport Enhancement Package grant to Merseytravel.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular monitoring and reporting of the Capital Programme enables decisions to be taken faster which may produce revenue benefits and will improve financial control of the Programme.

2.0 OTHER OPTIONS CONSIDERED

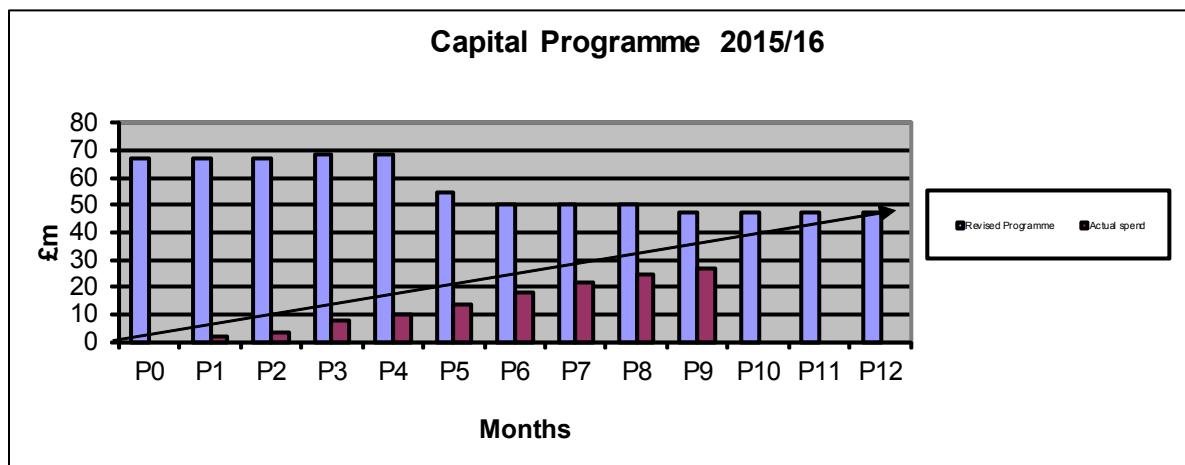
- 2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

OVERALL POSITION AT END OF DECEMBER 2015

- 3.1 The actual spend against the Capital Programme is summarised in Table 1.

Chart 1: Capital Programme spend below line of best fit



ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2015/16

- 3.2 The Programme for 2015/16 is subject to change and reflects the Programme agreed by Cabinet on 10 February 2015 together with subsequent amendments. Broadly these reflect any re-profiling identified since the 2015/16 Budget Cabinet and changes regarding external financial support, primarily the latest grant notifications. To aid the monitoring process, schemes are categorised against five gate points being Conception, Approval, Start Up, Delivery and Completion.

Table 1: Capital Programme 2015/16 at 31 December 2015

	Capital Strategy	Revisions Since Budget Cabinet	Revised Capital Programme	Actual Spend December 2015
	£000	£000	£000	£000
Transformation Resources	10,556	-3,258	7,298	3,663
Families – Children	8,517	2,287	10,804	5,404
Families – Adults	8,263	-5,386	2,877	649
Families – Sport & Rec	1,865	599	2,464	1,531
R&E- Env & Regulation	12,633	-1,089	11,544	7,256
R&E- Hsg & Comm Safety	6,412	-984	5,428	2,319
R& E – Regeneration	1,808	4,694	6,502	5,344
Total expenditure	50,054	-3,137	46,917	26,166

- 3.3 As outlined above a number of schemes within the Programme have been reprofiled to reflect updated project delivery forecasts and to take account of changes in available funding and costs and are reflected in Table 1. The variances which have arisen since September 2015 are detailed in Table 2 below.

Table 2: Variations to the 2015/16 Programme

Scheme	£000
Transformation & Resources	
Building refurbishment to increase occupancy – schemes proceeding ahead of schedule	400
Demolition of Foxfield school - reprofiled	-30
Families & Wellbeing – Sport & Recreation	
Guinea Gap football pitches and West Kirby fitness suite both complete – reduced requirement	-211
Families & Wellbeing – Adults	-2,000
Girtrell Court – provisionally deferred to 2016/17. Depends on the outcome of savings option, may be removed from the programme	
Integrated I.T. – software development, equipment for self-assessments, extension of Liquid logic and support for hospital discharges now planned for 2016/17	-440
Reg & Env – Environment & Regulation	
Cemetery extensions and improvements – reprofiled	-100
West Kirby Flood alleviation - reprofiled	-50
Road Safety – reprofiled. Budget controlled by constituency	-97

committees and schemes yet to be decided.	
Active Travel – as above	-78
Bridges – reprofiled. Combination of awaiting information from Network Rail re bridge strengthening works and lack of in house resources	-261
Transport for Growth – reprofiled. Budget controlled by constituency committees and schemes yet to be decided (£100,000). Various other schemes are either in the development stage or have been objected to (£162,000).	-262
Coast Protection – reprofiling. Time constraints service delivery.	-94
Reg & Env – Regeneration	
LEP Regional Growth Fund – payment of further grant matched by additional grant receipt	178
New Brighton – additional slippage identified	140
Hamilton Square Accessibility Improvements – scheme withdrawn following public consultation	-360
Overall variation since Quarter 2	-3,265

3.4 Transformation and Resources

Solar Campus - work is complete;
 South Annexe - building works are almost complete;
 North Annexe – any work will be put on hold for now depending on the outcome of the overall office rationalisation review;
 Old Market House – lease terms with Land Registry have been renegotiated.

Parks Rationalisation. The review of Parks and Open Spaces has been completed. This together with the outcome of public consultation regarding the budget proposals will partly determine the level of capital expenditure required

The Secretary of State for Education has requested further information to support the application for the disposal and change of use of the former Rock Ferry High School.

The I.T. development programme is focused on modernising the Council's I.T. capability. The move to Windows 7 and upgrade of pcs is largely complete although there may be some residual costs incurred. Further development includes upgrading servers and the Council e-mail system which is currently in progress. Negotiations are also under way regarding the development and

location of a data centre to provide enhanced coverage and reduce IT system and data risks.

3.5 Families and Wellbeing - Children

Fender Primary School – completion of a 2 classroom and resource extension. Elleray Park Special School – works on the four new classroom extension and welfare facilities were completed in October. Devonshire Park – a range of projects had been undertaken to support the increase in pupil numbers. The contract for the classroom extensions at Stanley School has been awarded (£0.590m); alterations at Lingham Primary (£0.130m) have commenced; extension at Town Lane Infants (£0.5m) is on hold pending a feasibility study for new classrooms and dining hall.

3.6 Families and Wellbeing - Adults

The project at Girtrell Court has been deferred. The scheme is intended to refurbish and reuse as a residential unit for a variety of Learning Disability services. The outcome of the public consultation regarding the savings options will dictate whether this continues to be included in any future capital programme.

Transformation of Day Services is ongoing. The current year's programme includes £0.615 million which will help to support Wirral Evolutions to provide centres of excellence.

Community Intermediate Care Service - works on a dedicated integrated care facility to ensure admission avoidance is progressing.

3.7 Families and Wellbeing – Sport and Recreation

The new fitness suite at Guinea Gap is still seeing an increase in usage. Membership at West Kirby Leisure Centre has increased following the improvements to the fitness suite there.

Improvements at West Kirby Marine Lake have commenced.

3.8 Regeneration and Environment – Environment and Regulation

In respect of West Kirby Flood Alleviation the business case has been submitted to the Environment Agency. Approval to commence the scheme is still awaited and anticipated to be primarily in 2016/17.

The major areas of expenditure to date are in respect of highways and bridges with expenditure exceeding £4.7 million. The most significant schemes are Kings Parade, Spital Road, North Wallasey Approach Road, Rake Lane, micro asphalting and Bidston Bypass bridge.

The LED Street Lighting scheme is well under way with expenditure of £1.4 million incurred by 31 December with a further £1.8 million to be expended in this phase.

3.9 Regeneration and Environment – Housing

£1.3 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes

3.10 Regeneration and Environment – Regeneration

Over £5.2 million Regional Growth Fund and business investment grants have been allocated to date which is helping to create jobs and encourage growth and investment. Allocations include a grant of £1.2 million towards Redsun Development's overall £7 million investment to support the new Turbine Business Park which will provide an estimated 235 local jobs, with businesses operating from new units on the site. Capital and Centric Plc, have received £0.9 million with upwards of 50 jobs set to be created with the opening of a £2.5 million complex of new super-energy efficient offices and warehouses in Birkenhead.

Hamilton Square Accessibility Improvements – the original proposal has been withdrawn following public consultation and the £0.4 million Liverpool City Region Sustainable Transport Enhancement Package grant will be returned. There are a series of projects being developed which will form part of a wider strategy for Birkenhead town Centre which will include improved linkage and developments within the Woodside area, Hind Street and the Europa Pools area. Any further proposals for Hamilton Square should they arise will fall within this strategy.

FINANCING OF THE CAPITAL PROGRAMME

3.11 Table 3 summarises the financing sources for the original and latest programmes.

Table 3: Revised Capital Programme Financing

Capital Programme Financing	Capital	Revised
	Strategy	Programme
	£000s	£000s
Unsupported Borrowing	19,090	14,964
Capital Receipts	12,693	8,621
Revenue and Reserves	537	572
Grants	17,734	22,760
Total Financing	50,054	46,917

- 3.12** Any reprofiling which reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2016/17 when the re-profiled expenditure is incurred.

PROJECTED LONGER TERM CAPITAL PROGRAMME

- 3.13** Funding for the forecast 2015/16 to 2017/18 Programme is in Table 4. This reflects the 2015-18 Capital Programme agreed by Cabinet on 10 February 2015 with subsequent amendments for reprofiling and revised grant notifications.
- 3.14** The latest projected programmes for 2016/17 and 2017/18 are included at Annex 2. These are in the process of being reviewed to ensure that the schemes are compatible with the 2020 Vision and to try and identify any savings.

Table 4: Capital Programme Financing 2015/16 to 2017/18

Capital Programme Financing	2015/16 Revised Programme	2016/17 Revised Programme	2017/18 Revised Programme	Total Programme
	£000	£000	£000	£000
Unsupported Borrowing	14,964	12,725	0	27,689
Capital Receipts	8,621	13,339	2,414	24,374
Revenue / Reserves	572	1,004	66	1,642
Grants	22,760	16,527	13,135	52,422
Total Financing	46,917	43,595	15,615	106,127

For noting – 2017/18 has been amended to include £3.624 million indicative Schools Basic Need and Condition grants.

SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING

- 3.15** Based on the current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £80,000 per annum in the following year. As part of the Capital Strategy 2015/16 to 2017/18 the Council has included an element of prudential borrowing. At Month 9 there is a sum of £27.8 million new unsupported borrowing included over the three years, which will result in approximately £2.1 million of additional revenue costs detailed at Table 5, if there is no change in the Strategy.

Table 5: Unsupported Borrowing Forecasts & Revenue Costs

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
New Unsupported Borrowing Cumulative	14,964	12,725	0	0
Annual Revenue repayment costs Cumulative	14,964	27,689	27,689	27,689
	302	1,354	2,028	2,028

- 3.16** The re-profiling of the Capital Programme, the use of internal borrowing i.e. using the Council's cash flow balances rather than taking out external loans, means that the 2015/16 borrowing will be delayed until 2016/17. With cash investments currently yielding low rates of return and the interest rate on external loans being much higher it is financially advantageous to use cash balances to temporarily fund non grant funded capital projects. Savings from these measures and from applying policies for minimising revenue provision (principal) costs on Treasury Management costs are anticipated to total £2.5 million in 2015/16.

CAPITAL RECEIPTS POSITION

- 3.17** The Capital Programme is reliant on the Council generating capital receipts to finance future schemes. Available capital receipts at 1 April 2015 were £8.3 million. The table assumes the proposed spend, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest estimates available.

Table 6: Projected Capital Receipts position

	2015/16	2016/17	2017/18
	£000	£000	£000
Capital Receipts Reserve	8,300	2,079	3,740
In - Receipts Assumption	2,400	15,000	10,500
Out - Funding assumption	-8,621	-13,339	-2,414
Closing Balance	2,079	3,740	11,826

- 3.18** Additional flexibilities relating to the use of future capital receipts has recently been announced by the DCLG. This may result in a re-assessment of the Authority's intended use of future receipts with a subsequent impact on the financing of future capital programmes.
- 3.19** In respect of major site disposals, the Council has entered a 16 week exclusivity period with the purchasers of both Acre Lane and the Manor Drive site. The application to the Secretary of State for Education for the disposal and change of use of the former Rock Ferry High School has been submitted. With the major sites, the capital receipts will take the form of a series of phased payments to the Council which are likely to commence in 2016 and the receipts assumptions reflect the best estimate of these.

4.0 FINANCIAL IMPLICATIONS

- 4.1** The revised 2015/16 Capital Programme is £46.9 million and anticipated capital receipts remaining at the year-end £2.1 million.

5.0 LEGAL IMPLICATIONS

- 5.1** There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1** There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1** The possibility of failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance.
- 7.2** The generation of capital receipts may be influenced by factors outside the authority's control e.g. ecological issues. Lambert, Smith, Hampton are still providing external support.

8.0 ENGAGEMENT/CONSULTATION

- 8.1** There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1** There are none arising directly from this report

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APPENDICES

Appendix 1 – Capital Programme and Funding 2015/16

Appendix 2 – Capital Programme 2016/17 and 2017/18

Appendix 3 – Capital receipts 2015/16

SUBJECT HISTORY

Council Meeting	Date
Capital monitoring reports presented to Cabinet previous report to Cabinet	Various
Capital Programme – Council	25 February 2014
Capital Programme – Council	24 February 2015

Capital Programme and Funding 2015/16**APPENDIX 1**

Transformation & Resources	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Building refurbishment to increase occupancy	2,000	1,662	2,000	-	-	2,000
Fund to assist land assembly and re-sale	587	165	587	-	-	587
Cleveland St. Transport Depot	315	127	315	-	-	315
Park depots rationalisation	520	145	520	-	-	520
Energy efficiency Initiatives	596	360	596	-	-	596
Demolish Stanley Special & external renovation work	150	150	150	-	-	150
Demolish Foxfield	126	103	126	-	-	126
CCTV Cameras and other equipment	100	-	100	-	-	100
I.T. development	2,904	891	2,904	-	-	2,904
	7,298	3,663	7,298	-	-	7,298

Families and Wellbeing - CYP	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Elleray Park Special School redevelopment	1,050	971	850	-	200	1,050
School remodelling/additional classrooms (Primary Places)	2,050	347	1,800	-	250	2,050
Condition/Modernisation	4,458	2,643	-	-	4,458	4,458
Basic Need allocation	1,897	702	-	-	1,897	1,897
Children's centres	53	14	-	-	53	53
Aiming Higher	24	58	-	-	24	24
Youth Capital	149	-	98	-	51	149
Birkenhead High Girls Academy	80	159	-	69	11	80
Funding for 2 year olds	18	2	-	-	18	18
Universal Free School Meals	209	139	-	-	209	209
Somerville Mobile Replacement	366	262	366	-	-	366
Family Support Scheme	200	63	200	-	-	200
Wirral Youth Zone – the Hive	100	42	100	-	-	100
Stanley Special - additional classrooms, medical/hygiene provision	150	2	150	-	-	150
	10,804	5,404	3,564	69	7,171	10,804

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Families and Wellbeing - DASS						
Citizen and Provider Portal for Social and Health Services	617	-	-	-	617	617
Transformation of Day Service	615	185	-	-	615	615
Integrated IT	645	444	560	-	85	645
Community Intermediate Care Services	1,000	20	-	-	1,000	1,000
	2,877	649	560	-	2,317	2,877
Families and Wellbeing - Sports & Recreation						
West Kirby/Guinea Gap/Europa Pools	2,024	1,332	2,024	-	-	2,024
Refurb of Artificial Turf Pitch & perimeter fence repairs at the Tennis & Sports Centre	240	188	240	-	-	240
West Kirby Marine Lake – Integrated accommodation and service delivery	100	11	100	-	-	100
Bidston Tennis Centre re-roofing	100	-	100	-	-	425
	2,464	1,531	2,464	-	-	2,464

Regeneration and Environment - Environment & Regulation	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/Reserves £000	Grants £000	Total Funding £000
Road Safety	60	45	60	-	-	60
Active Travel	107	68	107	-	-	107
Transportation	104	89	104	-	-	104
Bridges	1,305	1,159	467	-	838	1,305
Street Lighting	76	53	26	-	50	76
Highway Maintenance	3,935	3,547	1,400	-	2,535	3,935
Transport for Growth	1,436	323	-	-	1,436	1,436
Start Active, Play Active, Stay active	34	12	34	-	-	34
Wirral Way - widening and safety improvements	14	6	14	-	-	14
Cemetery Extensions and Improvements	71	18	71	-	-	71
Coast Protection	23	23	23	-	-	23
Energy schemes (LED Street Lighting)	3,162	1,430	3,162	-	-	3,162
Allotments	165	20	165	-	-	165
Parks Improvements	38	35	-	13	25	38
Parks vehicles replacement	684	428	684	-	-	684
West Kirby Flood Alleviation	50	-	-	50	-	50
Dock Bridges Replacement	280	-	280	-	-	280
	11,544	7,256	6,597	63	4,884	11,544

Regeneration and Environment - Housing & Community Safety	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/Reserves £000	Grants £000	Total Funding £000
Aids, Adaptations and Disabled Facility Grants	2,000	1,268	-	-	2,000	2,000
LIFT	2	3	2	-	-	2
Clearance	516	469	220	100	196	516
Home Improvement	420	244	270	150	-	420
Improvement for sale grants	180	-	-	180	-	180
Empty Property Interventions	160	58	150	10	-	160
New House Building Programme	1,500	277	1,500	-	-	1,500
Cluster of Empty Homes Fund	650	-	-	-	650	650
	5,428	2,319	2,142	440	2,846	5,428

Regeneration and Environment - Regeneration

New Brighton	140	48	140		140
Other Regional Growth Fund Schemes	3,208	2,890	-	-	3,208
LEP Regional Growth Fund Schemes Targeted Assistance	2,265	2,265	-	-	2,265
Business Investment Grants	780	105	780	-	780
The Priory	69	36	-	-	69
Hamilton Square Accessibility Improvements	40		40	-	40
	6,502	5,344	960	-	5,542
Total	46,917	26,166	23,585	572	22,760
					46,917

Capital Programme 2016/17 and 2017/18

ANNEX 2

	2016/17 £000	2017/18 £000
Universal & Infrastructure		
Building refurbishment to increase occupancy	1,619	250
Cleveland St Transport Depot	2,800	-
Demolish Bebington Town Hall/Liscard Municipal	378	-
Demolish former Rock Ferry High	395	-
Parks depot rationalisation	750	-
Demolish Foxfield	30	-
	5,972	250
Families and Wellbeing - CYP		
School remodelling and additional classrooms (Primary Places)	1,500	750
Stanley Special School – additional classrooms, medical/hygiene provision	600	-
PFI	85	-
Condition/Modernisation	3,086	2,794
Basic Need	1,414	830
Wirral Youth Zone – The Hive	2,400	-
Family Support	100	-
	9,185	4,374
Families and Wellbeing – DASS		
Community Intermediate Care Services	1,000	-
Pensby Wood day service remodelling	1,200	-
Extra Care Housing	2,000	-
LD Extra care Housing	3,000	-
Girtrell Court	2,000	-
Integrated I.T.	440	-
	9,640	-
Families and Wellbeing - Sports & Recreation		
West Kirby Marine Lake – Integrated Accommodation and service delivery	740	-
Bidston Tennis Centre re-roofing	325	-
	1,065	-

	2016/17 £000	2017/18 £000
Regeneration and Environment		
- Environment & Regulation		
West Kirby Flood Alleviation	1,950	-
Road safety	97	-
Active travel	78	-
Bridges 261	-	
Transport for Growth	262	-
Highway maintenance	3,060	2,938
Coast Protection	228	-
East Float Access Improvements Tower Road	200	-
Wirral International Business Park Connections	200	-
East Float Access Improvements to Duke Street	400	-
Dock Bridges Replacement	2,530	4,310
Preventative Maintenance to Unclassified and Residential Streets	500	500
Cemetery Extensions and Improvements	250	-
10,016	7,748	
Regeneration and Environment		
- Housing & Community Safety		
Aids, Adaptations and DFGs	4,308	2,573
Clearance	1,324	-
Home Improvement	434	-
Empty Property Interventions	178	-
Cluster of Empty Homes	603	-
Housing Renewal	570	670
7,417	3,243	
Regeneration and Environment - Regeneration		
Business Investment Grants	300	-
Total	43,595	15,615

Capital Receipts 2015/16**ANNEX 3**

	£000
Ex-HRA Magenta Housing Right to Buy	699
Ingleborough Road, Covenant	500
New Hall Farm	295
Empty Homes (various)	267
Plot 9 Tarran Industrial Estate sale of ground lease	30
Land at Belmont Road	500
Ashford Road (Family Support)	26
Total	2,317

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LEADER OF THE COUNCIL

CABINET

22 FEBRUARY 2016

ANNUAL REPORT 2015-16

Councillor Phil Davies, Leader of the Council, said:

"In July when we launched the Plan, and the 20 Pledges we will deliver over the next five years, we immediately set to work on making them a reality. This is our first Annual Report since then, and in this document you will see examples of where our pledges have started to make a difference. You'll see how the Council is changing, modernising and becoming more flexible in meeting people's needs."

In July, I called the Wirral Plan 'our contract with the people of Wirral'. I am proud that we are meeting that commitment, and confident that by continuing to talk, share ideas and work hard, we are well-placed to meet the pledges we have made to Wirral residents."

REPORT SUMMARY

The Wirral Plan sets out a shared vision across all partners to improve outcomes and quality of life for Wirral residents. Delivering the 20 Pledges are underpinned through the development and implementation of a set of key strategies and a Delivery Plan.

This report provides Cabinet with an Annual Report for 2015-16, a key strategic document which outlines achievements during the past year and gives high level direction for next steps.

This matter affects all Wards within the Borough. It is not a key decision.

RECOMMENDATION/S

Cabinet are requested to:

1. Note the contents of the Annual Report for 2015-16.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

The Annual Report 2015-16 has been developed to demonstrate progress against the 20 Pledges since the Wirral Plan was agreed in July. The Report provides an opportunity to report back to Wirral residents on what the Wirral Partnership has achieved together and what it will focus on in the coming year.

2.0 OTHER OPTIONS CONSIDERED

The Council has made a commitment to regularly report on progress towards the 20 Pledges. This Annual Report is part of that process and therefore no other options have been considered.

3.0 BACKGROUND INFORMATION

The Wirral Plan was agreed in July 2015 as the ‘Wirral Council Plan’ before being adopted by all partners as the strategic, shared Plan for the borough.

The Council and its partners have been working on delivering the 20 Pledges and – at the end of the first financial year of the Wirral Plan – are now reporting back to residents on progress made to date.

A series of underpinning strategies to drive and support the delivery of the Wirral Plan have been agreed or in development.

The Wirral Plan Pledges have now been adopted as the Council’s performance framework, and progress towards achieving them will be regularly reported to Cabinet throughout the year.

4.0 FINANCIAL IMPLICATIONS

None arising as a direct implication of this report.

5.0 LEGAL IMPLICATIONS

None arising as a direct implication of this report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

None arising as a direct implication of this report.

7.0 RELEVANT RISKS

None arising as a direct implication of this report.

8.0 ENGAGEMENT/CONSULTATION

The Council has agreed with the voluntary, community and faith sector to define and strengthen relationships between these sectors for the benefit of all Wirral

communities. There is a commitment to extensive consultation with local communities.

9.0 EQUALITY IMPLICATIONS

Equality impact assessments for the Wirral Plan and associated strategies have been developed.

REPORT AUTHOR: **Kevin MacCallum**
Senior Manager: Marketing & Communications

APPENDICES

- **Annual Report 2015-16**

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	N/A

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WIRRAL PLAN 2020: ANNUAL REPORT

2015/16

THE WIRRAL PARTNERSHIP

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FOREWORD

When we first agreed our 'Wirral Plan: A 2020 Vision' we committed to bring about real change – not just in what can be achieved, but in the manner in which we will deliver it. We set out our aspiration for Wirral built around its people and creating a place where everyone can lead the happy, healthy and successful life they want.

In July when we launched the Plan, and the 20 Pledges we will deliver over the next five years, we immediately set to work on making them a reality.

Within three months, we had established the Wirral Partnership and agreed the first-ever joint Wirral Plan: a shared set of priorities and goals which the Council, the private, public and voluntary sectors had committed to develop and deliver together. This was a huge step forward and demonstrated that Wirral is beginning to lead the way in transforming public services.

The Council and its partners now act as one team; able to harness collective resources of almost £2 billion every year, to invest in the services which local people tell us are important to them.

This partnership, and the collective determination to work together, will make the best use of the resources we have.

Cooperation across Wirral and the wider City-Region is also becoming ever more important, as the Government continues its attack on public spending, and local government in particular. By 2020, the Local Government Settlement – worth £65 million a year to Wirral – will be phased out completely.

The way we meet this challenge is through innovation and through thinking differently about how we provide services. We are taking a fresh look at what we need to achieve – and coming up with new ways of getting the job done.

This is our first Annual Report since the Wirral Plan and the 20 Pledges. To achieve the 20 Pledges and deliver on what we promised to local people has required a complete rethink of what we do, and how we do it.

You'll see in this document examples of where our pledges have started to make a difference. You'll see how the Council is changing; modernising and becoming more flexible in meeting people's needs and you'll see our plans for how we will deliver on each of our pledges.

In July, I called the Wirral Plan 'our contract with the people of Wirral'. I am proud we are meeting that commitment, and confident by continuing to talk, share ideas and work hard, we are well-placed to meet the pledges we have made to Wirral residents.



P.L. Davies

**Councillor Phil Davies,
Leader of Wirral Council
& Chair of the Wirral
Partnership.**

INTRODUCTION

Delivering our 20 Pledges requires a fundamental and radical rethink of how public services are delivered in the modern world. Today, people are leading different lives than they did when most of our services were designed and created. People want greater control; they want greater choice and more independence. People's expectations have changed, and to meet their needs we must change with them

It requires us to be pragmatic and honest with residents and each other in recognising how continued cuts to local government grants and budgets mean we cannot continue to operate in the ways we have in the past.

To deliver our 20 Pledges we must truly understand our residents' needs, desires and aspirations in a more meaningful manner than ever before. If we don't know what people want, how do we know if what we are doing – or have been doing for many years – is right?

If we aren't able to track and improve what we are doing, how can we measure if we're making a difference? Our new approach must be focussed on outcomes – listen to what people want, and then finding the best way of achieving it with them.

That was why during autumn of 2015 we undertook the biggest market research exercise ever completed by this Council.

The results of this research, telling us what is most important to people in their lives, is embedded throughout our plans. It guides our approach to delivering each of our 20 Pledges and supports further research and intelligence to continue our work to transform this borough.

The Council cannot achieve the 20 Pledges alone, nor will we deliver them by operating as we have in the past. This is why we established the Wirral Partnership to create a new approach to public service, one where organisational boundaries and territory no longer matter.

It is also why agreeing a deal on Devolution was so important. The deal opens new doors for Wirral.

It allows us to play a leading role across the region and, as part of the City Region, improve outcomes for residents.

It gives us the opportunity to work with our neighbours to join up resources, operate more effectively and to make our resources go further to benefit our residents.

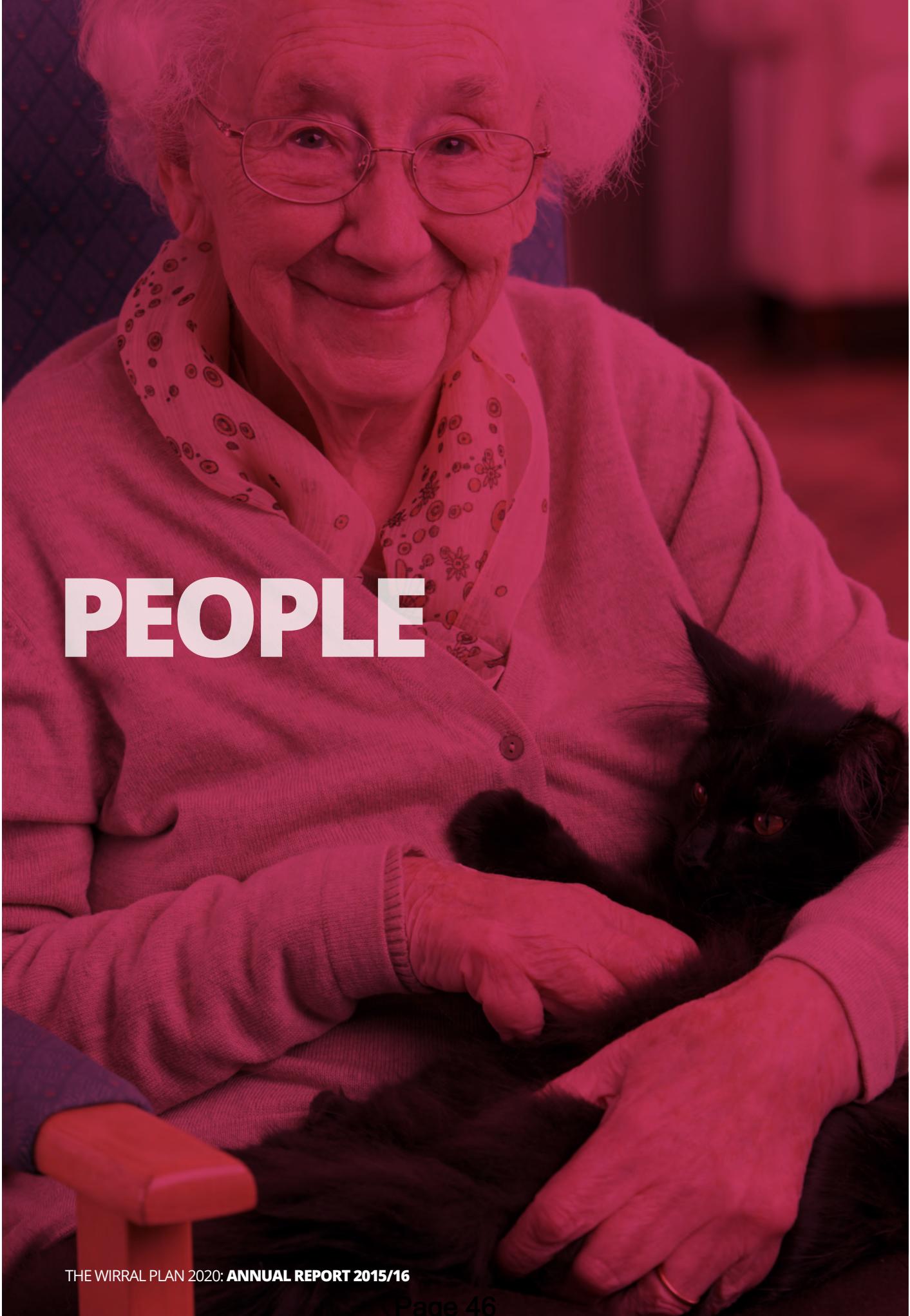
Wirral is leading this drive to integrate services and work with partners on new ventures to provide services in a better, more sustainable way.

For each of the 20 pledges, detailed plans explaining what we need to achieve and how we will go about it have been developed by members of the Wirral Partnership. The following sections of this document report our progress on each of our 20 Pledges – and what we will do next.



A handwritten signature in black ink, appearing to read "E. Robinson".

Eric Robinson
Chief Executive,
Wirral Council.



PEOPLE

■■ Wirral is a place where the vulnerable are safe and protected, every child gets a good start in life and older residents are respected and valued.

Ensuring the most vulnerable among us are safe, and feel safe, is perhaps our most important responsibility. We will work across Council and agency boundaries to promptly identify and tackle problems before they develop. ■■





CASE STUDY: **SPECIALIST SUPPORT FOR DOMESTIC VIOLENCE**

People affected by domestic abuse will now be able to find a safe haven and specialist support thanks to a successful funding bid by Wirral Council. 6 new units of safe accommodation will be made available to victims, and two new specialist domestic abuse workers will be tasked with providing advice and support on issues like mental health and substance misuse.

Cllr George Davies, Cabinet Member for Neighbourhoods, Housing and Engagement said: 'I want to congratulate our officers who submitted a compelling bid which will make a real difference to people affected by domestic abuse. We will now work in partnership with Wirral Women and Children's Aid to deliver these extra resources for some of the most vulnerable people in Wirral.'

'We have pledged to treat domestic abuse with zero tolerance, and that also means giving victims somewhere they can feel safe and supported during times of crisis.'

Wirral Council is one of 46 local authorities across the county getting a share of the £3.5m fund. Communities Minister Baroness Williams, with Home Office Minister Karen Bradley, has already led a review of services working with women's domestic abuse charities, local

authorities and other local service providers to gain a much clearer understanding of the range of challenges victims and services are facing.

Baroness Williams said: 'Domestic abuse is an appalling crime that shatters lives and this Government is determined to ensure that no victim is turned away from the support they need. 'This new funding will help Wirral Council and specialist charities provide a strong safety net for anyone facing the threat of abuse in their own home.'

DOMESTIC VIOLENCE: £3.5M TO PROVIDE HAVENS FOR THE VICTIMS

Cash will fund six new units





Pledge One: **Older people live well**

For the first time- there is a joint strategy for older people in Wirral. Agreed by the Council and all partners in January 2016, The Ageing Well in Wirral Strategy is going to transform how older people are viewed, supported and inspired in this borough. Every public agency in Wirral who provides care, supports or otherwise works with older people are now working together; to integrate their services, and make sure that older people in Wirral are championed and enabled to live their lives to the full.

A huge amount of work will take place over the next twelve months to improve the lives of our older residents. Services between social care and the NHS will become more and more joined up, sheltered and extra care housing will be improved and expanded, homes will be made more accessible and safer for older residents, and opportunities for volunteering, learning and being active in communities will be identified, expanded and promoted.



Pledge Two: **Children are ready for school**

We said when we launched the Wirral Plan that everything we did would be tailored and designed based on what people actually want to improve their lives. We are living up to this promise, and have asked over 3,000 young people in Wirral what they need and what is important to them. That has led to us starting work on an entirely new approach to how young people are supported from birth to 18.

Our work is already seeing results. Almost 70% of Wirral children are now reaching a 'good level of development' by age 5. This is higher than the national average (66.3%) and higher than the same time in Wirral last year (63%). How we work with children under 5 and their families has also been completely redesigned, with a new approach to 'early help' and a new approach to early years services rolling out across the borough during 2016.

Almost 70% of Wirral children are now reaching a 'good level of development' by age 5



Pledge Three: **Young people are ready for work and adulthood**

Wirral's schools continue to perform well. With 84% of schools now rated good or better by OFSTED we are well on our way to achieving our target of every school being rated good or excellent. We can do more to help, and we are making huge progress. A new, innovative company was launched by the Council in December 2015 – Edsential – which will provide many services to help schools improve in a range of areas.

Students also took their first steps towards new careers when they entered the new Wirral Metropolitan College Campus, the first key landmark site to open on the Wirral Waters Development. We also have the Wirral Young Chamber – the fastest growing scheme of its type in the country – which is helping over 700 young people improve their business and employment skills. Our levels of young people achieving well at GCSE & A Levels continues to rise, at the same time as our rate of 16-18 year olds not in education employment and training continues to fall. This huge success is due to excellent schools supported by a Council that takes education seriously. We will continue this work throughout the next year and make sure we continue to think differently, try new things and make sure our young people have every opportunity to succeed.



Pledge Four: **Vulnerable children reach their full potential**

Wirral Council has almost 700 children in its care. We are doing a huge amount of work to support those young people – and their families – so that they are able to live full lives, set high goals for themselves, and meet them. The looked after children awards event held at Wallasey Town Hall was a fantastic example of this, with over 100 young people, their families and foster families coming together to celebrate their achievements.

We are running an extremely successful campaign – Walks of Life – to encourage Wirral residents to become foster carers. Already this year, well over 200 Wirral residents have applied to open up their home to provide love and support to a vulnerable young person. During the coming year, our services for vulnerable young people will continue to improve – fewer children will be taken into care, because we will identify and tackle family problems earlier and those children who are in care will achieve more, in their education and their future careers – thanks to programmes such as our Get Real scheme.

**The number of 16 to 18 year olds in education,
employment or training is rising**



Pledge Five: **Reduce child and family poverty**

Our main focus in achieving this pledge is to make sure our evidence and intelligence is effective, so that we can target our efforts in the areas that will make the most impact across the entire Wirral Partnership. We have already completed extensive research with families through focus groups and workshops and are now in the process of using that research to better plan the services and support available to people.

Reducing child poverty cannot be done in isolation; it is not a single project plan – it is about a series of factors being identified and improved over time. We are working to increase the availability of jobs in Wirral, to improve people's skills, their health, and their readiness to work.



Pledge Six: **People with disabilities live independently**

We are already seeing the impact of this pledge, with significantly more disabled people being helped to continue living in their own homes – thanks to new adaptations, new technology, and working in partnership with social landlords, other public agencies and the NHS. We'll make sure that trend continues throughout this year and the lifetime of the Wirral Plan.

We've made sure all of our new gym and exercise equipment is accessible for disabled people, and we're now taking a completely different look at how services and support for disabled people is provided. For the coming year, we will start to roll out Wirral's first 'all age disability strategy'; this is the plan to ensure that, regardless of age, background or where you live, living with a disability will never be a barrier to living a full life.

Thanks to new technology and adaptations, and working with our partners, we're helping more disabled people to stay living in their own homes



Pledge Seven: **Zero tolerance to domestic violence**

Repeat incidents of domestic abuse have reduced year-on-year, and our rate of repeat victims is also significantly below the national average. We are also working with Tomorrow's Women Wirral to provide a peer mentoring scheme to provide more support to victims of domestic violence, as well as expanding our services by working with the Police and Crime Commissioner. Working with perpetrators of domestic abuse is also important, and we have designed a new scheme to change behaviours and reduce repeat incidents with the highest risk domestic abuse perpetrators in Wirral.

This year will see a whole new approach to how domestic abuse is spotted, tackled and reduced. We will combine our efforts with the Police and other agencies, creating one integrated service providing more joined up support. We will also put our focus on children living in families who are experiencing domestic abuse and we will tackle repeat offenders, making sure that our services and support have a long-term impact in changing lives for the better.

We will combine our efforts with the Police and other agencies, creating one integrated service providing more joined up support

An aerial photograph of a coastal town during twilight or early morning. The town is densely built with houses and commercial buildings. A large industrial port area is visible on the right, featuring several large ships docked at piers and extensive shipping containers stacked in yards. To the left, a river or canal flows through the town, with more industrial buildings and infrastructure along its banks.

BUSINESS

||| Wirral is a place where employers want to invest and businesses thrive. We must seize the opportunities before us, and work hard to create new ones to transform Wirral's economy for this generation and the next.

We will focus on Wirral's priority growth sectors to promote and grow jobs in the visitor economy, advanced manufacturing, maritime and renewable energy sectors. We will work with our partners to deliver these ambitions for Wirral and ensure our plans are both economically and environmentally sustainable. |||





CASE STUDY: THE WIRRAL GROWTH PLAN

The first Wirral Growth Plan was agreed at Cabinet during January 2016 – pledging to make CH41 – Downtown Birkenhead – the most attractive postcode in the Northern Powerhouse for companies looking to invest.

This plan, and this pledge, captured the imagination of the entire region – being covered by the BBC, many business magazines, local and regional radio and newspapers, as well as being highlighted by the Cabinet Office and Department for Business as a key national announcement for the developing Northern Powerhouse.

A series of schemes and developments worth more than £150 million are already set to come online during 2016 which are going to make Birkenhead and Wirral the first choice for developers and companies looking to invest in the Northern Powerhouse. Cllr Phil Davies, Leader of the Council, said at the time: "Wirral is a place investors are interested in. Already home to global businesses including Cammell Laird, Vauxhall Motors, Typhoo Tea and Unilever's Advanced Manufacturing Centre – businesses and employers are looking for available land, skilled staff and a strong transport and digital infrastructure - Wirral can offer all that and more.



"Where else can investors get UNESCO World Heritage views, a working port and dock system, award winning schools and colleges and a local authority with a proven track record of supporting business. I'm confident our Downtown Birkenhead postcode - CH41 - can become the most attractive in the Northern Powerhouse for investment."

The Wirral Growth Plan describes new approaches to driving further investment and growth in Wirral by creating a revitalised Downtown Birkenhead as a national centre for enterprise in the low carbon industry, professional services, retail and leisure, and the maritime industry. The Plan has been developed by Wirral Council with key local partners, including Wirral Chamber of Commerce and Wirral Metropolitan College.



Pledge Eight: **Greater job opportunities in Wirral**

Our new approach to generating economic growth is already seeing really positive results; creating new and exciting jobs for residents all across the borough. The first new buildings on Wirral Waters officially opened last year – the new Wirral Metropolitan College Campus and the Tower Wharf HQ of the Contact Company, creating up to 400 new jobs. These developments have both been supported by the launch of the Wirral Waters Investment Fund, another example of the Council being innovative and thinking in new ways – using business rates to trigger further investment.

More new developments have opened their doors this year – such as the Lightbox and Turbine Business Park – and we are supporting existing businesses to succeed and grow, such as Carmet Marine and Cabfind. This work has contributed to earnings for full time employees living in Wirral being higher than the North West average, and the highest in the entire City Region. Next year we will move up a level, and make sure our drive to increase investment and business growth in the borough is translated into new, better jobs for Wirral residents.



Pledge Nine: **Workforce skills match business need**

It's vital for us to help business to grow and create jobs, and it is equally important that when we are successful, Wirral residents have the skills to benefit from those jobs and excel in them. Wirral already performs well in adult skills, and we have seen a 149% increase in the number of people achieving Apprenticeship qualifications last year.

Our pledge was to make sure that residents access job opportunities have the skills business need, and we have secured £7 million in European Social Fund monies to do just that. We are now also working with Wirral Metropolitan College and Chester University to design a training and skills programme which will equip our residents with the skills businesses want, which will be rolled out during this year.

**The first new buildings on Wirral Waters are now open –
the new Wirral Metropolitan Campus and the Tower Wharf
HQ of The Contact Company, creating up to 400 jobs**



Pledge Ten: **Increase inward investment**

Investment in Wirral is thriving. Just this year, we have announced plans for an International Golf Resort in Hoylake, a new 'Maritime Knowledge Hub', a £12 million investment into a new retail scheme at Junction 1 of the M53 – creating over 350 new jobs, over £8 million investment into Croft Retail Park on top of the exciting plans for the complete transformation of Birkenhead as part of the £150m of projects announced to regenerate the town.

This coming year will see no let-up in that momentum. New plans for retail, leisure, professional services, maritime and cultural industry developments throughout Birkenhead will be announced. We will create a new, reinvigorated approach to driving investment and marketing Wirral to the world and we will make sure that we live up to our promise of securing at least £250 million of new investment into the borough to transform our economy for this generation and the next.



Pledge Eleven: **Thriving small businesses**

The Wirral Chamber of Commerce is the UK's fastest growing Chamber and a key partner for the Council. The Chamber successfully led on a project to establish a Business Improvement District for Birkenhead (BID); helping businesses in Birkenhead to take an active role in transforming the town. Last year, thanks to the work of both organisations, we saw an 11% increase in businesses operating in Wirral – up to 8,200 – which is a bigger increase than both the regional and national average.

We have worked to achieve an additional £1 million in funding from the European Regional Development Fund to use to support small business and we are backing local retailers; re-introducing 'Free After 3' schemes and reviewing parking and high-street support across the borough. Our pledge is to create 250 new businesses and we are already well on the way. Our task now is to support those new businesses to grow. We'll work across the City Region and make sure that we get the best value for Wirral, and we will work with people such as the Chamber to get Wirral businesses the very best support to help them succeed.

Exciting plans for the complete transformation of Birkenhead as part of the £150m of projects to regenerate the town



Pledge Twelve: **Vibrant tourism economy**

Wirral continues to out-perform City Region colleagues in relation to the growth of the visitor economy. The 'Wonders of Wirral' and 'Play, Eat, Stay' campaigns continue to deliver positive results. A new strategy and implementation plan, developed based on extensive insight and research, is in development and will be delivered to complement work within the Growth Plan.

Wirral's visitor economy is the fastest growing in the city region, estimated to be worth over £355 million in 2014; employing 4,800 full time equivalent jobs; and attracting 7.5 million visitors. The major campaigns for the current year have been delivered and evaluation is ongoing; with projections that higher levels of involvement and response than ever before. Representatives from Visit Britain have made visits to Wirral and enjoyed tours of the main attractions, leading to more extensive coverage in national travel guides.

The Wirral Tourism Business Network continues to grow and is leading the development of our new Tourism Strategy, with particular focus on the wedding and group travel markets.

Wirral's visitor economy is the fastest growing in the city region, worth around £355 million. It employs 4,800 full time equivalent jobs; and we attract 7.5 million visitors



Pledge Thirteen: **Transport & technology infrastructure fit for the future**

Our residents' survey has told us that transport networks – roads and pavements, specifically – are extremely important for residents across the borough. We have continued to deliver in this area, and other notable achievements include securing £6.4 million funding approval from the government, together with £700,000 council funding to replace the Dock Bridges in Birkenhead.

We have also started consultation to seek resident's views on highways and transport services in Wirral. The results will enable the Council to find out what residents think about these important services and will help to assess how Wirral is performing and which services it needs to prioritise and to improve. We are replacing street lights across the borough; making sure they are efficient, effective and environmentally friendly: 7,700 LED and dimmable lighting units are currently being installed – at a rate of 500 per week, and we have invested almost £4 million in improving Wirral's highways. By June this year, Wirral businesses will have access to superfast broadband – an investment worth almost £16 million. We have also put in place a grants programme to help businesses to access broadband, with 116 local businesses accessing grants of up to £3,000.



Pledge Fourteen: **Assets and buildings are fit for purpose**

We are taking a completely different approach to buildings, assets and land. We want to make the best use, and best value, from the buildings we own and operate from. We are working with every public agency in Wirral to develop the first joint Asset Strategy, which will result in the entire public sector sharing buildings, sharing costs, and providing easier, more joined up access to support and services for residents.

This year the Council has significantly reduced the number of buildings our staff work from, with large sites such as Acre Lane in Bromborough being vacated and the land sold. We will then use the income from this land to further improve the environment and our ability to attract businesses to the borough. We will make do more of that work this year, making sure that public money is invested into services and people, and keeping our building and running costs to the absolute minimum.

We are replacing street lights across the borough. 7,700 LED and dimmable lights are being installed at a rate of 500 per week

A photograph showing a man in a striped sweater and jeans trimming a hedge with electric shears. He is leaning forward, reaching up towards the top of the hedge. In the foreground, a large brown wheelbarrow is filled with green hedge clippings. A small white label on the side of the wheelbarrow is partially visible, showing the number '017.539.4' and the word 'SULO'.

ENVIRONMENT

 *Wirral has an attractive and sustainable environment, where good health and an excellent quality of life is enjoyed by everyone who lives here.*

Working to reduce levels of inequality, particularly in relation to health, remains of paramount importance to this Council. We want all of our residents to have a good quality of life and live healthy lifestyles in clean and safe environments. 





CASE STUDY: BIRKENHEAD PARK

Birkenhead Park made the grade as one of the top ten parks in the world, alongside green spaces in New York, Paris, Florence, Barcelona and Beijing.

The Guardian had this to say: "As the first publicly funded park in Britain, Birkenhead pioneered one of the country's gifts to urban civilisation. It impressed Olmsted, too, and so can take some credit for inspiring Central Park and the Buffalo network... Birkenhead can be seen as the democratisation of the aristocratic landscape, with striking buildings such as an Italianate boat house and a "Swiss bridge" artfully distributed among winding paths and curving lakes."

Birkenhead Park was officially re-opened in 2007 after an £11.25m facelift, following a five-year programme of improvements which saw the 226-acre park's famous Swiss bridge, boathouse and grand entrance restored and renovated. The Grade I-listed park also benefited from new bridges, paths, and railings, and the restoration of much of the original planting.

Cllr Chris Meaden, Wirral Council Cabinet member for Leisure, Sport and Culture, said: "We all know what a special place Birkenhead Park is and also how historically significant,

but it is wonderful to know that other people outside of the area recognise it.

To see Birkenhead named alongside the likes of New York, Barcelona and Paris in this list is just amazing and a credit to the staff, volunteers and the Friends group who work tirelessly, every day of the week, to look after it on behalf of all of us."

Birkenhead Park placed in the world's top 10

WIRRAL JEWEL WAS PIONEER

By LORNA HUGHES

ECHO reporter

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BIRKENHEAD Park has been named one of the world's top parks by a national newspaper.

The park made the grade in the Guardian's list of the 10 best parks in the world along with green spaces in Paris, Florence, Barcelona and Beijing.

It acknowledges Birkenhead Park's status as the first publicly funded park in Britain – and the impression it left on American designer Frederick L. Olmsted, who went on to design Central Park in New York.

It said: "As the first publicly funded park in Britain, Birkenhead pioneered one of

the country's gifts to urban civilisation. It impressed Olmsted, too, and so can take some credit for inspiring Central Park and the Buffalo network.

"It was created by Joseph Paxton, the gardener who went on to design the giant greenhouse known as the Crystal Palace. Paxton also worked on the Duke of Devonshire's gardens at Chatsworth, and Birkenhead can be seen as the democratisation of the aristocratic landscape, with striking buildings such as an Italianate boat house and a 'Swiss bridge' artfully distributed among winding paths and curving lakes."

Birkenhead Park was officially re-opened in 2007 after an £11.25m facelift. The Grade I-listed park benefited from new bridges, paths, and railings and the restoration of much of the original planting.



Pledge Fifteen: **Leisure and cultural opportunities for all**

To many, Wirral remains the 'leisure peninsula'; we have fantastic beaches, parks, tourist attractions, cultural and sporting facilities all across the borough. It is our job to make the most of them, to encourage more people to use them and to make sure they're improving our residents' quality of life. To get there, we have developed Wirral's first Leisure Strategy, to help us achieve our pledge of leisure and cultural opportunities for all.

The strategy, will set out in clear terms how we will capitalise and get best value from the leisure and cultural assets in the borough. It comes on the back of huge developments this past year, including over £2 million investment into the Council's leisure centres, with a 25% increase in members resulting in thousands more Wirral residents being able to get fitter and healthier, the Floral Pavilion going from strength to strength and working to become more commercial in its approach, the Birkenhead Priory being taken off the 'heritage at risk' list and Birkenhead Park being named as one of the top ten parks in the world by the Guardian.

**We're looking to get even
more value out of our leisure
and culture assets after
investing more than £2m in
our leisure centres**



Pledge Sixteen: **Wirral residents live healthier lives**

OVER £3 million in additional funding will be invested in Wirral over the coming year; supporting health and social care services to work with residents to transform and improve the services provided. The funding boost comes after health and social care partners in Wirral were successful in bidding to achieve 'Vanguard' status, one of only 29 areas in the UK.

Our work with residents has also seen more Wirral residents stop smoking, with a 4.1% drop, it has seen 7,500 young people get a new 'infant flu jab', and it has seen hugely successful programmes such as 'Reduce the Strength', 'Eat Well Wirral' and 'Takeaway for a Change' being rolled out across the borough, among many other achievements. We have also completed the most detailed and fundamental programme of research into health motivations and behaviour we have ever undertaken, and we will be using this intelligence and insight to redesign our approach to how we design services for residents.

Wirral's libraries are also continuing to play a big part in keeping our residents healthy, socially active and comfortable. Dozens of events have been held every week, from baby and toddler groups where new mums and dads can make friends and build support networks to regular literary events featuring speakers like Frank Cottrell-Boyce, Julia Donaldson and Stuart Maconie. The Bookfest festival of literature takes place every Autumn, and Summer sees hundreds of school children taking part in the Summer Reading Challenge.



Pledge Seventeen: **Community services are joined up and accessible**

Making sure residents can access services easily and quickly is vital and we have been making good progress in this area. Services for older people, access to information and advice, foster care, adoption and many other areas are being looked at now to join up with other services, other areas, to provide a more joined up and accessible approach for residents.

We are working with Merseyside Police to begin co-locating community police stations within Council buildings and working with partners across the public sector to make sure that our services and approaches are designed around them, not around the organisations which provide them.



Pledge Eighteen: **Good quality housing that meets the needs of residents**

Already this year, we have worked to create 230 new, affordable homes for Wirral residents, with almost 90 more due to be completed before the end of March 2016. Almost 1,000 private rented homes have been improved due in part to the Council's successful landlord licensing project, which makes sure that private rented accommodation in Wirral must be at a good standard before it is allowed onto the market. We have also brought almost 150 empty properties back into use. Next year will see a step-change in our approach, we will move faster, and we will work to encourage more house-building as part of our drive to attract investment and jobs.

We have launched a new service to combat homelessness, with the 'Mainstay' programme being rolled out across Merseyside. Over the last 12 months, 713 vulnerable people were supported to achieve independent living and/or received a package of floating support to help them maintain their tenancy.

Already this year we've worked to create 230 new and affordable homes for local people, with almost 90 due to be ready before the end of the year



Pledge Nineteen: **Wirral's neighbourhoods are safe**

Wirral residents have told us that keeping their communities safe should be our number one priority: we are responding to that, and making sure our actions are stepped up, become more visible and create a significant impact in reducing crime and anti-social behaviour and making people feel safe. The rate of Anti-Social Behaviour in Wirral continues to fall, as do reported instances of assault and other crimes. We must and will do more to support residents.

This coming year, we will work much more closely with Merseyside Police to join up our resources and tackle problem areas and issues. We know that 40% of all anti-social behaviour incidents were in Birkenhead, and we will continue to focus our efforts in those areas where they will have the biggest impact.



Pledge Twenty: **Attractive local environment for Wirral residents**

The environment is hugely important to Wirral residents – parks, beaches and countryside are what make this borough such a pleasant place to live. We will continue our good work in improving the borough, and encourage and enable the community organisations that are so active and committed to their environment to do more.

Last year we began a new, targeted approach to tackle litter through an aggressive enforcement policy. This resulted in over 6000 people being fined for dropping litter in the borough, and we are now expanding the approach to target those people who allow their dogs to foul pavements. We have delivered a successful communications campaign to educate Wirral residents about recycling and to ensure that we can increase our recycling rates over the coming year.

We've fined 6,000 people for dropping litter in our borough and we're about to start doing the same to those people who don't pick up after their dogs

OUR NEW APPROACH

||| We have spent the past few months putting the building blocks in place to create a new Wirral Partnership; one which is equipped to modernise and to work in a completely different way, and one which is equipped to deliver.

These building blocks are what we call our ‘Operating Principles’: Four main themes which sum up our strategic intent for the how we will change the organisation, in terms of its approach and what it delivers. It is on these foundations that a new Wirral Council – and a new approach to public services throughout Wirral – will be built. |||



Empowering Locally

Giving back power and responsibility to communities and tailoring our support to the unique needs of local areas and neighbourhoods.

We know that the needs of a resident in Birkenhead or Seacombe are likely to be different to the needs of a resident in Eastham or Hoylake. We know that different people and different communities need different things.

To make sure we can meet those different needs, and to create a Council that is truly responsive and can operate on the most local level possible, we have developed a Neighbourhood Development Plan. It's going to lead more independent and resilient communities, with the tools to support each other, to create and implement local solutions to local problems and to take ownership, local control and influence of their assets, open spaces and environment.



Leading Collectively

Working with the public, private and voluntary organisations to agree a vision for the area and a set of priorities that will help us focus together on making a real difference collectively to people's lives.

The Wirral Partnership is a demonstration of how committed we are to working together towards our shared goal – a better Wirral. It shows our commitment to sharing our collective effort to improve the lives of our residents. It shows we are willing – and keen – to forget our organisational boundaries, forget the old way of doing things and concentrate on how we can help each other to achieve what we all want: healthier, happier and wealthier residents.

The Wirral Partnership is how we will achieve that goal and we should be proud Wirral is leading the way in transforming public services.

Against some big challenges we have already started to make progress. For example, we pledged in our Plan to make sure older people could live independently, and with dignity in Wirral. To get there, we agreed a new strategy – Ageing Well in Wirral – one that harnesses all our work with older people, to get the best value and maximum impact from what we do, and one which shifted the traditional view of older people from simply a responsibility to an asset to be developed.

/// *The Wirral Plan sets out an ambitious journey to transform the way the public sector works* ///



Acting Regionally

On behalf of the people of Wirral, we are playing a leading role in the Liverpool City Region and wider to bring resources from Government, gain more freedoms to transform our economy, improve lives and save money.

The Leader of Wirral Council led negotiations to secure a historic devolution deal for the Liverpool City Region. The fundamental belief driving these negotiations was that decisions made about Liverpool City Region are best made here by local leaders, than in London or Whitehall.

These initial negotiations have secured devolved powers, influence and resources to the City Region which will bring the most benefit to local residents, businesses and communities. We have taken a first step in what will be a long journey to rebuild the economy of our region.

Our next step is to capitalise on those opportunities and these increased powers. To seize the initiative, and use the funding and responsibilities we now have to drive further economic growth, but also to work more closely together as a City Region, making sure we are not only using this agreement to bring investment to the Region, but we are using it to be more efficient and make better use of the resources we already have.



Organising Internally

The Council is changing itself so that we have the right attitudes, abilities, skills, approach and finances to deliver our vision for Wirral.

The Council invited colleagues from the Local Government Association to return to Wirral this year, as part of the ongoing Peer Review improvement programme. The panel, made up of senior, experienced local government professionals, recognised just how far this Council had come in a short period of time. They highlighted where we needed to focus our energies and resources; reviewing our capacity to deliver the Wirral Plan and transform the Council.

The Peer Team supported our approach – in particular our developing ‘new operating model’; a fundamental change in how this Council behaves, acts and is organised.

Delivering the 20 Pledges will require a step-change in how the Council operates: a step-change we are well on the way to achieving. Our new ‘Operating Model’ is a fundamental change in how this Council works, behaves and delivers. It is not just about a new management structure, it is about a change in mindset.

A new focus on customer need, and outcomes – rather than traditional services and process is a change which will not happen overnight but which will be enabled through reorganising ourselves and making sure we have the right skills in the right places.

The Council’s operating model – currently a set of traditional support, back office functions – will be completely reviewed, to ensure the organisation is supported internally to achieve change which is effective, appropriate and delivered at pace. This will be complemented by a reinvigorated drive to embed the right culture throughout our workforce.

GETTING THERE

Getting There

The Wirral Plan was developed to improve the lives of the people of Wirral.

We have set out what we plan to do. We need to ensure we have the right approach in place to make sure our plans are delivered, progress is regularly checked and the right action is taken when we are not doing well. This will be done through our new Wirral Plan Performance Framework.

In developing our performance framework we have set out a series of measures and targets to determine how well we have performed.

We will report our progress towards achieving the pledges every three months, enabling Councillors, residents and other stakeholders to hold us to account.

The strategies that underpin the Wirral Plan each have a designated partnership board which will oversee the delivery of the detailed actions. These boards will receive regular performance updates from accountable leads and will work to actively champion and drive the delivery of the strategies with pace and purpose, jointly resolving any identified issues.

The Wirral Plan sets out an ambitious journey to transform the way the public sector works: it is through this new approach to performance management and monitoring that we will take a measured and robust approach to making sure we get the job done for Wirral residents.

 *The Wirral Plan sets out an ambitious journey to transform the way the public sector works*

CONCLUSION

Conclusion

We are all proud of Wirral. It is a great place to live, to work and to grow up.

It brings together beautiful, rural countryside with cutting edge new technology and it has a cultural and economic history which is second to none.

The work and achievements we commit to in this document are about its future. They are about delivering on the promises which have been made to Wirral residents: a set of 20 Pledges designed to trigger real, sustainable improvements to the quality of life enjoyed by every resident.

We have achieved a lot since July, but we know there is much still to do. This document gives you a summary of what that work will involve, and what it will achieve. It is the work described in this document that will deliver a better Wirral for us all.

We asked residents what was important to them, and they told us. We now have a clear picture of what people want, and a clear vision of the Wirral we want to create. It is now up to us to achieve it.

 *We now have a clear picture of what people want, and a clear vision of the Wirral we want to create* 

WIRRAL PLAN 2020: ANNUAL REPORT

To find out more:



search: Wirral 2020



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COUNCILLOR PHIL DAVIES
LEADER OF THE COUNCIL

CABINET
22 FEBRUARY 2016

BUDGET CONSULTATION FINDINGS

Councillor Phil Davies, Leader of the Council, said:

“Setting the Council budget is always a difficult task – made more so by continuing reductions in our support from Central Government. Every year, we have committed to not making these tough decisions in isolation, and asking Wirral residents to give us their views.

“Once again, they have delivered – in record numbers. Over 10,000 local people have taken part in this consultation process; a higher level of response than anywhere else in the UK for a similar exercise. On behalf of the Cabinet I thank them for their involvement and pledge to consider all the feedback we have received when we propose our budget.”

REPORT SUMMARY

The Council is required to make significant budget savings over the coming five years. On 18 December 2015 the Council commenced consultation with staff, residents and other stakeholders on a series of savings proposals.

This report provides Cabinet with the feedback from that consultation process for noting and for consideration when proposing the Council budget for 2016/17. It also includes Elected Member feedback from a series of budget scrutiny workshops

This matter affects all Wards within the borough. It is not a key decision.

RECOMMENDATION/S

Cabinet are requested to:

1. Note the consultation process and implementation described within this report, and thanks Wirral residents, staff and other stakeholders for their input.
2. Note the consultation findings within this report and associated appendix in relation to each budget proposal, and the feedback from Policy and Performance Committee Members which are provided as further appendices to this report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

The recommendations respond to the Cabinet and Council commitment that budget decisions should be taken on the basis of robust, comprehensive and genuine consultation with Wirral residents, Council staff and all stakeholders.

2.0 OTHER OPTIONS CONSIDERED

The Council has made a commitment that all decisions related to the budget setting process should be underpinned by comprehensive, genuine and robust consultation with all stakeholders. Therefore no further options have been considered.

3.0 BACKGROUND INFORMATION

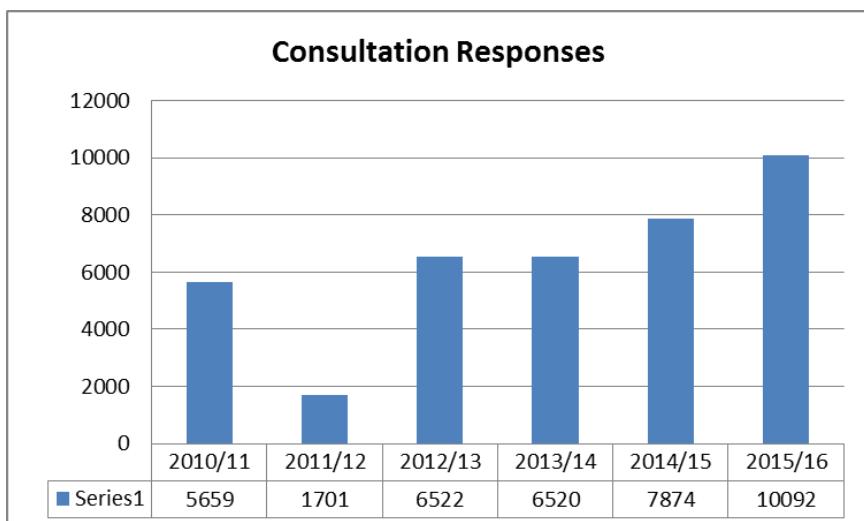
On 18 December 2015 the Council commenced consultation on a set of budget proposals which were designed to support achieving a balanced budget for 2016/17.

These proposals were also, where necessary, subject to statutory consultation with Council staff. The public consultation period ended on Friday 29 January at 5pm and staff consultation continues until 12 February 2016.

This report provides Cabinet with a summary of the consultation process alongside the findings from the public consultation activity.

The consultation resulted in 10,092 questionnaires being returned, together with a series of letters, petitions and other representations. This represents a higher response level than any previous Wirral Council consultation and a higher level of response than any comparable exercise anywhere in the UK.

The various levels of response since the 2010/11 'Wirral's Future' exercise is shown in the graph below. In 2011/12 the Council delivered an online budget simulator consultation, with no specific budget proposals.



The consultation was delivered this year through an online and paper questionnaire, which sought to gather views on a series of policy-based questions for how the Council could change services or processes in order to save money. This was supported by the publication of each budget proposal with relevant details, against which residents were invited to submit their views.

The consultation questionnaire and associated information on specific budget proposals was made widely available through over 50 individual locations throughout the borough, as well as being extensively promoted online through the council website and social media, and through local and regional media.

The consultation was further promoted to hundreds of community organisations, businesses and via email to over 60,000 residents – ensuring as many Wirral residents and stakeholders were aware of the consultation process and its proposals as possible, which has led to a record high number of respondents.

A series of meetings took place during the consultation with Members of the Council's Policy & Performance Committees. Members were provided with information relating to budget options within the scope of the Committee, with officers present to answer questions on the detail of each option in terms of potential impact, mitigation and deliverability. The findings of these reviews are available for consideration by Cabinet in the appendices of this report.

At the time of writing, the following petitions have been received by the Council related to the budget consultation.

Petition	Signatures
School crossing patrol, Christ Church School, Moreton.	462
Stop the Job Cuts, Stop the Service Cuts	20
Save Girtrell Court Respite Home	280

The budget proposals were presented to staff on the day they were published for the Cabinet meeting on 18 December. The public consultation process ran simultaneously with the staff consultation process. Regular communication with the workforce took place throughout the consultation period, in the form of emails from the chief executive and regular briefings from senior management. All correspondence received by the chief executive, Council Leader, Cabinet Members and senior council staff has also been considered as part of the consultation.

Formal consultation and engagement with Trade Union representatives continues. Statutory consultation in relation to the proposed closure of the Girtrell Court respite facility is also ongoing.

The full results of the budget consultation exercise can be found in appendix 1 of this report. Comments received through the paper and online consultation questionnaire documents are available for Cabinet to review on the Council's website.

4.0 FINANCIAL IMPLICATIONS

None arising as a direct implication of this report.

5.0 LEGAL IMPLICATIONS

Recent case law has made it clear that any consultation undertaken must be meaningful, informed and reasonable. Failure to ensure this could lead to legal challenge and any decision taken which takes into account the consultation could be undermined and open to challenge by way of Judicial Review.

The Local Government and Public Involvement in Health Act 2007 came into force in April 2009 and introduced a duty for local authorities to involve, inform and consult with their communities. The duty is wide-ranging and applies to the delivery of services, policy and decision making and means the Council must consult relevant individuals, groups, businesses, organisations and other stakeholders that the Authority considers likely to be affected by, or have an interest in, their actions and functions.

Certain budget proposals will be subject to further, statutory consultation on a one to one or other direct basis with people using the service(s) affected.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

Existing staffing resources were used to develop and deliver this project, calling on advice and support from across the organisation.

7.0 RELEVANT RISKS

The key risk for this project is that failure to deliver a successful consultation project will leave the Council unable to develop a corporate or financial plan and make the budget savings required in 2016/2017.

8.0 ENGAGEMENT/CONSULTATION

The Council has agreed with the voluntary, community and faith sector to define and strengthen relationships between these sectors for the benefit of all Wirral communities. There is a commitment to extensive consultation with local communities.

9.0 EQUALITY IMPLICATIONS

Individual Equality Impact Assessments relating to each budget proposal have been developed and are published for Members on the Council website from the following link:

<http://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014/budget#overlay-context=communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014>

REPORT AUTHOR: **Kevin MacCallum**
Senior Manager: Marketing & Communications

APPENDICES

- 1 – Detailed Consultation Findings**
- 2 – Transformation & Resources P&P Review**
- 3 – Regeneration & Environment P&P Review**
- 4 – Families & Wellbeing P&P Review**

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	N/A

BUDGET 2016: CONSULTATION FINDINGS

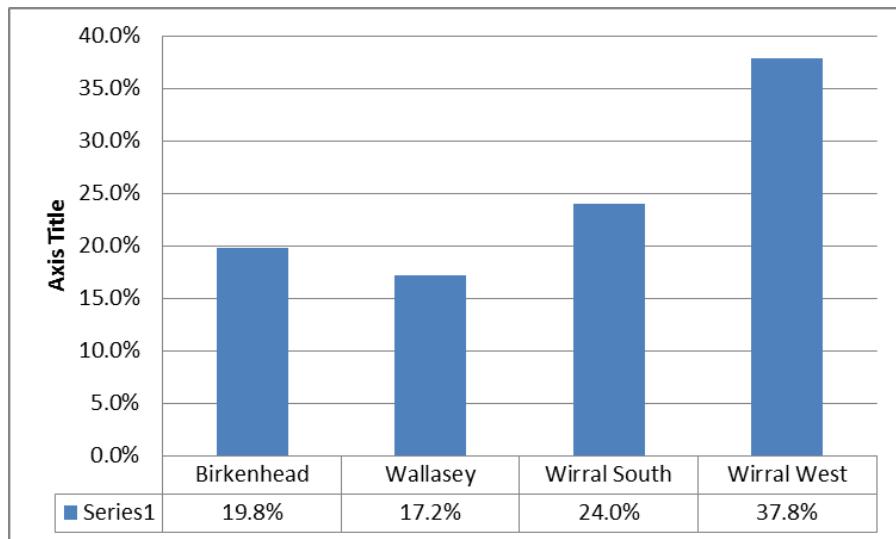
1.0 EXECUTIVE SUMMARY

Consultation feedback which has been received from residents and people using services is presented for Members within this report. The report contains the results of the general consultation questionnaire, as well as the feedback which has been received in relation to each individual budget proposal which was published for public consultation.

Residents were provided with a summary of each budget proposal, covering the level of saving predicted to be achieved, the nature of the proposal, its potential impact and the mitigation which could be employed by the council.

2.0 CONSULTATION QUESTIONNAIRE

10,092 consultation questionnaires were returned during the period of consultation between 18 December and 25 January. This once again represents the highest level of engagement for this and any other Council for similar exercises. The response sample is over-represented in terms of older residents and those residents living in the West of the borough, with a lower than expected response from both Wallasey and Birkenhead residents. The breakdown of responses by constituency is shown in the chart below.



In relation to the age of the consultation responses, the majority of respondents were aged 45-64 (45.6%) and 65+ (28.4%). Respondents were relatively evenly split in relation to gender and over 10% of responses came from people stating that they had a disability, which is broadly similar to previous exercises and the population profile as a whole. 95.5% of responses (9342) came from Wirral residents, with 8.1% (789) coming from Wirral Council employees.

The set of data provided to Members below demonstrates feedback from residents on the questions within the general consultation questionnaire.

<p>Many councils work together to provide joint services, which can bring about major cost savings as well as result in more sustainable services. Wirral could work with councils across Merseyside and Cheshire to provide certain services this way. To what extent would you support or oppose this type of development?</p>		
Answer Options	Response Percent	Response Count
Strongly Support	29.3%	2918
Support	42.7%	4258
Neither Support nor Oppose	12.1%	1203
Oppose	9.2%	914
Strongly Oppose	6.7%	671

<p>The council provides a number of services either for free, or for a fee which is less than what the service actually costs. The council could charge enough to cover the full costs of providing these services. To what extent would you support or oppose this approach?</p>		
Answer Options	Response Percent	Response Count
Strongly Support	9.4%	932
Support	29.2%	2890
Neither Support nor Oppose	22.6%	2232
Oppose	26.6%	2629
Strongly Oppose	12.2%	1211

<p>The council could look into whether the private sector, or a community or voluntary organisation, could provide a cheaper, more efficient service for some council functions. To what extent would you support or oppose this type of approach?</p>		
Answer Options	Response Percent	Response Count
Strongly Support	19.3%	1907
Support	37.2%	3669
Neither Support nor Oppose	12.4%	1220
Oppose	17.7%	1748
Strongly Oppose	13.5%	1331

Provided the council was still responsible for making sure services were available at the right quality, would you support the council paying someone else to deliver some services, rather than the council providing them itself?

Answer Options	Response Percent	Response Count
Strongly Support	15.9%	1567
Support	39.7%	3919
Neither Support nor Oppose	12.3%	1218
Oppose	18.9%	1864
Strongly Oppose	13.2%	1303

The council and its partners own a large number of buildings across Wirral. Wirral Council could review the use of these buildings to provide services from a smaller, more cost effective number of locations. To what extent do you support or oppose this option?

Answer Options	Response Percent	Response Count
Strongly Support	32.7%	3235
Support	45.5%	4499
Neither Support nor Oppose	11.5%	1139
Oppose	6.9%	685
Strongly Oppose	3.2%	321

3.0 BUDGET PROPOSALS

Residents were provided with a series of proposals for how the Council could achieve savings in 2016/17. These proposals were published online and promoted extensively, as well as being available in hard copy at over 50 locations throughout the borough. This section of the consultation feedback provides members with a summary of the proposal as well as a summarised description of the feedback which has been received. Verbatim comments which have been received through the online and paper consultation channels are published on the council website.

Garden Waste Charging

Summary of Proposal

The council provides a discretionary service which collects garden waste from residents' homes. The service currently costs £35 per year per household. This proposal would implement an increase in that charge, resulting in each resident who wants the service to pay £40 per year, with a discount of £5 if they pay online. This increase amounts to around 10p per week.

Summary of Feedback

202 comments were received from residents on this proposal. General themes of feedback can be summarised as;

- A large proportion of comments received actually supported the proposal to increase the cost, stating that a £5 increase in the annual cost was reasonable.
- Those people who disagreed with the proposal expressed concern that it could lead to increased levels of fly-tipping and reduced recycling rates if people opted out of the service.

Re-Provision of Girtrell Court

Summary of Proposal

Girtrell Court is a respite breaks facility, providing short breaks for carers of adults with complex physical and learning disabilities. This is the only directly provided care home for adults owned by the council. The majority of this type of care, in Wirral and across the country, is now provided by the independent sector.

The care that is currently being provided at Girtrell Court could be provided by an extensive range of independent providers across the borough and the region. The council could achieve increased choice, better value and ensure the same quality of care and support through following best value commissioning practice.

Summary of Feedback

A statutory consultation process in relation to the Girtrell Court has been commenced and is ongoing. This consultation process involves every family currently accessing a service from Girtrell Court taking advantage of a one-to-one meeting with a social work professional to explore potential options for meeting their assessed need. This consultation will last three months (from 18 December 2015), and the feedback reported here is in addition to the feedback collected through the statutory process. In addition to the feedback related here, Councillors and officers have received letters and other representations from residents, an e-petition has been created on the council website and we have been made aware of a social media campaign (Save Girtrell Court – Facebook). All of this feedback has been considered as part of the consultation process. 189 comments were received through the Council's consultation channels, which can be summarised as follows:

- Residents expressed concerns about the level and quality of alternative provision available in the private and voluntary sector; these concerns are being addressed in the ongoing consultation process.
- Residents were concerned that relationships with staff and other users of the Girtrell Court facility would be lost should the service be re-provided elsewhere.

Self-Assessment

Summary of Proposal

People want to be more independent and self-sufficient; it's our role to enable and support that to happen. We need to improve access to information and decision making for vulnerable people and their families. From January a new interactive online system will allow direct access to advice and information so that people can make their own decisions about their care and support.

This proposal would see the council working with families and people who need services to support and encourage them to identify and access the support and services they require themselves.

Summary of Feedback

48 comments were received relating to this proposal, which can be summarised as follows:

- This proposal was generally supported provided that provision was made to support those people unable to complete self-assessments.

Community Safety

Summary of Proposal

This proposal would see the council make changes across a number of its community safety services, moving towards being financially self-sufficient, through increasing income from external organisations such as schools and landlords, while at the same time making a small reduction in the management of the service.

We will also put a major focus on reducing dog fouling throughout the borough through increasing enforcement activity.

Summary of Feedback

42 comments were received related to this proposal, which can be summarised as follows:

- Residents were keen to ensure that any changes to the community safety services mentioned did not lead to a reduction in service.

Leisure Centre Concessions

Summary of Proposal

Our 2015 residents' survey told us that this was our lowest priority service: this does not mean it is not important, but rather that residents feel it is not where the council's limited resources should be invested. Our ambition is to find a new way of running leisure centres, to keep them financially viable. To achieve that ambition we must make the operating business model sustainable and attractive. Our leisure centres at the moment run at a combined cost of over £4 million per year.

To reduce this subsidy, and put the leisure centres in a position where they are more sustainable for the long term, we need to remove many of the discounts and free access to the facilities which we currently offer. This includes providing free access to the facilities for long-serving council staff, to foster carers and their families, and free swimming for under 18s during school holidays and over 65s between 9am and 12pm.

We will also continue negotiations with the community over the potential transfer of Beechwood Recreation Centre, keeping a much valued facility open and operated by the community it serves.

Summary of Feedback

114 comments were received relating to this proposal, which can be summarised as follows:

- Residents were generally understanding and at times supportive of the proposal to reduce concessions to make leisure centres more cost-effective.
- Some concerns were expressed about the impact on health and wellbeing and suggestions made about different proposals and pricing structures for the services which are currently available for free.

Re-Provision of Library Service

Summary of Proposal

Wirral must and will ensure we always enable and provide a comprehensive and efficient library service, and one which meets the needs of our communities. This proposal would see the council make a relatively small saving through working with community organisations and volunteers to increase their involvement in running council-funded library buildings.

We do not believe we will have to close any library buildings as part of this proposal. We are already seeing many community organisations, groups and volunteers take an active role in running their local library; we believe we can encourage more of this work and allow the council to make the savings we need while keeping the facilities open for the communities who want them.

Summary of Feedback

The Council has received detailed feedback on this proposal from the Friends of Wirral Libraries Steering Group, which has been considered as part of this consultation process. 90 further comments were received, which can be summarised as follows:

- Residents expressed concerns that a library service relying more on volunteers and community support would be less reliable and quality would suffer.
- Some residents were in general agreement with this proposal if it resulted in no library closures, and other residents highlighted that a smaller number of better libraries would be the preferable option.
- A number of residents expressed concern about the potential loss of professional librarians and their associated knowledge and expertise.

Community Partnership: Parks

Summary of Proposal

Wirral has 240 parks and open spaces which the council maintains; the maintenance of which currently provides good value for money. This proposal would see the council achieve savings through increasing opportunities for community groups and volunteers to take a more active role in our parks and open spaces.

Summary of Feedback

The Wirral Parks Friends Forum has expressed concerns in relation to this option around the availability of volunteers, and the wider deliverability and impact of the proposal. 55 comments were received relating to this proposal, which can be summarised as follows:

- Residents expressed how valuable Wirral's parks were to their local communities and the wider environment.
- Many residents were generally supportive of this proposal, provided volunteers were provided with enough advice and support.
- People made a number of other suggestions related to income and efficiency to further protect Wirral's parks and open spaces.

Charging for Pest Control

Summary of Proposal

The council delivers a comprehensive pest control service for residents, businesses and organisations. Parts of the service are provided at a cost, and some other elements are currently provided for free, including treatment services for rats and cockroaches. This proposal would see the council begin to charge landlords, business and those residents who can afford to pay.

Local businesses may benefit from the review of this service as the council will be competing on a more commercial basis with reduced subsidies.

Summary of Feedback

38 comments were received, which can be summarised as follows:

- A number of residents disagreed with implementing a charge for this service. Around an equal amount of residents did agree, with many of these stating that a form of means-testing should be employed to ensure the most vulnerable were still able to access the service if required.

Highways and Road Safety

Summary of Proposal

The condition of Wirral's highways is among the best in the UK, and residents have indicated that they should remain among our highest priorities. This proposal would see the council use only government grant – and not council revenue funding – for preventative road maintenance.

It would also see the council retain all 298 roadside grit bins, but require communities or constituency committees to fund the filling of the 198 bins which are not on the council's gritting priority routes for grit bins. We would also work with education and health partners; including schools to explore seeking alternative funding – or stopping – the operation of school crossing patrols in those locations where a pedestrian crossing is also in place.

Summary of Feedback

The Council received a petition in relation to part of this budget proposal, which has been referred to in the substantive report. 72 further comments were received, which can be summarised as follows:

- This proposal received mixed feedback, with most comments focussed on ensuring safety was paramount when making any changes.

Discretionary Housing Payments and Advice

Summary of Proposal

The council receives a grant from Government to pay for Discretionary Housing Payments. This grant falls short of the cost of the payments the council makes. This proposal would see the council limit the payments to the level of the government grant amount.

This option would also involve the council stopping its current ‘welfare rights’ service, due to similar services being provided by other organisations such as Citizen’s Advice, which are also funded by the council.

Summary of Feedback

A number of letters have been received specifically in relation to the council’s welfare advice services, which have been considered as part of this consultation. A further 60 comments were received, which can be summarised as follows:

- Residents were generally comfortable with the proposal in relation to Discretionary Housing Payments. Comments mainly focused on the welfare rights service provided by the Council, with residents expressing how valued the service was.



2016/17 Budget Proposals

Scrutiny Report of the Transformation Resources Policy & Performance Committee

January 2016

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1. INTRODUCTION BY THE CHAIR

This report sets out the Transformation and Resources Policy and Performance Committee's feedback in relation to the 2016/17 budget proposals, reported to Cabinet 17 December 2015. The committee has followed the budget scrutiny process as set out by Coordinating Committee 10 December 2015 and a dedicated budget workshop was held on the 14th January 2016. This provided the committee with the opportunity to examine in greater detail a number of budget proposals affecting services that fall under the remit of the committee. The budget proposals selected for further examination were identified by the Chair and spokespersons as those deemed to be of greatest significance in terms of value and the public interest. This report summarises the proposals scrutinised and the comments and suggestions of Members attending the workshop.

Councillor Janette Williamson

2. INCOME / RESOURCE MANAGEMENT

2.1 COUNCIL TAX INCREASE OF 1.99%

Summary of Proposal

The proposals would involve increasing the Wirral element of the Council Tax by 1.99% in 2016/17. This is the maximum amount permitted under the current Government Council Tax Referendum rules which has been set at 2% for all authorities (with the exception of Police and Crime Commissioners and shire district authorities). The proposed increase meets with requirement being implemented through the annual Council Tax billing. The proposal would generate an increase of approximately £2.2 million.

Committee Members' Comments

- There was a query about whether the proposal includes any potential drop-off as a result of non-payment. Clarification was provided that the figure is based on the calculation of the Council Tax Base which includes an assessment of the Collection Rate.
- A question was raised about the Government's Council Tax Freeze Grant and whether this was still available for authorities that chose not to increase their Council Tax. It was confirmed that this Grant is not available for 2016/17 and the Government is projecting that all authorities will increase Council Tax.
- It was noted the increase relates just to the Wirral element of Council Tax and there is the potential that Police and Fire precepts will also increase for 2016/17.

2.2 COUNCIL TAX ADULT SOCIAL CARE PRECEPT

Summary of Proposal

Under government proposals Adult Social Care authorities will be able to increase their Council Tax by 2% over the existing referendum threshold (see above), with the proviso that the additional 2% 'precept' is spent on adult social care services. This will have to be separately itemised on Council Tax bills. Section 151 Officers of local authorities that increase tax for this purpose will be expected to notify the Secretary of State of the amount intended to be raised through the additional precept and what impact it has on previous plans for adult social care budgets. This will then be verified through various existing financial statutory returns. The proposal would generate an increase of approximately £2.2 million.

Committee Members' Comments

- Concern was raised that the proposal would only go towards meeting the adult social care budget shortfall. It was clarified that the council was still seeking to make efficiencies in how social care funding was invested.
- It was observed that increasing Council Tax has a disproportionate benefit in terms of revenue generation in those authorities with larger numbers of higher banded properties compared to authorities with a larger number of low banded properties. This reflects the potential to generate income rather than the Revenue Support Grant which is targeted to those authorities based on need. This Grant is being reduced and phased out by the Government.
- Whilst concern was noted about costs being passed on to residents, it was acknowledged that most Adult Social Care authorities are planning to increase Council Tax and introduce the Adult Social Care precept for 2016/17.

- Concern was expressed that this precept could potentially signal the beginning of Council Tax rises for other services in future years.

2.3 NEW HOMES BONUS AND TAX

Summary of Proposal

The proposal includes two components. The first is the income that is due from the New Homes Bonus based on the number of new properties that have been built in the year to October 2015. It includes an element for affordable housing. The provisional announcement made in December 2015 indicated that Wirral would receive the sum of £600,000 in 2016/17.

This second component is the income that will be due from more households paying Council Tax in 2016/17. The Council Tax Base 2016/17 report to Cabinet indicated that the Tax Base has increased and will result in new income of £1.4 million. With £0.3 million of this already included in the Council's financial projections, the balance of £1,093,000 will be achieved.

Committee Members' Comments

- Members were keen for the Council to promote new housing development generally and specifically properties in band D and above as a means to generating a higher tax return for the authority.
- It was acknowledged that each development is dependent on the locality, the planning applications submitted by developers and a permission being granted. Progress is then reliant upon the developer undertaking the building of the homes which depends upon a number of factors which include whether the properties will be sold. The Council also needs to consider the wider housing needs of the borough such as extra care housing.

2.4 PROCUREMENT CONTRACT

Summary of Proposal

The proposal worth £350,000 represents a saving through the Council's Matrix Contract via a rebate received when agency employees are taken on through Matrix across the Authority.

Committee Members' Comments

- Concern was raised about the size of the Council's agency spend generally and the figure for November 2015 which seems particularly high.
- It was acknowledged there will always be a need to employ some agency staff. However, there has been an on-going issue in relation to the recruitment and retention of social workers due to different terms and conditions in other authorities.
- It was recognised that social worker pay has been reviewed as a means to address this issue. Members were keen to know if there had been a positive impact as a result of this.
- Members suggested that reviewing the causes of agency spend was an area that required greater attention as it could uncover further budget savings opportunities. Committee was advised that the Budget was based upon posts being occupied by permanent members of staff. Agency staff are recruited when essential to fill vacancies and come at a higher price which increases costs resulting in a 'potential overspend'.
- It was also suggested the use of consultants could be reviewed as a means to make potential savings. As with agency staff consultants are engaged for a specific period or on a short-term basis to fulfil specific roles.

3. DELIVERING DIFFERENTLY

3.1 ANTI-SOCIAL BEHAVIOUR PROVISION

Summary of Proposal

This proposal involves reconfiguring the Council's anti-social behaviour provision. Additional 'Stay Safe' operations have been made available through constituency committees in 2015/16 and this would be reduced back to previous levels. The service would also be reconfigured to target resources in areas of most need.

Committee Members' Comments

- It was noted the residents' survey highlighted community safety is a higher priority for Wirral residents in some parts of the borough.
- It was also acknowledged anti-social behaviour data shows a success in Wirral with levels of reported ASB reducing every year for the last five years.
- Members were supportive of the Stay Safe operations and were keen to ensure that the shift towards a new approach would continue to provide support to those who were most in need of the service.

3.2 COMMUNITY PATROL

Summary of Proposal

This proposal would see a restructure of the Community Patrol service towards a more financially self-sufficient model through increased contracts with partners. The restructure would also involve a reconfiguration of shift patterns. The proposed approach would allow the Council time to conduct a longer term review of the Community Patrol service and its core service offer to explore alternative future delivery options.

Committee Members' Comments

- It was acknowledged there is competition from the private sector which emphasises the need for the Council to review its service offer for Community Patrol.
- The current funding model is complex and this will need to be considered as part of the service review.
- There were concerns around the extent to which the Community Patrol service would continue to offer an estate response service in areas where there was no contract with a Registered Landlord.
- Members recognised the value of this service to local communities.
- Concerns were raised that continued uncertainty around the future of this service would adversely affect staff morale.

3.3 DOG FOULING ENFORCEMENT TEAM

Summary of Proposal

The proposal will involve transferring to an alternative delivery model for dog fouling enforcement throughout the borough. This will involve commissioning a private organisation to deliver enforcement activity, based on the same approach as has been successfully implemented to reduce litter. It will result in dog fouling enforcement being delivered on a no-cost basis to the Council.

Committee Members' Comments

- Members acknowledged that dog fouling remained an issue in the borough and suggested that a private sector partner may be more successful in changing community attitudes towards dog fouling.
- It was acknowledged that the proposal would lead to multi-skilled enforcement officers which would add value to the service.
- It was noted that Wirral does not currently charge the maximum permitted penalty for dog fouling and Members believed that increasing this to the maximum amount would send a strong message to the local community on this issue.
- It was acknowledged that new legislation allows for dog walkers to be fined if they are not carrying litter bags. Officers confirmed that public consultation would be required prior to the introduction of such a policy in Wirral.
- Members stressed the importance of education and improved facilities i.e. bins as additional tools to combat dog fouling. Members were keen to ensure that enforcement did not become the sole focus of the Council's response.

3.4 LIBRARIES

Summary of Proposal

This proposal would see the Council save £203,000 through working with community organisations and volunteers to increase their involvement in delivering community library services.

Many community organisations, groups and volunteers already take an active role in running their local library. Encouraging more of this work will allow the Council to make the savings needed while keeping the facilities available for the communities who want them.

Over the course of the next year up to 12 of the 24 Council library services could transfer to community delivery. Details of specific libraries which may transfer will be dependent on expressions of interest received. Invitations for expressions of interest will be sent out from the end of January.

Committee Members' Comments

- It was acknowledged the response from the residents' survey indicates that people think this should not be one of the Council's higher priorities.
- Members were concerned over the viability of contingency plans in the event that community groups did not come forward in sufficient numbers.

- Members were also concerned about the process for determining which library services the Council would continue to operate and which would transfer to the community.
- It was suggested there may not currently be sufficient capacity within certain communities and community groups to deliver library services autonomously. There is a question mark over the readiness of groups to take on these responsibilities from April 2016.
- It was acknowledged there is no prescribed model for community groups running library facilities. There are a variety of models in operation around the country and the Council will adopt a flexible approach rather than a single model. The level and nature of community involvement will be determined locally following discussions with interested groups.
- Given the financial forecast in the coming years it was suggested that this proposal be viewed as a direction of travel as a means to keep all 24 of Wirral's library facilities open in the long term. Whilst there remain some uncertainties, the proposal should be supported to explore all options and models available in order to achieve this.

4. SERVICE CHANGES

4.1 DISCRETIONARY HOUSING PAYMENT

Summary of Proposal

The Council receives a grant from Government to pay for Discretionary Housing Payments (DHP). These are extra payments to people receiving housing benefit who need more help with their housing costs. The grant falls short of the maximum permitted total that an authority can spend up to, with authorities having the option to meet some or all of the difference through a local financial contribution. The demand for support consistently exceeds provision and Wirral has recently 'topped up' the grant to cover these costs. The DWP have not yet advised LA's of their respective grant allocation in respect of 2016/2017.

This proposal would achieve savings of £300,000 by removing the Council 'top-up' and limiting payments to the level of the government grant amount. There would be a review of how the available grant is administered to target the most deserving cases.

Committee Members' Comments

- It was highlighted the DHP grant has been reducing over the last few years. Wirral has taken the decision to 'top up' the grant and manage the fund throughout the year. Other councils only provide additional funds once the government grant is spent and some authorities do not top-up at all. A range of approaches are adopted across the Liverpool City Region.
- It was acknowledged the fund is managed tightly to target those in greatest need. The policy would be further reviewed in the light of this proposal to ensure funding available is allocated most effectively.
- Members expressed their concerns about this proposal and the potential impact on some of Wirral's most vulnerable residents.
- It was suggested that a different option could be considered which would involve not saving the full amount but holding something as a contingency i.e. a percentage of the top-up based on historic spending levels. This could be added to the grant and used if required, with any underspend being carried over into the next year's fund.

4.2 CLOSURE OF WELFARE RIGHTS UNIT

Summary of Proposal

The Council Welfare Rights Service provides advice, case work and advocacy to residents in respect of all Welfare Benefits, working closely both with the DWP and HMRC and achieves increased benefits awards for those residents, in excess of its annual costs.

This option would involve the Council stopping this service on the basis that similar services (funded by the Council) are delivered by independent providers within the voluntary and community sector such as the Citizen's Advice Bureau, Involve Northwest, Age UK etc.

Committee Members' Comments

- Concern was raised over this proposal and the potential loss of what was viewed by Members as an important service.

- Concerns were also expressed about other agencies' capacity and capability to provide this service particularly in the current climate of continuing welfare reform. It was noted that agencies such as CAB were already stretched.
- Members were keen to point out the Welfare Rights Team are experienced staff providing specialist advice. In contrast many of the voluntary and community sector counterparts provided more general advice services.
- It was noted that the revenue generated by this service through benefit take up, vastly exceeded the cost of the service.
- It was also highlighted that the team is valued as an internal resource providing advice to other service departments, such as Children's and Adult's Social Care Services and the Personal Finance Unit. Therefore its loss would have a wider impact for the Council in terms of accessing advice and expertise.
- It was noted that the welfare rights team provides training to voluntary and community sector welfare rights staff. There was a suggestion that the team could charge for this training to raise income and off-set costs.
- Members requested that officers undertake a cost benefit analysis exercise to better understand the value of this service. It was acknowledged this would be difficult to achieve, although the team has recently started to capture income generation as a result of advice services provided.
- It was suggested the Council conducts a wider review of welfare advice services to highlight any gaps in provision and areas of duplication. This would provide the basis for a review of future service delivery models, with consideration given to partnership working, shared resources and achieving value for money.
- Members were keen for the value of the service to be better understood in terms of income generation (through take-up of benefits) and revenues to the Council in advance of this service being lost. The increasing demand on welfare advice and representation, with the implementation of key changes, such as Universal Credit and Personal Independent Payments, was also seen as a reason for maintaining existing service provision.

Appendix 1 – Workshop Attendance

Councillors

Janette Williamson (Chair)
Tom Anderson
Bruce Berry
Steve Foulkes
Matthew Patrick
Tracey Pilgrim
John Salter
Adam Sykes
Joe Walsh

Officers

Tom Sault	Head of Financial Services
Mark Camborne	Head of Corporate and Community Safety
Peter Aspinall	Strategic Library Manager
Julie Mann	Principal Librarian
Toni Bosworth	Customer Service Development Team Manager
Lisa Jamieson	Transaction Centre Senior Manager
Nicky Dixon	Senior Benefits Manager
Mike Callon	Team Leader – Performance / Scrutiny
Patrick Torpey	Scrutiny Support Officer

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2016/17 Budget Proposals

Scrutiny Report of the Regeneration and Environment Policy & Performance Committee

January 2016

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1. INTRODUCTION BY THE CHAIR

The Regeneration and Environment Policy & Performance Committee has carried out a review of the budget proposals under its remit and followed the process set out by the Coordinating Committee on 10th December 2015.

It was agreed with the Party Spokespersons that all six budget proposals which are out for public consultation would be scrutinised as they were all considered significant in either the savings provided or the value of the service. To ensure there was sufficient time for appropriate scrutiny to take place, the scrutiny of these budget proposals was carried out through two dedicated workshops held on the 11th and 18th January 2016.

This report outlines the proposals that were scrutinised and has captured the relevant comments and suggestions from Members for further consideration. I would like to thank all officers for their time and support in delivering both works shop sessions.

Councillor Mike Sullivan

2. INCOME / RESOURCE MANAGEMENT

2.1 GARDEN WASTE SERVICE FEE INCREASE (£196k)

Summary of Proposal

This proposal would implement an increase in the subscription charge for collecting garden waste from residents' homes. The service currently costs £35 per year per household with the proposal for this to increase to £40, with a £5 discount for residents who subscribe online. This increase amounts to around 10p per week. The garden waste service was launched in its current form three years ago, and around 40,000 residents now buy the service from the Council. Since the service was launched there has been no price increase. This service is entirely optional, and people are able to dispose of their garden waste in a number of different ways; including composting and Household Recycling and Waste Centres.

People who are dissatisfied with the increased charges could choose to cancel their subscription or use a different method to dispose of their garden waste. The Council will publish, as part of ongoing communications campaigns about waste and recycling, detailed information related to the options residents can take should they not wish to continue receiving the service.

Committee Members' Comments

- A concern was raised about a potential drop-off in subscribers which may see an increase in the use of household bins for garden waste. This would increase the cost to the Council of disposal through landfill operators. However, Members acknowledged the marketing campaign carried out this year by the Council to promote the garden waste service and inform people about the consequences of putting garden waste in household bins. The promotion campaign had helped increase subscription levels to the highest level in 3 years. Members also noted the promotion campaign emphasised that the cost for each collection by the Council is only £1.67.
- Members commented that the online discount may disadvantage the elderly and most vulnerable who are unable to access the internet. It was suggested that the Council could consider a discount for garden waste subscriptions for residents aged over 65 years. Members did acknowledge, however, that take-up of the online offer was 90% and that people can go online at various Council buildings.
- Members commented that there is a potential risk of an increase in fly tipping across Wirral should the increase in charge be applied and subscription levels drop off as a result.

3. DELIVERING DIFFERENTLY

3.1 PARKS COMMUNITY PARTNERSHIP WORKING (£180k)

Summary of Proposal

This option would involve a focus on income generation and increasing pride and community involvement in local areas, resulting in less maintenance, clean up and support being needed from the Council for parks and open spaces. The proposal has a target of £180,000 in 2016/17.

Committee Members' Comments

- Members fully endorsed the proposal and some of the early ideas that have been developed by officers to generate income, including various concessions, general events and garden shows.
- Members agreed that Wirral needs its environment and parks to be attractive as this is crucial to the tourism pledge and people choosing to live in Wirral.
- Members commented that it is important that the service should align itself to the major events that take place across the peninsula and that these events should be promoted more widely to raise resident awareness.
- Members commented that there is an opportunity to become involved in identifying further opportunities for community partnership working and enhancing the offer.

3.2 CHARGING FOR THE PEST CONTROL SERVICE (£30k)

Summary of Proposal

The Council delivers a comprehensive pest control service for residents, businesses and organisations. Parts of the service are provided at a cost, and some other elements are currently provided for free, including treatment services for rats and cockroaches. This proposal would see the Council begin to charge £50 to landlords, business and those residents who take up the service. The budget proposal seeks to generate £30,000 in income to provide a near cost-neutral service by the end of 2016/17.

If this budget option was approved Council customer service staff would be trained to provide general advice on where to go to get advice on home treatments and what alternative private pest control companies operate in Wirral. The Council will also make sure it provides accurate and helpful information to residents on how to mitigate any risk of pest and rat problems.

People who are dissatisfied with the increased charges could choose to self-treat or opt to use the wide range of commercial businesses, large and small, that offer pest control services in Wirral.

Committee Members' Comments

- Members were concerned over the Council's response to those residents who may not be able to pay for the pest control service. Members highlighted the need for due consideration to be applied to how these residents would be treated before a charge is applied. It was suggested that Wirral should investigate the approach taken by other local authorities.

- Members were informed that where residents had a rat infestation that was affecting the community and they failed to take any action, Wirral Council has legal powers to serve notice requiring the owner or occupier to carry out a treatment. However, Members were concerned about the recovery arrangements for any pest control charge where the Council did work in default and suggested that consideration be given to these arrangements prior to implementation.
- Members acknowledged that Wirral has an experienced and highly skilled pest control service. Officer concern over the future viability of providing a free service with current staffing levels was noted. Members were concerned that if a charge was not implemented, there may be a risk of losing the valuable resource leading to uncertainty over the Council's compliance with its public health obligations.
- Members noted that Liverpool City Council previously implemented a charge for the removal of rats but residents did not take up the service, resulting in the decision to revert back to providing a free service. Members agreed that consideration to applying a charge could be made on a trial basis to determine the uptake and a report could be provided to Members at an appropriate date.

4. SERVICE CHANGES

4.1 WINTER SERVICE – GRIT BINS (£30K)

Summary of Proposal

The Council maintains 298 roadside grit bins. 100 of these bins are in locations which are appropriate to effectively support the gritting routes, with an additional 198 being installed at the direct request of residents through community grant funding. This budget proposal will see the Council remove the 198 roadside grit bins funded by the Area Forums, or would require communities or constituency committees to fund filling of the 198 bins which are not the Council's priority grit bins. This option looks at a £30,000 saving to the Council, primarily based on labour and transport costs as well as the cost of refilling the salt up to three times each winter.

Committee Members' Comments

- Members had a concern regarding the legal obligation of the Council in relation to accidents occurring through not keeping ice and snow off roads and footpaths. Members were informed that local authorities do have responsibilities but is not an absolute requirement that 100% of all roads and pathways have to be treated. To comply legally, Wirral has to have a policy and as long as the policy is deemed reasonable by the courts, and is adhered to by the Council, liability does not fall to the Council.
- Members were concerned that this proposal considers the use of constituency committee funding to retain the bins not considered a priority, but there was no clarity on what funding would be made available to constituency committees in future years.
- It was suggested by Members that communities could fund the filling of grit bins if they were left in place, but acknowledged that maintenance of the bins would need to be considered. Members were informed that the Council may have some spare bins that could be used as replacements if required.

4.2 HIGHWAYS MAINTENANCE WORKS (£200K)

Summary of Proposal

This proposal would see the Council use only Government grant – and not council revenue funding – for preventative road maintenance. The proposal would not stop road and pavement maintenance, but would limit the amount of funding invested in it to just the amount required to ensure legal and safety obligations are met from Revenue budgets. Removal of funding for preventative maintenance would realise a saving of £200,000.

Committee Members' Comments

- Members were concerned over the Council's ability to ensure that essential safety repairs continued to be carried out. Assurances were given that the remaining funding available would allow the Council to meet its duty under the Highways Act to provide a safe highway.
- Members commented that removing preventative maintenance could increase costs further down the line on repairs that the Council would otherwise have carried out. Members accepted that this is part of the strategy going to Cabinet about improving the Council's highways asset management systems, which could generate further savings or better utilisation of available funds.
- Members acknowledged the good condition of the roads in Wirral and noted that the Council will need to develop systems to manage the life cycle of its highways assets through investment in new software. Members were pleased that new funding arrangements the Government has put in around innovation could result in more funding being made available through demonstrating best practice.
- Street lighting was highlighted as an ongoing issue. In particular, there were comments around some street lights that have been inactive all winter. Members acknowledged that there is an insufficient budget to fix every street light but were assured that surveys are being carried out before prioritising those that needed to be fixed. Communication to Members will be improved to enable constituents to be updated.

4.3 ROAD SAFETY (£90K)

Summary of Proposal

The budget proposal seeks to remove school crossing patrols where there is already a signal – controlled pedestrian, pelican or puffin crossing in place. The Council believes that, due to the crossing facilities which are in place 24 hours a day, the demand and requirement for a school crossing patrol is greatly reduced. Before this option is implemented, a full risk assessment will be completed on every crossing site. The proposal will see the Council working with education and health partners; including schools to explore alternative funding – or stopping – the operation of school crossing patrols in those locations where a pedestrian crossing is also in place.

Committee Members' Comments

- In relation to risk assessments being carried out, Members were assured that the Council does have the resources available to ensure they are all completed. The age of children crossing roads would also be included in the risk assessment which was an initial concern to Members as examples of children as young as four going to school by themselves were cited.
- Due to fewer road safety officers being employed, Members highlighted the importance of additional road safety awareness provision for schools. Members agreed that the Council is going in the right direction by focusing resources more effectively through materials being provided to schools and schools providing additional support.
- Members stated that having a light-controlled crossing and a school crossing patrol at the same location may cause confusion for both pedestrians and motorists.

Appendix 1 - Attendance

Session 1

- Garden Waste Service Fee Increase
- Winter Service – Grit Bins
- Highways Maintenance Works
- Road Safety

Councillors

Michael Sullivan (Chair)
Steve Williams
Dave Mitchell
John Hale
Jerry Williams
Chris Spriggs
Adam Sykes
Tracey Pilgrim
Gerry Ellis

Officers

Rob Clifford	Senior Manager (Highways and Transport)
Mike Cockburn	Senior Manager Waste and Environment
Mike Lester	Scrutiny Support Officer
Patrick Torpey	Scrutiny Support Officer

Session 2

- Pest Control
- Parks & Community Partnership Working

Councillors

Michael Sullivan (Chair)
Steve Williams
Dave Mitchell
John Hale
Jean Stapleton

Officers

Colin Clayton	Senior Manager Environmental Health
Mary Worrall	Senior Manager Parks and Countryside Services
Mike Lester	Scrutiny Support Officer
Patrick Torpey	Scrutiny Support Officer

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1. STATEMENT FROM THE CHAIR

Councillor Moira McLaughlin

Families and Wellbeing Policy and Performance Committee held a very well attended workshop to look in more detail at the officer proposals for savings in the services which fall within the remit of the Committee. This is in line with the approach adopted by the other Policy and Performance Committees and that which was employed last year.

It was undertaken against a backdrop of the requirement to make huge savings as a result of the Council having experienced grant reductions and the need to balance that with the need to do as much as possible to protect those services which support our most vulnerable residents.

The report which has been produced contains a brief outline of each proposal presented by officers. Members sought to look at any positive or negative impact of these proposals, at whether or not they felt they were achievable, and when negative results were identified look at possible ways to reduce them. What is contained in the report is not a recommendation to either proceed with a proposal nor to reject it, as they are decisions for the Executive, rather than the scrutiny committee, but it is a summary of members' considerations.

2. INTRODUCTION

In line with the resolution of the Coordinating Committee meeting held on 10 December 2015, a dedicated 2016/17 budget workshop for the members of the Families and Wellbeing Policy & Performance Committee was held on the Monday 11th January 2016. This provided the committee with the opportunity to examine in greater detail a number of budget proposals affecting services that fall under the remit of the committee. The budget proposals selected for further examination were identified by the Chair and spokespersons as those deemed to be of greatest significance in terms of value and the public interest. This report summarise the proposals scrutinised and the comments and suggestions of Members attending the workshop.

3. MANAGING DEMAND

3.1 ADULT SOCIAL SERVICES – INFLATION AND DEMOGRAPHICS (£2,800k)

Summary of Proposal

This proposal will result in not allowing growth in the budget to allow for inflation and anticipated demographic changes. The inflation element is forecast to provide a budget reduction of £900k in 2016/17, with a further £1,900k attributable to demographics. It is, therefore, imperative for Wirral's assets to be used more effectively in order to meet the growing demands. There is now a direction of travel, both locally and nationally, towards greater pooling of resources across the health and care economy, although all of the partners face financial pressures. It is anticipated that the Better Care Fund will continue to provide a framework for such funding, while Healthy Wirral (the Vanguard programme) will deliver a strategic plan to which all partners will contribute.

Committee Members' Comments

- It was recognised that integrated commissioning will provide opportunities for parcels of funding to be combined to enable re-commissioning of specific services more efficiently.
- Members welcomed the financial contribution that Wirral receives having been successful in bidding to become a Vanguard site. The funding will assist with the health and care transformation.
- It was recognised that the proposal will aim to reduce growth in demand while also operating in a smarter way.
- Members were reassured that, due to the budget experience from previous years, it is possible to make savings despite more people receiving support. This has been achieved by reducing the unit cost of care.
- Members were reassured that, although it is anticipated that joint commissioning of services will increase, the appropriate oversight of decision-making will remain through bodies such as the Health & Wellbeing Board, the Families and Wellbeing Policy & Performance Committee and the Health & Care Performance Panel.

3.2 CHILDREN & YOUNG PEOPLE – INFLATION AND DEMOGRAPHICS (£600k)

Summary of Proposal

This proposal will seek to prevent growth in the budget relating to inflation and anticipated demographic changes. The inflation element is forecast to provide a budget reduction of £200k in 2016/17, with a further £400k attributable to demographics. There are a proportionately high number of children receiving support through children social care. Wirral has a higher ratio of children looked after than most Local Authorities. Wirral has 99 per 10,000 looked after children compared to a North West average of 82 per 10,000 and an England average of 60. The challenge is to safely reduce the number of children looked after in Wirral by one-third. The aim is to further strengthen, alongside the Council's partners, the ability to intervene earlier in children's lives where appropriate. It is anticipated that the demand can be better managed by intervening earlier, through initiatives such as the Troubled Families Programme (IFIP).

Committee Members' Comments

- Concern was expressed regarding alternative services for victims of domestic violence now that the Zero Centre has closed. Some alternative provision does exist but not in a coordinated delivery framework. The current service provision will be reviewed in preparation for re-commissioning. It is recognised that domestic violence is a priority issue in Wirral and a new approach to how resources were invested may be required.
- There was recognition of the work being done to enable social workers to become more efficient and to improve staff retention. New pay and conditions had been implemented in January 2015. It was noted that more experienced social workers are required in the child protection team with higher priority being given to continual recruitment of social workers. That process should reduce spend as the number of agency workers should decline as a result. Additional priority is also being given to training social work managers in order to improve effectiveness.
- Members expressed concern regarding the proportion of staff who have completed performance appraisals during the previous year. It was noted that the returns for social workers was poor. However, it was also noted that a more appropriate accountability framework for social workers and managers is being developed in order to support improved performance.

3.3 GIRTRELL COURT (£155k)

Summary of Proposal

Girtrell Court is a respite breaks facility, providing short breaks for carers of adults with complex physical and learning disabilities. This is the only directly provided care home for adults owned by the Council. The majority of this type of care, in Wirral and across the country, is now provided by the independent sector.

The site at Girtrell Court has 20 beds and is used by 120 people who have learning and/or physical disabilities. This proposal would see the Adult Social Services Department working with current users to identify alternative ways of offering respite breaks. This would include consideration of community based provision, supported breaks, shared lives and alternative building based services. The services would be provided within Wirral and at a level which is appropriate to the needs of the person and their family. The Council has a duty to ensure that a range of services are available to meet identified need, work is currently underway to ensure that this is available.

The current running costs of the Girtrell Court service are estimated to be £1.5million per annum. The average weekly unit cost is estimated at £1500 per service user which is higher than the average weekly cost of respite in the independent sector which is approximately £850 per week.

Committee Members' Comments

- Members asked about the current use of this facility and were informed that, in addition to use for respite care, there are 6 clients on interim placements. They have come to live at Girtrell Court as a result of other placements breaking down for a variety of reasons.

- Members were reassured that a range of services will be offered as an alternative to Girtrell Court. The key challenge is to match the needs of individuals with what can be provided. Alternative provision could be Shared Lives (family based care), independent sector residential respite, Direct Payments (which could be used to support the person to remain at home whilst family carers take a break), maximising use of existing community support including Mobile Nights services and Assistive Technology and use of a small number of adapted flats which have been made available and where the person could receive their support. In addition, options for holidays in resorts such as Blackpool or Llandudno could be available.
- A concern was expressed that the proposal may lead to a reduction in service. Compared to the current weekly cost of a place at Girtrell Court (£1500), the quoted cost of alternate provision (£850 per week) is perceived as potentially leading to a reduction in quality. It was clarified that the difference in costs is due to higher overhead and staff costs.
- Assurances were sought about availability and quality of the independent sector provision and also how each person would have their needs assessed. It was clarified that all users will have a review with a social worker and the needs of each person will have to be met appropriately. The review process is due to be completed by March.
- Members were reassured that families and carers will be able to visit alternative providers in order to help form judgements.
- The quality of service provision at Girtrell Court was complimented by Members. However, it was pointed out that the authority is no longer in a position to be able to run high-cost services.
- The importance of prompt and accurate information for service users and carers was emphasised. Members were informed that all service users had been written to individually. A meeting for all service users will be held on 22nd January followed by individual meetings with all users.
- Members requested information regarding the timescales for change. All respite will be honoured until March 2016, but provision will be continued until all reviews are complete and all users have alternative provision in place.
- Members raised concerns regarding the staff currently employed at Girtrell Court. The Director agreed that there was a possibility of redundancy for some staff though there may be the option for some re-deployment within the Local Authority.
- Members requested further information regarding the planned usage for the Girtrell Court site. Members were informed that the Local Authority would like to explore the possibility of using the site for Extra Care housing with fully adapted flats for people with disabilities. It is felt that this would be an appropriate fit with the surrounding area.

3.4 SELF ASSESSMENT (£500k)

Summary of Proposal

People want to be more independent and self-sufficient and it is the Council's role to enable and support that to happen wherever possible, as promoted by the Care Act 2014. The process of assessment currently requires a member of Social Care staff to undertake an assessment of a person's care and support needs. Often this requires a person to wait for an assessment to be undertaken, and in many cases this delays the ability of the person to make their own arrangements where they can and where it is appropriate for them to do so. The Department currently receives around 3000 contacts per month with around 2300 of these being requests for support. Many of these contacts are resolved quickly with information and advice, and short term interventions being provided.

In the future, people will be able to self-assess, with support, and have their assessment validated by the Department. This will increase their choice and control. From April 2016, a new interactive system, Liquid Logic, will allow direct online access to advice and information so that people can make their own decisions about their care and support. This includes a self-assessment process for people and their carers. There are still a large number of people that will require a face to face assessment to be completed by a Social Care staff member, due to complexity and risk. This service will continue to be provided by the Department.

The implications of the proposal are being discussed with staff. There is a possibility that some redundancies could occur.

Committee Members' Comments

- Members asked for reassurance that the proposal will not lead to an increase in forms being completed incorrectly. Members were informed that the on-line system will enable more information to be provided in the early stages of the process. This will enable staff to invest a greater priority on the quality process.
- Members queried the number of care navigator posts which are currently unfilled and sought reassurances regarding the future for existing job holders.
- Members were informed that, due to the provisions of the Care Act 2014, the Council has a duty to provide assessments but current arrangements mean that the access to information is difficult.
- A member was concerned that safeguards would be in place for clients in the community who cannot use computers or have cognitive issues. However, Members were reassured that it will not be mandatory for clients to undertake a self-assessment. Staff support will continue to be available for those clients who require it.
- Members were informed that the development of self-assessment will result in power being taken away from professionals and placed more in the hand of service users and family members.

3.5 SINGLE SAFEGUARDING BOARD WITH LCR (£40k)

Summary of Proposal

The proposal is that the Adult Safeguarding Board will be provided on a Liverpool City Region footprint. The saving is based on management and administration support savings. The proposal will result in there no longer being a Wirral Adult Safeguarding Board. An independent Chair will be appointed for the City Region.

Committee Members' Comments

- Members were re-assured that contributions from the relevant Clinical Commissioning Groups and the police will need to be pooled for the funding of Serious Case Reviews.

4. DELIVERING DIFFERENTLY

4.1 BEECHWOOD LEISURE CENTRE (£73k)

Summary of Proposal

Beechwood Recreation Centre was built in the early 1970's, being managed and operated by Wirral Council until 2009, when the Centre was jointly managed by Community Service Section and Beechwood Joint Management Committee. The staff were still employed by Wirral Council. Beechwood Joint Management Committee withdrew their services in 2011 and, as a result, the Centre has been managed and operated as part of the Leisure Services estate since April 2013. Wirral Council has been approached by a number of community groups interested in taking over the management and operation of the Centre, with discussions currently ongoing.

Committee Members' Comments

- Assuming an appropriate agreement can be reached between the parties, Members did not raise any objections, in principle, to the proposal.

4.2 LEISURE CONCESSIONS (£500k)

Summary of Proposal

The Cabinet report of September 2013 first highlighted that the Council's 'free concessions' were 'very generous' in comparison with other local authorities. The value of 'free' concessions is estimated to be £500k, broken down as follows:

- Free swimming for juniors during all school holiday periods - £250k
- Passport for life (available to all ex-Wirral Council employees who have retired with more than 25 year's service for free swimming, use of the fitness suites and golf) - £100k
- Free use of all leisure facilities at all times to children in care, their siblings and carers - £100k
- Free swimming for people aged 65+ - £50k

Committee Members' Comments

- Members expressed the view that they understood this proposal was a result of the need to make such huge savings across the Council and that perhaps in other circumstances it would not be something members would like to see.
- Members also felt that the amount identified (£500k) was somewhat notional as there was no way of knowing how many of those currently using the facilities for free would become paying customers in the future.
- Concerns were expressed about the impact of the proposal particularly on children from the most deprived households. A request was made for some modelling to take place which would identify the cost of continuing to provide free swimming to those who are in receipt of free school meals. Officers are now working on this modelling and will report back to Members.
- Members also raised the concern of the loss of secondary spend, that is, for example, the potential reduction in spending on refreshments if some do not convert to be paying customers.
- Members were reassured that an amount for leisure activity is considered to be included as part of the foster carer's allowance.

- Members were informed that research has found that, with regard to people over 65 years old, price is not a major determinant of whether they swim. Many in that age range benefit from free swimming even though they have the ability to pay.

4.3 MUNICIPAL GOLF COURSES (£68k)

Summary of Proposal

This proposal seeks alternative providers for the current facilities at Wallasey Beach and Kings Parade. There is also an intention to remove the subsidy from Arrowe Park Golf Course by steps which include re-profiling the use of the club house and shop. It is also intended to improve the offer at The Warrens Golf Course.

Committee Members' Comments

- Members queried whether any capital spend was required for the golf courses and were informed that drainage work was required at Arrowe Park golf course.
- Members were reassured that there are alternative providers available with whom the Council could potentially work.

5. SERVICE CHANGES – EDUCATION AND MENTAL HEALTH

5.1 CHILD & ADOLESCENT MENTAL HEALTH (CAMHS) (£100k)

Summary of Proposal

The previous dedicated Government grant to the local authority to fund CAMHS is now part of children's services base budget which has reduced over time; it is proposed to reduce this funding further. Whilst there continues to be significant need for services to support vulnerable children and young people with emotional and mental health issues, additional CAMHS funding is being received through the "Future in Mind" bid, and new ways of working are being considered; it is in this context that the budget proposals are being progressed. In light of further feedback following the meeting, there is further exploration underway about how these service changes can be safely made.

Committee Members' Comments

Whilst there were no specific comments at the workshop, the following feedback has been subsequently received from a member (with the Chair's agreement):

- The proposal will affect a team which works with approximately 160 (at any one time) of the most complex and vulnerable children who have high level risk. The ability of the team to respond in a timely manner when acute risk situations occur would be affected. Therefore, there is a risk that issues could escalate and reach crisis point.
- For those children who require longer-term therapy, the therapy can often be for up to 6 months duration. It is suggested that there would need to be a lead-in period to any funding changes so that children's therapy can be safely concluded.
- It is suggested that where any change in funding is deemed absolutely necessary, a staged approach is utilised so that funding reductions are staggered over time.

6. SERVICE CHANGES – PUBLIC HEALTH

6.1 FUNDING OF COUNCIL HEALTH SERVICES (£2,271k)

Summary of Proposal

This relates to the reduction or cessation of temporary funding support by Public Health for the following programmes:

- Environmental Health – A reduction in contribution to this service, which is concerned with all aspects of the natural and built environment affecting human health.
- Wellbeing 4 All – A reduction in contribution to this service which helps people, their families and carers develop and maintain connections with friends, family and the wider community. It provides opportunities for individuals, families and carers to support each other and to plan ahead for care.
- Free Swimming - This funding supported the extension of the availability of free swimming for elderly, carers and juniors during holidays, and Military personnel.
- Youth and Play - This funding supported CYPD work with a focus on the provision of the Response service and their outreach working with young people at risk from alcohol or drug abuse. It also supported the existing provision of childhood services and parenting in children's centres.

The original funding was agreed as a two year allocation made available by Public Health.

6.2 HEALTH TRAINERS / PROMOTION (£838k)

Summary of Proposal

This service provides a range of health and well-being activities to engage with those living in the 20% most deprived areas of Wirral. It includes a health promotion service delivering health improvement programmes, frontline staff training and is supported by a library of evidence-based health promotion resources and health trainers to facilitate engagement with those people who are less likely to take up activities that support positive lifestyle / behaviour change. The service is underperforming in key areas and the contract concludes on 31st March 2016. The provision of community health services is currently being reviewed with the intention of commissioning new programmes appropriate to local requirements.

6.3 SCHOOL HUBS (£50k)

Summary of Proposal

This scheme supports pilot primary school hubs working to intervene earlier with children and families to develop resilience and prevent more intensive interventions being required long term. The Hubs sit within their local communities, where integrated locality working is being strengthened for all children aged 0-19 years. The hubs seek to build support for children and families around their local primary school. The projects were initially set up on a time-limited grant basis which expires on 31st March 2016.

6.4 DECOMMISSION CONTRACTS

Summary of Proposals

Recovery through nature programme (£51k): This project involves supporting drug and alcohol users towards recovery by engagement in structured programmes of work within National Trust or local parkland settings. The contract concludes on 31st March 2016 when similar services will be provided from within the core Drug and Alcohol Service Contract.

Data for Drugs and Alcohol Service (£39k): This service was initially commissioned with the intention of providing data activity and analysis relating to Drug and Alcohol Services. The contract concludes on 31st March 2016 when this service will be provided from within the Public Health Commissioning Support Unit.

Workforce training programme (£30k): This service was initially commissioned with the intention of improving the competence and confidence of the local workforce, in order to deliver high quality drug and alcohol treatment services and better outcomes for clients. The contract concludes on 31st March 2016 when this service will be provided from within the core Drug and Alcohol Service Contract.

BME Health Improvement Service (£53k): This service aims to improve engagement with the BME community to address the issue of poor representation within health improvement services. This contract concludes on 31st March 2016. The provision of community health services is currently being reviewed with the intention of commissioning new programmes appropriate to local requirements.

6.5 CONTRACT REDUCTIONS

Summary of Proposals

Get Into Reading (£132k): The aim of the service is to improve the health and wellbeing of people by the provision of weekly reading groups in a range of locations, particularly targeting libraries and community venues in the 20% most deprived areas. The service is underperforming in key areas and the contract concludes on 31st March 2016. The provision of community health services is currently being reviewed with the intention of commissioning new programmes appropriate to local requirements.

Young People's Outreach Service (£46k): This service provides a safeguarded universal and targeted sexual health and well-being outreach, education and training programme to young people in Wirral, prioritising those at greatest need. An efficiency saving of 25% has been negotiated with the current provider whilst maintaining an effective service.

HIV Prevention Service (£27k): This service provides specialist outreach, prevention and promotion to high risk groups to prevent the spread of HIV in Wirral and promote early diagnosis through point of care testing. An efficiency saving of 25% has been negotiated with the current provider whilst maintaining an effective service.

On-Line Counselling for Young People (£25k): This service provides a confidential, preventative on-line support service for young people across Wirral that is tailored to addressing the emotional health and wellbeing needs of those aged 11 to 19 years old. An efficiency saving of 25% has been negotiated with the current provider whilst maintaining an effective service.

6.6 PUBLIC HEALTH BUDGET REDUCTIONS (£239k)

Summary of Proposal

This consists of three vacant posts and reductions based on a reduction in need in Health checks, Social Isolation and Medicines Management provision.

6.7 PUBLIC HEALTH GRANT REDUCTION (£3M)

Summary of Proposal

This is a projected reduction pending formal announcement of the Public Health Grant.

Committee Members' Comments for the Public Health options:

- Members were informed that the provision of free swimming under this saving option is in addition to the item discussed earlier under the Leisure concessions option. This option relates to non- recurrent funding provided in the previous two financial years 14-16.
- Members were reassured that the budget reduction for Youth and Play did not result in a reduction of service. It was confirmed that equivalent activity has been commissioned as part of other contracts and will not result in a loss of service.
- Members expressed concern regarding the potential impact of the proposals on deprived communities. For services such as health trainers and the BME health improvement service, survey work undertaken during the summer has reported that current provision is complicated and hard to navigate for local people. There is an opportunity for the future offer of information and advice services to be streamlined to provide a coherent and consistent offer to local people.

Appendix 1 – Workshop Attendance

Members of Families and Wellbeing Policy & Performance Committee:

Moira McLaughlin
Angela Davies
Irene Williamson
Janette Williamson
Treena Johnson
Cherry Povall
David Bruce-Joyce
Alan Brighouse
Walter Smith
Denise Roberts
Bruce Berry
Tony Norbury
Phillip Brightmore
Mark Harrison (Parent Governor Rep)

Cabinet member:

Chris Jones

Officers:

Clare Fish	Strategic Director, Families and Wellbeing
Julie Webster	Head of Public Health
Graham Hodgkinson	Director of Adult Social Services
Julia Hassall	Director of Children's Services
Damian Walsh	Head of Sport and Recreation
Mike Callon	Team Leader – Performance / Scrutiny
Alan Veitch	Scrutiny Officer

Apologies:

Councillor Wendy Clements



COUNCILLOR PHIL DAVIES

**CABINET
22 FEBRUARY 2016**
**REVENUE BUDGET AND
COUNCIL TAX LEVELS 2016/17**

Councillor Phil Davies, Leader of the Council, said:

"We are a responsible Administration, and for as long as I am Leader this Council will always set a fair, sustainable and balanced budget. Ongoing austerity measures make it difficult to continue to provide the services our residents rely on and care about.

We agreed our Wirral Plan in July, and we remain as committed to our 20 Pledges now as we were then. We have a duty to set a Budget which delivers on our Pledges to local people."

REPORT SUMMARY

The report provides an update on the Council Budget 2016/17 reported to Cabinet on 17 December 2015. It sets out the background and the key elements contributing to the preparation of the Budget for 2016/17.

Cabinet has to recommend a Budget proposal to Council on 3 March 2016. This includes a recommendation on the Wirral Council element of the Council Tax to be applicable from 1 April 2016. This is in order to formally set the Revenue Budget and Council Tax for the 2016/17 financial year.

Council has to agree a Budget and set the levels of Council Tax for 2016/17 by 10 March 2016.

This is a key decision which affects all Wards within the Borough.

RECOMMENDATIONS

- 1 Cabinet recommends to Budget Council a Budget proposal for 2016/17 based upon:-.
 - a) The savings for 2016/17 as set out at Appendix 1.
 - b) The Budget Growth for 2016/17 as set out in Appendix 2.
 - c) The fees and charges, as in Appendix 3, with delegated authority being:-
 - i) given to the Acting Section 151 Officer to update the Council's Fees and Charges Directory prior to publication before 1 April 2016.
 - ii) given to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges.
 - d) The level of General Fund balances being recommended, as detailed in Appendix 4, as continuing 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.
 - e) The release of reserves by Directorates, as detailed in Appendix 5, being agreed and used to fund the 2016/17 Revenue Budget Contingency.
 - f) The flexibilities available over the use of Capital Receipts received after the 1 April 2016 to support revenue spending in the area of transformation.
 - g) 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.
- 2 Cabinet recommends to Budget Council that a separate vote be taken in respect of Council Tax levels for 2016/17 and that :-
 - a) For Wirral Council Services the Council Tax be increased by 3.99% for 2016/17 which includes the Adult Social Care Precept of 2%.
 - b) The Wirral Council Tax will include the precepts from the Police & Crime Commissioner for Merseyside and from the Merseyside Fire & Rescue Service.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Cabinet is required to recommend a Budget to Council on 3 March 2016. 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.
- 1.2 Section 25 of the Local Government Act 2003, requires the Chief Financial Officer 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.
- 1.3 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.
- 1.4 The Police & Crime Commissioner for Merseyside and the Merseyside Fire & Rescue Service issue a precept on the Council to be paid through the Council Tax.

2.0 OTHER OPTIONS CONSIDERED

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

3.0 BACKGROUND INFORMATION

PROGRESS SINCE THE PROJECTIONS AT 17 DECEMBER 2015

- 3.1 This Budget 2016/17 and Medium Term Financial Strategy Report was presented to Cabinet on 17 December 2015 and proposed savings for consultation. This report provides an update incorporating the impact of subsequent changes including the Final Local Government Finance Settlement. For Wirral the Final Settlement was the same as the Provisional Settlement although details of the Specific Grants have still to be finalised.
- 3.2 As part of the Final Settlement the Government have set out projected funding levels for local authorities up to 2019/20 with the offer of a four year Settlement. This provides a degree of certainty over the period and authorities have until 14 October 2016 to respond to the Secretary of State confirming whether they wish to take up the offer. This is linked to the phasing-out of the main Government Grant, the Revenue Support Grant, and precedes the proposed 100% retention of Business Rates post-2020
- 3.3 The Government has indicated that the funding for local authorities in 2019/20 will be at similar levels to that in 2016/17. This is based upon local

authorities increasing their Council Tax Base each year in line with current national averages, implementing Council Tax rises of 1.99% each year, the implementation of the 2% Adult Social Care Precept each year and increased resources from the Better Care Fund from 2017/18 (which is linked to reductions in the New Homes Bonus Scheme). This level of funding makes no allowance for increased demand through demographic changes or inflationary increases or legislative changes such as the impact of the National Insurance increases from April 2016.

- 3.4 As referred to in the December 2015 report, information relating to the 2016/17 financial year was awaited and some still remains outstanding which is also the case for future years. This report focusses on the Budget for 2016/17. With the Wirral Plan being developed with partners into a series of strategies and plans to deliver the 20 Pledges the continuing pressures on available funding mean opportunities to increase income from Business Rates and Council Tax are key. There will be difficult decisions to be made to successfully deliver the Wirral Plan whilst meeting statutory responsibilities. The Wirral Delivery Plan and Medium Term Financial Strategy for 2016/17 to 2020/21 are to be formulated and then considered by Cabinet / Council in June / July 2016.

FINANCIAL YEAR 2015/16

- 3.5 The financial position in 2015/16 provides a guide for the development of the Budget for 2016/17. The latest Revenue Monitoring report details the position at Quarter 3 (to 31 December 2015) and is on this agenda.
- 3.6 The latest projections being an £80,000 overspend whilst work continues to identify further in-year savings. However this reflects overspends within both Adult Social Services and Children's Services primarily as a result of increased care costs. Although offset by projected underspends within other Directorates this highlights the likely challenges that can be expected in the new financial year.
- 3.7 In considering the reported position Cabinet are reminded that the Quarter 1 (June 2015) Monitoring Report showed that the Council was on target to deliver over £28 million of the planned savings in year, however there was identified slippage of £9.6 million. It was subsequently confirmed by Council that these savings be covered from a combination of Reserves and Balances in 2015/16. The level of General Fund Balances included an element based on a risk assessment of the deliverability of the savings so sums were set-aside in the event of slippage occurring.
- 3.8 The issues highlighted throughout 2015/16 are important when considering the deliverability of the Budget for 2016/17 which includes further planned savings. Integral to this is ensuring the financial resilience is in place to mitigate against potential adverse variances such as where planned savings may not be delivered.

FINANCIAL YEAR 2016/17

- 3.9 The details and table below outlines the changes to the financial projections and budget proposals considered by Cabinet on 17 December 2015.

Table 1: Changes to Budget Proposals and Budget Gap

Projected updated Budget Gap	£m	£m
Original Budget Gap		24
Add : Further reductions in the Grants (see 3.10)		
Provisional Local Government Finance Settlement	+2.0	
Specific Grants (Adults) now in Grant	+2.1	
Updated Budget Gap		28.1
Less : Additional Resources savings (see 3.11)		
Projected reduction in the Transport Levy	-1.4	
Reduction in the National Insurance requirements	-1.5	
Additional Council Tax from higher base	-0.2	
Updated Budget Gap		25.0
Less: Proposed Savings December 2015 (see Table 2)		26.9
Revised Budget Position		-1.9
IF all savings agreed is a 'surplus' of funding		

- 3.10 The Provisional Settlement showed a reduction of £2 million more than projected increasing the gap to £26 million. Since then the £2.1 million of Specific Grants for Adult Social Services have been clarified as being within the Revenue Support Grant meaning the loss was greater and increasing the gap further. The Final Settlement on 8 February 2016 confirmed this change. Still awaited is conformation of over £60 million of Specific Grants which includes Public Health.
- 3.11 Favourable items identified since December 2015 are the announcement of the Transport Levy which has resulted in a further reduction of £1.4 million and the detailed work on the impact of changes to National Insurance from April 2016 has enabled the projections to be reduced by a further £1.5 million. A review of the impact of the Council Tax rises has identified that both the General Increase and the Adult Social Care Precept will generate an additional £0.1 million.
- 3.12 The Revised Budget position assumes that all the savings included in the December 2015 Cabinet report are agreed and implemented.

SAVINGS

- 3.13 In setting the Budgets for 2014/15 and 2015/16 Council agreed £3.1 million of savings which impact upon 2016/17 and as such were factored into the Original Funding Gap.
- 3.14 Cabinet on 17 December 2015 considered £26.9 million of budget reductions and proposals for 2016/17. This included the assumption that

the Council would increase Council Tax levels, including the Adult Social Care Precept, in 2016/17 but was dependent upon the terms of the Local Government Finance Settlement. Officers were authorised by Cabinet to undertake consultation and engagement with residents and other stakeholders on a number of budget proposals.

- 3.15 The consultation took place between 18 December 2015 and 29 January 2016. The outcomes are reported on this agenda for Cabinet and a number of the proposals will require further specific consultation before they are finally implemented.
- 3.16 The schedule of all the savings proposals are detailed in Appendix 1 and, as referred to in the December 2015 report, are set out on the basis of the four themes being:-
- 3.17 **Income and resource management** The Council must do all it can to build its way to a sound financial position. More investment, more jobs and more housing coming into the borough transforms our finances. It translates into more business rates, more Council Tax and more people in work. Every pound we bring into the Council is a pound we can invest in the kind of modern service people need.
- 3.18 **Managing Demand** Reducing the demand (and subsequently the cost) of specialist, substantial services mean we are able to invest more resources into early intervention and prevention services. In line with the Wirral Plan and the views of residents it is important to protect the vulnerable. The proposals seek to make no overall reductions in the levels of spending on care services for adults and children. Working with Health partners to improve the health and well-being of Wirral people will see the integration of resources to realise efficiencies to help meet the increasing demand from within the currently available budget.
- 3.19 **Delivering Differently** The Wirral Plan sets out how public services will work better together to deliver better job opportunities, a quality local environment, better health and a good life for local children and older people in particular. The Council continues to find new and innovative ways of working in partnership to achieve the outcomes Wirral residents need and will build upon the initiatives around Community Asset Transfer and the recently launched Schools Company (Edsential) and Day Services company (Wirral Evolutions).
- 3.20 **Service Changes:** The scale of the financial reductions which are imposed on us makes it impossible to avoid changing or reducing some services. We will do all we can to work with partners to manage the impact of those reductions, particularly on the most vulnerable, and we will challenge ourselves to be more efficient, to integrate more and come up with new solutions to make our money go further.

Table 2: Summary Of Agreed / Proposed Savings 2016/17

By Date	£m
Budget 2014/15 - December 2013	1.2
Budget 2015/16 - December 2014	1.9
Budget 2016/17 - Proposals December 2015	26.9
Additional savings identified (see 3.11)	3.1
Total	33.1

By Directorate	£m
Families and Wellbeing	5.7
Regeneration and Environment	7.8
Transformation and Resources	4.7
Corporate / Efficiencies	14.9
Total	33.1

- 3.21 The 2016/17 Budget process included a review of the issues identified from the 2015/16 monitoring. The degree and scale of change to deliver £38 million of savings in 2015/16 has been a significant challenge to successfully implement whilst still delivering services. Whilst the majority of savings have been delivered it is clear that challenges to implementation remain. The development of the 2016/17 savings proposals included reviews and challenge sessions across the Directorates as well as a further review by the Interim Strategic Finance Advisor. The process sought to ensure the budget proposed is robust and takes account of potential risks that can be quantified.
- 3.22 The savings to be delivered during 2016/17 include those delayed from 2015/16 and whilst a significant element of these have been / will be delivered those identified as ‘transformation’ are the main areas where there are risks associated with the successful delivery in 2016/17.
- 3.23 Progress on delivery will be monitored through the Financial Monitoring arrangements already in place and the developing area of the revised Transformation Programme and reported to Cabinet on a quarterly basis. The risk of delays in the implementation of savings is recognised and rather than be covered by an element of the General Fund Balances is to be addressed by the creation of a Revenue Budget Contingency in 2016/17.

GROWTH ITEMS

- 3.24 The Budget Projections for 2016/17 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 internal challenge as to their validity and justification.
- 3.25 The agreed growth bids are detailed at Appendix 2. These have been accepted where the Council has a contractual obligation to fulfil. The growth

includes the re-instatement in the Budget the savings from the Extra Care Housing initiatives as these have been deferred as the schemes are subject to further negotiations with potential developers and providers. For completeness this growth includes those items of a corporate nature held as a central liability such as future pay awards.

- 3.26 Within the savings identified under Income and Resources Management there are a number which have removed previous growth assumptions including such as potential levy increases. The growth included Prevention and support for vulnerable families (£0.5 million) and Housing (£0.25 million) that is to be funded for a final year through the Community Fund set up by the Council / Wirral Partnership Homes following the transfer of the Council housing stock in 2005.

Table 3 : Summary of the Growth

	2016/17
By Change	£m
Demographic	1.3
Other	0.4
Inflation	0.5
Unallocated (legislative)	6.5
Total	8.7

- 3.27 At this stage there are items for which there is uncertainty such as the future of the Specific Government Grants for which announcements from the Government are still awaited.

LEVIES

- 3.28 There is a statutory requirement to agree the levies for 2016/17 before 14 February 2016 in respect of transport and waste. The allocation mechanism for both bodies means that there will be variations for individual authorities as the Waste Levy reflects relative tonnages and the Transport Levy reflects relative populations.
- 3.29 The Liverpool City Region Combined Authority considered the recommendations from the Merseytravel Committee on 5 February 2016. In overall terms the Transport Levy reduces by 7.3% due to reductions in operating costs and additional income generated by Merseytravel. The Wirral levy for 2016/17 will reduce by £1.949 million (7.4%) which is reflected in Table 2 being higher than the £0.5 million originally forecast.
- 3.30 The Merseyside Recycling & Waste Authority met on 5 February 2016 and is considering further options regarding the Waste Levy for 2016/17. This will require the use of balances in order to mitigate any increase which is projected to be over 3% in each of the following years. At this stage it is anticipated that the levy on Wirral will be similar to 2015/16.

- 3.31 The Waste Authority released the Waste Development Fund to constituent authorities during 2014/15. The use of this 'one-off' resource is subject to compliance with conditions set out in a Memorandum of Understanding. The Council Budget includes the release of £1 million to support waste service provision in 2016/17.

PENSIONS

- 3.32 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.
- 3.33 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 4 : Pension Fund Increased Costs

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

- 3.34 The increase of £0.4 million for 2016/17 is within the Budget Projections. An indicative sum to reflect the impact of the next triennial valuation of £2.5 million has been included in the budget projections for 2017/18.

INCOME STRATEGY

- 3.35 With Business Rates to be retained locally from 2020 and the phasing out of the main Government Revenue Support Grant income generation assumes even greater importance. The Council continues to look at income opportunities having regard to the level of risk and linkages to the priorities as set out in the Wirral Plan and in the underpinning Growth, Treasury Management and Asset Management Strategies. Within the range of income sources is also that received through fees and charges.
- 3.36 Within the Growth Strategy are the areas of developing and expanding business growth which brings economic benefits to Wirral as well as additional income from Business Rates and from increasing the housing stock on Wirral with this generating additional Council Tax income.

- 3.37 Treasury Management activities relate to the management of the Council's cash flow. This includes the investment of sums held (be it through Government Grants received in advance of the need to spend or sums held in balances to meet unplanned spending or reserves required to meet future spend) in areas to generate an income having regard to the risks associated with investment. Also the minimising of borrowing costs (through the use of internal funds to defer the need to borrow).
- 3.38 Within Asset Management there is investment made in properties which generate a return such as Industrial Units and through working with Wirral partners assets deemed as surplus to requirements are released which both reduces running costs and also generates income through Capital Receipts.
- 3.39 All fees and charges, including concessions, 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.
- 3.40 Directorates have examined their fees and charges for the 2016/17 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 2016/17 Budget. Appendix 3 provides more detail.
- 3.41 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 2016.
- 3.42 Cabinet is also asked to agree to giving delegated authority to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges.

LOCAL GOVERNMENT FINANCE SETTLEMENT (LGFS)

- 3.43 The Provisional LGFS was announced on 18 December 2015 and the consultation closed on 15 January 2016. The Final Settlement was announced on 8 February 2016 which saw the position for Wirral being unchanged.
- 3.44 The Settlement sees Wirral's main grant reducing by £14 million in 2016/17. In 2015/16 Wirral received total main grant funding of £65 million and for 2016/17 the announced amount is £51 million. This reduction is some £2 million higher than the initial projections and has increased by a further £2.1 million through the Government consolidating previously separate Social Services Grants within the main grant. The total reduction in 2016/17 is therefore £16 million.
- 3.45 Prior to 2015/16 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 2016/17 although the Provisional Settlement includes an indicative amount of £1.2 million for spend in this area but no funding.

- 3.46 In 2016/17 the New Homes Bonus Grant has increased to £3.2 million from £2.6 million in 2015/16. This increase of £0.6 million is in line with projections. The Government has launched a consultation on the future arrangements for the New Homes Bonus Scheme as the present funding will be significantly reduced from 2017/18 as the resources are transferred to the Better Care Fund.
- 3.47 Announcements are still awaited in relation to a number of ring-fenced grants of which the largest is the Public Health Grant. During 2015/16 this was increased when responsibility for the Public Health of Children aged 0-5 transferred to local authorities from October 2015. However it was also subject to an in-year reduction of £1.9 million. At this stage the projections assume a £3 million reduction in 2016/17.
- 3.48 The most significant changes are again in the area of Adult Social Care. As referred to earlier Government support for the impact of the Care Act in 2015/16 of £2.1 million has now been included within the main Revenue Support Grant. From July 2015 responsibility for the Independent Living Fund transferred to the Council from the Department of Work and Pensions and additional funding of £1.8 million per year is anticipated. The Government launched a consultation on the Fund on 10 February 2016 with indicative grant figures seeing Wirral receiving £1.7 million in 2016/17 so this grant has not been confirmed.
- 3.49 Since April 2015 a Better Care Fund (BCF) pooled budget arrangement has been in place with Wirral CCG and operates under Section 75 joint governance arrangements being hosted by the Council. 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 comprises existing Wirral CCG and Wirral Council funding with the Council funding including Disabled Facilities Grant (£2.1 million), Social Care Capital Grant (£1 million) and the NHS Social Care Transfer Grant (£6.7 million). The Government has announced that there will be an increase in the BCF allocations from 2017/18 onwards.
- 3.50 The Government also announced that Adult Social Care authorities are able to levy a 2% Adult Social Care precept from April 2016. This has to be separately identified on the Council Tax bill and its purpose is to help meet the demand pressures for care services. The details of how this is to be identified and reported are still to be confirmed but the indications are that the S151 Officers will have to demonstrate that this increasing additional resource has been allocated to Adult Social Care budgets each year that it is levied.
- 3.51 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 (DoLS). No additional funding has been provided from the Government.

COUNCIL TAX

- 3.52 Cabinet on 17 December 2015 agreed the Council Tax Base for use in 2016/17. The number of properties 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 5: Wirral Council Tax Band D calculation 2016/17

Band	Properties as at October 2015	Changes due to Council Tax Support, discounts and exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	59,950	-26,004	33,946	6/9	22,630.6
B	32,142	-7,681	24,461	7/9	19,025.6
C	27,109	-4,331	22,778	8/9	20,247.4
D	13,196	-1,529	11,667	9/9	11,666.6
E	8,073	-730	7,343	11/9	8,974.4
F	4,238	-318	3,920	13/9	5,661.8
G	3,082	-189	2,893	15/9	4,820.8
H	261	-35	226	18/9	452.7
Band A Disabled (1/9 th of Band A)			75	5/9	41.4
Total	148,051	-40,817	107,309		93,521.3
Collection Rate					x 96.75%
Adjusted Council Tax-Base 2016/17					90,481.9
Council Tax Base 2015/16					89,345.0

- 3.53 The increase in the Council Tax Base from 2015/16 has seen the projected Council Tax income for 2016/17 increase by £1.6 million which is reflected in the Budget 2016/17.
- 3.54 The Government has announced that there will not be a Council Tax Freeze Grant in 2016/17 for Councils which freeze Council Tax levels. For Councils which agree to increase Council Tax the Government has again imposed the requirement for a Council Tax Referendum of increases of 2% and over. However for Adult Social Care authorities this is set at 3.99% as it includes the 2% Adult Social Care precept. The calculation of the Referendum 'trigger' amount is a comparison between overall Band D levels for 2016/17 and 2017/18 (includes levies).
- 3.55 Cabinet / Council in December 2015 announced that the assumption was that Council Tax levels would be increased 1.99% and the 2% Adult Social Care Precept subject to the Final Settlement.

Table 6: Council Tax Options

Options	£m
Tax Rise of 1.99% for Council Services	2.3
Plus Tax Rise of 2% for Adult Social Care	+2.3
Tax Rise of 3.99% being below the Referendum Level	4.6

BUSINESS RATES

- 3.56 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.
- 3.57 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.
- 3.58 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 Service 1%.
- 3.59 A declaration of an estimated surplus or deficit for the 2015/16 financial year together with a forecast for 2016/17 had to be submitted to the Government by 31 January 2016. Business Rates are managed through The forecast Business Rates income for 2016/17 shows that the receipts to the Council will increase by £1.5 million from the 2015/16 levels which is £0.3 million less than the Budget projections. The shortfall is to be covered from the Business Rates Equalisation Reserve for 2016/17.
- 3.60 Whilst presenting opportunities the localisation of Business Rates brings additional risks to the Council's financial position because of its complexity and volatility. The forecast income to the Council has to be reflected in the Council Budget. In completing the declaration the above factors are relevant 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 29 January 2016.
- 3.61 Since 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. An announcement regarding the grant for 2016/17 is awaited from Government.

LEVEL OF GENERAL FUND BALANCES

- 3.62 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 / emergency expenditure.
- 3.63 The level of Balances 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). Appendix 4 has the calculation updated and adapted for 2016/17 with the main change being the exclusion of an element for the risk associated with the deliverability of the savings. This change in the method of assessment is due to the introduction this year of a detailed risk assessment of savings. For 2015/16 there was a general assessment of savings that lead to a generic amount included in the balances calculation. To enable a better control of savings risks a discrete amount is to be included in the Revenue Budget to mitigate the risk associated with these savings. This will be partly funded by a release of General Fund Balances of £3 million as they are projected to be £14.5 million at 31 March 2016 and the revised assessment is for £11.5 million.

Table 7: Summary Of The Assessed Level Of General Fund Balances

	2015/16	2016/17
	£m	£m
Assessed at February 2016	17.4	11.5
Assessed at February 2015	17.4	17.3

- 3.64 The latest Monitoring Report (December 2015 - Month 9) showed the projected balance at 31 March 2016 to be £14.5 million. This is based on a projected overspend of £0.1 million for which work to reduce / eliminate this overspend continues.

Table 8: Summary Of the Projected General Fund Balances

Details	£m
Balance 31 March 2015 when setting the Budget 2015/16	+17.4
Add : Increase following closure of 2014/15 Accounts	+1.4
Less : Transfer to General Fund	-4.2
Less : Potential overspend at August 2015	-0.1
Projected balance 31 March 2016	+14.5

REVIEW OF RESERVES

3.65 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 2016/17 Budget. The review recommends the release of £6.5 million of those reserves which are detailed in the Appendix 5 as being no longer required and used to create a Revenue Contingency Budget for 2016/17.

3.66 **Table 9 : 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 / TRANSFORMATION FUND Support the development and transformation of the Council which includes the 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 spent incurred in the following year such as Public Health, Supporting People and Troubled Families and where the sums held are earmarked for the completion of Council programmes such as Community Asset Transfer, planned maintenance and parks improvements

REVENUE BUDGET CONTINGENCY

- 3.67 It is proposed to create a Revenue Budget Contingency drawn from General Fund Balances and the release of Earmarked Reserves. This 'one-off' source of funding within the Revenue Budget is to mitigate the financial risks associated with the implementation of savings requiring transformation, the previously highlighted 2015/16 issues in delivering some savings whilst facing increasing financial pressures in demand led services.
- 3.68 The use of this contingency will be monitored during 2016/17, incorporated within the Financial Monitoring reports to Cabinet, prior to any potential continuation across the MTFS period. This allows sufficient time to implement the savings proposals and any required transformation whilst avoiding unnecessary risk associated with the high level of savings the Council is required to make.
- 3.69 In previous years an amount has been held in General Fund Balances to cover the potential risk of the failure to deliver savings. This has been excluded from the calculation for 2016/17 and instead is covered by the contingency. The reasons for the non-deliverability are being thoroughly

reviewed and the necessary resources to deliver the transformation are to be put in place to make this happen/

3.70 **Table 10 : Risk / Pressures in the Budget 2016/17**

Summary of Risks / Pressures 2016/17	£m
Adult Social Services Overspend 2015/16 Slippage in savings and increased pressures. Action plan being developed to contain the level of overspend and meet the demand pressures but this is the projected requirement.	2.4
Adult Social Services to contain demand for 2016/17. Based on the work with Health which will see the integration of service delivery for which this Transformation is being jointly driven.	-
Children's Services Looked After Children Placements / costs increased during 2015/16. This was in addition to the planned saving of £1.4m which was deferred to 2016/17 and in addition to the projected overspend of £2.6m. Action plan being developed but this is the projected risk.	4.0
Transport Savings 2015/16 and earlier not delivered. Assumes £0.5m achieved but needs full review of transport requirements.	1.0
Remodelling Of the £10.9m savings target there are no proposals to deliver the residual balance so the Budget needs to be re-instated.	1.7
Contingency based on other 2016/17 savings The delivery within Budget in respect of Adults / Children's Services, Terms and Conditions and the risk of others not fully delivering in 2016/17.	3.9
Total risks / pressures	13.0

- 3.71 As the assessment gives an indication that the risks / pressures are likely to materialise action needs to be taken to ensure the Budget is deliverable. To establish the Revenue Budget Contingency sums have been identified. The Transformation Fund will be used to meet any late changes.

Table 11 : Creation of the Revenue Budget Contingency

Creation of Revenue Contingency 2016/17	£m
From surplus of savings (see 3.9)	1.9
From General Fund Balances (see 3.63)	3.0
From release of Reserves (see 3.65)	6.5
From Transformation Fund (balance)	1.6
Total	13.0

CAPITAL AND INVESTMENTS

- 3.72 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. The revenue implications from the programme are included within the Revenue Budget.

- 3.73 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. Whilst this further reduces the income from investments it does realise greater savings in respect of reduced borrowing costs.
- 3.74 The realisation, and use, of significant capital receipts during 2016/17 will enable the Programme to be funded from a combination of grants, capital receipts and internal borrowing thereby avoiding the need for external borrowing and achieving the £1.9 million Capital Financing efficiency savings for 2016/17.
- 3.75 The Government also announced flexibilities over the use of Capital Receipts received after the 1 April 2016 for a period of three years as they can be used to support revenue spending in the area of transformation. This approach has to be agreed by Council and provides a further resource to supplement the Council's Transformation Reserve. The restrictions regarding using capital to fund general revenue spending remain.

ROBUSTNESS OF THE ESTIMATES

- 3.76 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.
- 3.77 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

- 3.78 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 2016/17 is not excessive meaning that a Referendum is not necessary.

- 3.79 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 2016/17 with that for 2015/16 for the Council's basic amount of Council Tax. The Local Finance Settlement 2016/17 sets the Referendum 'trigger' at 3.99% for Adult Social Care authorities with 2% being for Adult Social Care.
- 3.80 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 2016/17.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Budget projections for 2016/17 as set out in Table 1 updated to reflect the implementation of the Revenue Budget Contingency show that a balanced, and deliverable, Budget can be set. This includes the 3.99% increase in Wirral Council Tax which includes 2% for Adult Social Care.

Table 12: Changes to Budget Proposals and Budget Gap

Projected updated Budget Gap	£m	£m
Original Budget Gap		24
Add : Further reductions in the Grants (see 3.10)		+4
Updated Budget Gap		28
Less : Additional Resources savings (see 3.11)		-3
Updated Budget Gap		25
Less: Proposed Savings		27
Revised Budget Position is a 'surplus'		-2
Less : Allocated to Budget Contingency		2
Balance Available		0

- 4.2 Looking at future years the Budget Gap will be addressed by a combination of additional income and savings / 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 Wirral Plan 2020/21 to be considered by Cabinet / Council in July 2016.
- 4.3 The level of General Fund Balances is projected to be in the order of the £11.5 million minimum required for 2016/17.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council is required to agree a Budget for 2016/17 by 10 March 2016. 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.

- 5.2 The duty of the Council to avoid a budget shortfall and 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 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.
- 5.3 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.
- 5.4 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.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 Investment into ICT continues and the future years will see the development and implementation of a Digital Strategy. In respect of assets the Council is reducing the number of buildings it has in order to reduce running costs and also generate capital receipts from the disposal of surplus assets which are used to fund capital investment. Those proposals that include implications for staff form part of the engagement and consultation with Trade Unions and employees.

7.0 RELEVANT RISKS

- 7.1 The financial position for 2016/21 is based on forecast amounts which are outside of Council control such as Government funding and the levies from other bodies as well as reflecting changing demand for services. A key risk is that any of these assumptions can change which is increasingly the case when projections are made over the medium term. This is mitigated by keeping the MTFS under, at least, an annual review.
- 7.2 Under the system 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, General Fund Balances and a Business Rates Reserve.
- 7.3 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.

- 7.4 The scale of the financial challenge and the Council's ambitious response to enable it to deliver the very best outcomes from increasingly limited resources inevitably carries risk. To mitigate the risks associated with the delivery of the transformation required, which includes the identification and progression of Alternative Delivery Models, a transformation Programme is being developed. Funding for implementing the change exists in the Remodelling Reserve / Transformation Fund.
- 7.5 There is a risk that agreed changes will not be delivered or that increasing pressures will be faced by services, particularly those that are demand led services. The progress on the delivery of the agreed Budget will be through the Financial Monitoring reports presented to Cabinet. The Budget 2016/17 will include a Revenue Budget Contingency to meet the identified risks and there is also the General Fund Balances.
- 7.6 At the time of writing this report a number of the savings options are subject to the conclusion of engagement / consultation with residents and other stakeholders. The Revenue Budget Contingency / General Fund Balances would meet any slippage or changes in the delivery of the proposals.
- 7.7 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Following Cabinet on 17 December 2015 an appropriate, robust and meaningful consultation on the Budget proposals presented to that meeting commenced. This ran from 18 December 2015 to 29 January 2016 and a report on the Outcomes of the Consultation is on this Cabinet agenda.
- 8.2 The Council also worked with staff and Trade Unions to ensure obligations in relation to statutory, staff consultation is delivered appropriately and within agreed guidelines.
- 8.3 Where legally required to undertake a more formal consultation in respect of individual options then this more specific consultation will be carried out.

9.0 EQUALITIES IMPLICATIONS

- 9.1 When taking Budget decisions the individual decisions may have Equality Implications. As referred to in the Budget Consultation Findings Report Equality Impact Assessments relating to each Budget proposal have been

developed. These will be re-assessed as the options progress and updated where appropriate.

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APPENDICES

- Appendix 1 Savings 2016/17
Appendix 2 Growth Submissions 2016/17
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 Chief Financial Officer Statement (Robustness of Estimates).

REFERENCE MATERIAL

- Council Budget 2015/16 agreed by Council on 25 February 2015.
Autumn Statement issued by HM Treasury on 3 December 2015.
Provisional Local Government Finance Settlement 2016/17 issued by the Department for Communities and Local Government – 18 December 2015.
Final Local Government Finance Settlement 2016/17 issued by the Department for Communities and Local Government – 8 February 2016.
Section 25 - Local Government Act 2003.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Revenue Budget 2015/16 and Council Tax Levels 2015/16	10 February 2015
Council – Wirral Plan	13 July 2015
Cabinet - Budget Council Arrangements	5 November 2015
Cabinet – Council Budget 2016/17 and Medium term Financial Strategy	17 December 2015

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SAVINGS 2016/17

SUMMARY BY CATEGORY		2016/17 £000
Total Proposals Cabinet (17 December 2015)		
Income & Resources	17,912	
Managing Demand	2,100	
Delivering Differently	2,161	
Service Changes	4,677	26,850
Previously Agreed Savings		3,120
Additional Savings Identified		3,100
TOTAL		33,070

SUMMARY BY DIRECTORATE		2016/17 £000
FAMILIES AND WELLBEING		5,681
REGENERATION AND ENVIRONMENT		7,835
TRANSFORMATION AND RESOURCES		4,661
CORPORATE / EFFICIENCIES		14,893
TOTAL		33,070

Directorate	Previously Agreed Savings	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	Working Together with Schools	220	
	Transport Policies	460	
	Family, Parenting and Youth Commissioning	100	
	Shared Services and Integration	1,200	1,980
REGENERATION AND ENVIRONMENT	Commemorations, Registrations and Memorials	100	
	Street lighting LED conversion	390	
	Schools Ground Maintenance	45	
	Street works Permits	100	
	Parking Enforcement Contract	60	
	Waste Contract Changes	300	995
TRANSFORMATION AND RESOURCES	Reducing the Cost of Democracy	25	
	Telecommunications and printing	120	145
	Pre Agreed Savings Total	3,120	3,120

Directorate	Additional Savings Identified	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	National Insurance Review	1,500	
	Council Tax Adult Social Care Precept	100	
	Council Tax General Increase	100	1,700
REGENERATION AND ENVIRONMENT	Further reduction in Transport levy	1,400	1,400
	Additional Savings Identified	3,100	3,100

Directorate	Income & Resource Management	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	Council Tax 1.99% Increase	2,200	
	Council Tax 2% Adult Social Care Precept	2,200	
	New Homes Bonus	600	
	Council Tax base changes	1,093	
	Pay Assumptions	1,000	
	Pay Rise limited to 1%	700	
	National Insurance Review	2,000	
	Pension Strain Fall out	1,000	10,793
REGENERATION AND ENVIRONMENT	Planning Fee income	50	
	Home Adaptation fee income	85	
	Selective Licensing Income	20	
	Garden Waste Service Fee increase	196	
	Use of Waste Funds	1,000	
	Reducing cost of Levies	1,408	
	Business Grants	300	
	Removal of revenue fund to capital R&E	260	
	Transitional Fund - no repayment to Fund	250	
	Community Fund (one-off for 2016/17)	750	4,319
TRANSFORMATION AND RESOURCES	Procurement Contract rebate	350	
	IT Maintenance	300	
	Treasury Management Saving	1,600	
	Minimum Revenue Provision	450	
	War Widow underspend	100	2,800
	Income & Resource Management Total	17,912	17,912

Directorate	Managing Demand	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	CYP Inflation Demand Management	200	
	CYP Demographic Demand Management	400	
	ASS Inflation Demand Management	900	
	ASS Demographic Demand Management (excluding specific options below)	1,205	
	Girtrell Court	155	
	Single Safeguarding Board with LCR Footprint	40	
	Self Assessment	500	
	Delayed implementation of Extra Care Housing	1,300	2,100
	Managing Demand Total	2,100	2,100

Directorate	Delivering Differently	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	Beechwood Leisure Centre	73	
	Leisure Services including concessions	500	
	Municipal Golf Courses	68	641
REGENERATION AND ENVIRONMENT	Parks & Open Spaces Transformation Project	180	
	Pest Control	30	210
TRANSFORMATION AND RESOURCES	Estate Management / Buildings	365	
	ICT	241	
	Communications	111	
	Occupational Health Budgets	23	
	ASB Provision	165	
	Community Patrol	150	
	Dog Fouling Enforcement	52	
	Libraries	203	1,310
	Delivering Differently Total	2,161	2,161

Directorate	Service Changes	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	Unpaid Leave	1,200	
	Car Allowances	600	
	Enhancements	600	2,400
FAMILIES AND WELLBEING	Child And Adolescent Health	100	
	Education Social Welfare Service	60	
	Public Health	800	960
REGENERATION AND ENVIRONMENT	Grit Bins	30	
	Highways Maintenance	200	
	Road Safety	90	
	Supported Housing Contracts	500	
	Homeless Prevention	50	
TRANSFORMATION AND RESOURCES	Strategic Housing Services	41	911
	Closure of Welfare Rights Unit	106	
	Discretionary Housing Payments	300	406
	Service Changes Total	4,677	4,677

APPENDIX 2

GROWTH SUBMISSIONS 2016/17

DIRECTORATE	DESCRIPTION	2016/17 Estimate £000	2016/17 Required £000
DEMOGRAPHIC GROWTH			
Families Children's	Increase in Special Guardianship and Adoption numbers	410	0
Families Adults	Increase in Demand (Young Adults with Learning Disabilities)	934	0
Families Adults	Increased demand Older People	937	0
Families Adults	Extra Care Housing	0	1,300
	Demographic Growth	2,281	1,300
OTHER GROWTH			
Families	Social Workers – new pay structure	200	200
Regeneration	United Utilities Standing Water Charges	92	0
Regeneration	Biffa Property Uplift	15	0
Regeneration	Housing Standards and Renewal (from Community Fund)	350	0
Regeneration	Housing Options/Homeless Prevention Team (from Community Fund)	400	0
Transformation	Elapsing of unpaid leave 3 year savings option	1,400	200
	Other Growth	2,457	400

DIRECTORATE	DESCRIPTION	2016/17 Estimate £000	2016/17 Required £000
INFLATION			
Families Children's	Increasing Fostering & Adoption Allowances	200	0
Families Children's	PFI Affordability Gap	150	150
Families Children's	Teacher Retirement Costs	60	60
Families Children's	Transport Contracts	70	70
Families Adults	Contract inflation	852	0
Regeneration	Contract for Parking Enforcement Services	15	0
Regeneration	Biffa Contract Inflation	348	244
	Inflation	1,695	524
UNALLOCATED AND HELD CENTRALLY			
Corporate	Levies	900	0
Corporate	Pension Deficit	400	400
Corporate	National Insurance Rate Change	3,500	2,000
Corporate	Pay Inflation	3,000	1,300
Corporate	Education Services Grant	500	500
Corporate	Council Contribution to Public Health	1,997	2,271
	TOTAL UNALLOCATED GROWTH	10,297	6,471
GROWTH FUNDED BY RESERVES			
Regeneration	Removal of charges for grey bins(two year period)	90	90
Regeneration	Reduction of charges for green bins	40	40
Regeneration	Bin Repair Service	23	23
Regeneration	Increase capture rates recycling	150	150
Regeneration	Additional Dog Wardens	88	88
Regeneration	Neighbourhood Recycling Officers	85	85
	FUNDING FROM RESERVES	-476	-476
	TOTAL GROWTH	16,730	8,695

FEES AND CHARGES

1.0 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 INFORMATION

REVIEW OF CHARGES FOR 2016/17

- 2.1 Directorates have examined their fees and charges for the 2016/17 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.
- 2.2 Many of the proposed fees and charges for 2016/17 are unchanged from 2015/16. 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 2016.
- 2.3 Following the establishment of Edsential and Wirral Evolutions, their services have been transferred from Council control. The charges for these services have been removed from the Directory as they are no longer set by the Council, including charges for school meals, meals on wheels, music teaching, services at Oaklands outdoor centre and services provided at Acre Lane.
- 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 Acting Section 151 Officer, for reviewing annually the levels of fees and charges relating to services under their control.
- 2.5 For 2016/17, no general inflationary increase has been applied. This reflects the difficulties the Council has 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.
- 2.6 The effect of proposed increases to the levels of fees for Planning, Home Adaptations and Selective Licencing has been included as part of the Savings proposals for Regeneration and Environment in Appendix 1. Increases to the Garden Waste collection subscription are currently subject to consultation. The effects of other increases in charges have not been calculated or anticipated in preparing the 2016/17 budget.

- 2.7 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.
- 2.8 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.
- 2.9 The largest source of income is from Adult Social Care charges which are presently being consulted upon as part of the Budget 2016/17. Once confirmed they will be incorporated into the Council fees and Charges Schedule. The largest range of charges encompasses leisure and cultural service activities; these are subject to a general review of these services.
- 2.10 To enable changes to be implemented as soon as possible to maximise income generation Members are asked to give delegated authority to the agree to delegated authority to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges. Past practice has been for fees and charges to be proposed by officers and approved by Cabinet and by Council on an annual basis in the budget setting report in February. In-year changes to fees and charges have been exceptional and separately reported to Cabinet.

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

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

4.0 RELEVANT RISKS

- 4.1 Whilst budgets for income from fees and charges are set with 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.

5.0 EQUALITY IMPLICATIONS

- 5.1 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.

6.0 RECOMMENDATIONS

- 6.1 That the Directory be noted and Delegated Authority be given to the Acting Section 151 Officer to update the Directory as charges are finalised prior to publication before 1 April 2016.
- 6.2 To agree to delegated authority to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges.

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 has been Wirral Councils approach since November 2012 and is reviewed inline with CIPFA guidance. A consideration of the risks and the financial circumstances faced by Wirral for 2016-17 has 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 2015.

FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

- 2.9 The Revenue Monitoring throughout 2015/16 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 2015 (Month 9) the projected overspend was £0.1 million. The process for the 2016/17 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 2016/17 and beyond the calculation has been updated and is detailed in the Annex.

SUMMARY OF THE ASSESSED GENERAL FUND BALANCES

	2015/16	2016/17
	£m	£m
Assessed level February 2014	15.4	13.9
Assessed level February 2015	17.4	17.3
Assessed level February 2016	17.4	11.5

- 2.11 The February 2016 assessment for 2016/17 is a reduction on the amount that previously projected for February 2015. With the implementation of a specific Revenue Contingency budget for high risk areas, there is a reduction in overall risks for the General Fund. This also includes revisions to the risks in relation to capital receipts, the Better Care Fund and new delivery models that the Council is moving towards.
- 2.12 The 2015/16 General Fund balance risk calculation is for a minimum of £11.5 million at 31 March 2016. The latest Monitoring Report (December 2015 - Month 9) shows:-

SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details	£m
Balance 31 March 2015 when setting the Budget 2015/16	+17.4
Add; Increase following closure of 2014/15 Accounts	+1.4
Less Transfer to General Fund	-4.2
Less: Potential overspend at December 2015	-0.1
Projected balance 31 March 2016	+14.5

- 2.13 Based upon the target for 31 March 2016 the current projections show the Council will be able to release £3 million from General Fund balances. This will be used to support the Revenue Budget Contingency.

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.

ASSESSMENT OF GENERAL FUND BALANCES 2016/17

Area of Risk	2016/17		
	Budget £000's	Risk Level	Value £000's
Legislative Changes			
Total Formula Grant / Localised Business Rates			
Local Business Rates Income	33,276	4.00%	1,331.0
Council Tax Benefit	23,800	2.00%	476.0
Health & Social Care Act			
Bail in Arrangements	1,000	9.00%	90.0
Waste Levy - 50% recycling by 2020	0	3.00%	0.0
Single Status	3,000	3.00%	90.0
	61,076		1,987.0
Inflation			
Employees	121,286	0.10%	121.3
Premises	15,208	0.75%	114.1
Transport	6,631	1.00%	66.3
Supplies	123,881	1.00%	1,238.8
Services	122,501	0.50%	612.5
Transfer	143,656	0.00%	0.0
	533,163		2,153.0
Interest Rates			
Borrowing	12,644	0.00%	0.0
Investment	875	0.00%	0.0
	13,519		0.0
Grants and Partnerships			
Housing Benefits incl Admin Grant	140,727	0.50%	703.6
Other General Fund Grants	60,286	1.00%	602.9
Better Care Fund	30,000	1.00%	300.0
Alternative Delivery operation	0	0.00%	500.0
	231,013		2,106.5
Volume / Demand Changes			
Capital Receipts/Programme	10,000	6.00%	600.0
Customer and Client Receipts	49,018	1.00%	490.2
Demand Led Budgets (Social Care)	92,000	3.00%	2,760.0
Collection Fund	117,973	0.25%	294.9
Winter Pressures	400	50.00%	200.0
	269,391		4,345.1
Budget Savings			
Budget Reductions	0	0.00%	0.0
Insurance/Public Liability Third Party Claims			
MMI Liabilities	498	5.00%	24.9
Legal Liabilities	9,723	2.00%	194.5
Self Insured Liabilities	2,977	2.00%	59.5
	13,198		278.9
Energy Security and Resilience			
Infrastructure failure	3,000	20.00%	600.0
Carbon Tax Legislation	400	20.00%	80.0
TOTAL			11,550.6

APPENDIX 5

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 Revenue Contingency Budget.

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
TRANSFORMATION Support the development and transformation of the Council which includes the 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 the reserves which are no longer required and can be released.

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 Council's financial process. At the start of 2015/16 the Council held over £87.4 million in earmarked reserves, prior to any release or use of reserves.
- 4.2 With available reserves transferred to revenue contingency there will be no sums returned to General Fund balances.

5.0 RECOMMENDATIONS

- 5.1 That the release of £6.5 million of Reserves by Directorates be agreed.
- 5.2 That all released Reserves be used to fund the Revenue Budget Contingency in 2016/17.

REVIEW OF RESERVES AS AT JANUARY 2016

Summary of Reserves

Reserve Category	Directorate	2015/16 Balance	Predicted Use	Amount to be released
Insurance & Taxation	Transformation & Resources	-25,019,766	-24,019,766	-1,000,000
Transformation	Transformation & Resources	-15,650,608	-13,861,583	-1,789,025
Schools	Families & Well Being - CYP	-15,476,427	-15,476,427	0
Support	Families & Well Being - CYP	-4,024,608	-4,024,608	0
	Families & Well Being - DASS	-330,971	-330,971	0
	Families & Well Being - Sports & Rec	-311,649	-311,649	0
	Regeneration & Environment	-13,928,405	-11,067,284	-2,830,790
	Transformation & Resources	-12,893,187	-12,016,393	-876,794
Support total		-31,488,820	-27,750,905	-3,707,583
Total		-87,635,621	-81,108,682	-6,496,609

Reserves to be Released

Reserve Category	Directorate	Brief Description and summary code	2015/16 Balance	Predicted Use	Amount to be released	Comments on released reserves
Insurance & Tax	Transformation & Resources	FR110- Business Rates Appeals	-1,000,000		-1,000,000	Surplus to requirements
Insurance & Tax			-8,880,211	-7,580,211	-1,000,000	
Transformation	Transformation & Resources	FR027 - Efficiency Investment Fund	-1,789,025		-1,789,025	Surplus to requirements
Transformation Total			-1,789,025	0	-1,789,025	

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released	Comments on released reserves
Support	Regeneration & Environment	CR026 - Seaside Town Strategy	-20,891		-20,891	Not used since 2012-13
		CR058 - BIG Capital Grants	-327,844		-327,844	Capital funded if required.
		CR064 - Trading Stnd Modern Apprentices	-35,130		-35,130	Surplus to requirements
		CR065 - Licensing Legal Costs	-25,000		-25,000	Surplus to requirements
		CR067 - Trading Standards	-113,762	-60,000	-53,762	Surplus to requirements
		R5000 - Supporting People Grant Admin	-109,033		-109,033	Not used in 3 years
		R5002 - Supporting People Programme	-795,704		-795,704	Contingency held in balances.
		R8004 - Taxi Demand Survey	-80,495	-40,000	-40,495	Surplus to requirements
		R8007 - New Homes Bonus	-265,320		-265,320	Capital funded if required.
		R8041 - Wirral H I A	-495,269	-295,269	-200,000	Surplus to requirements
		R8074 - Homeless Prevention	-271,064		-271,064	Not used in 3 years
		R8075 - Cosyhomes Insulation	-179,785	-79,785	-100,000	Fuel Poverty Programme kept
		T1106 - Insurance Contrib - Highway Safety	-54,582	-32,746	-21,836	Surplus to requirements
		TP003 - Wheelie Bin Replacement	-31,542		-31,542	Surplus to requirements
		TP023 - Street Cleansing - You Decide	-2,175		-2,175	Small Value
Transformation & Resources		TP031 - Realise Further Waste Efficiencies	-500,000		-500,000	From Waste Development Fund
		TS068 - Hiways Write Off Fund	-15,994		-15,994	Met through bad debt provision
		LR417 - A/MGMT - Allotments Officer	-15,000		-15,000	Surplus to requirements
		CR011 - Local Pay Review	-296,110		-296,110	Covered in General Fund Balances
		FR025 - Schools Broadband	-76,500		-76,500	Surplus to requirements
		FR108 - Schools Service IT Reserve	-294,181		-294,181	Surplus to requirements

	TP008 - Vehicle Purchase	-23,587		-23,587	Could be capitalised if needed
	CR047 - The Open 2014	-37,835		-37,835	Surplus to requirements
	CR048 - Wirral MCO Strategic Leadership	-4,842		-4,842	Small Value
	CR069 - Community Patrol	-100,000		-100,000	CCTV Network funded by Capital
	R8012 - Wirral Executive	-9,920		-9,920	Small Value
	ER758 - ASB Reserve	-33,818		-33,818	Case Management System by Capital
Support Total		-4,245,716	-507,800	-3,707,584	

CHIEF FINANCIAL OFFICER STATEMENT**SUMMARY**

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. Section 25 also requires Members to have regard to this report in making their decisions.

BACKGROUND

Local Authorities decide every year how much they are going to raise from Council Tax. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year.

The decision on the level of the Council Tax is taken before the financial year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

- a) making prudent allowance in the estimates for each of the services;
- b) ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

This Statement is intended to give Members assurance that the Budget has been based on the best available information and reasonable assumptions.

In order to meet the robustness requirement a number of key processes have been in place, including:

- The issuing of guidance on preparing budget growth and savings options for the period 2016/17.
- Peer review by finance staff involved in preparing the base budget and supporting information.
- Revenue and capital expenditure is differentiated along with appropriate sources of funding, including revenue implications of capital expenditure.
- Existing and future expenditure pressures are identified by reference to financial monitoring reports for 2015/16.
- Reviews by the Senior Leadership Team of proposed savings and their achievability.
- Identification of financial risks.
- The Section 151 Officer provided advice throughout the process on robustness, resources and demand.
- Consultation with the public and various groups including the voluntary sector and community and faith groups.

- Reliance on Managers 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.
- Ongoing development, and refinement, of data and information to monitor service volume and unit costs and track changes in both.

RELEVANT RISKS

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.

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 2016/17 financial year.

ROBUSTNESS OF THE REVENUE ESTIMATES

The 2016/17 budget built on the process followed in 2015/16 including a robust process to identify, review and assess both growth and savings proposals. This saw the production of proposals which were subject to public consultation and review by Elected Members.

Cabinet agreed proposals in December 2015 to assist in the production of a balanced Revenue Budget for 2016/17 under the headings of:

- Income and Resource Management
- Managing Demand
- Delivering Differently
- Service Changes

These now have to be formally concluded with the setting of Council Tax levels for 2016/17.

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.
- Changes to employees' costs.
- The ongoing impact of increasing demand for services, particularly within care services, and reducing grant funding which has been outlined in Government announcements up to 2019/20.
- The confirmation of Government grants, of which a number remain currently unknown.

- 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.

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

In order to mitigate the financial risks associated with the implementation of savings and to improve the robustness of the estimates, a Savings Risk and Pressures contingency is to be created drawn from General Fund balances and the release of Earmarked reserves.

In previous years an amount has been held in General Fund balances to cover the potential risk of the failure of savings plans. The Savings Risk and Pressures contingency will in future be held separately and specifically to cover these risks.

ROBUSTNESS OF THE CAPITAL PROGRAMME

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.

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.

The main risks of the Capital Programme are:-

- 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 2016/17 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

The recommended approach to determining the level of General Fund balances and reserves 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 2016/17 is referred to in the main report.

RESOURCE IMPLICATIONS

In the Council Budget 2016/17 and Medium Term Financial Strategy report to Cabinet on 17 December 2015 the Budget Projection 2016/17 indicated a shortfall between spend and resources of £24 million and a projected budget funding gap for the period 2016/21 of £126 million.

Table 1: Summary of the Budget Funding Gap

Funding Gap	2016/17
	£m
Forecast Expenditure (including demographic changes)	272
Forecast income (including reduced grants)	248
Forecast Funding Gap	24

Cabinet considered savings options totalling £26.9 million for 2016/17 on 17 December 2015. This met the Forecast Funding Gap for 2016/17. These included a Council Tax increase of 1.99% and the 2% Adult Social Care Precept costs which were subject to further consideration by Cabinet once the final Local Government Finance Settlement was received.

Since the December Cabinet meeting new information has been received about the Settlement 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.

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**COUNCILLOR PHIL DAVIES**

**CABINET
22 FEBRUARY 2016**

**CAPITAL PROGRAMME AND FINANCING
2016/19**

Councillor Phil Davies said:

“Our capital programme will deliver hugely important developments for Wirral; from the replacement of the Dock Bridges, further flood protection for our residents and yet more improvements to the leisure services our residents can access.

“Even in the difficult financial situation we are once again in, I believe these developments will bring great benefits to Wirral and I am pleased to present this report to Cabinet.”

REPORT SUMMARY

This report provides Cabinet with a draft Capital Programme for 2016/19 for consideration and referral to Council for approval. It also includes information regarding the revenue implications of this Programme and an update on the latest forecast for capital receipts.

The 2016/19 Capital Programme therefore represents a combination of:-

Schemes originally approved as part of the 2015/18 Programme and updated through the Capital Monitoring reports in 2015/16, the latest being the December monitoring reported to this Committee; and

New bids submitted for consideration at this meeting.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATION/S

1. That the new bids as detailed in Appendices 2 and 3 be approved.
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.
3. That progress on delivering the Capital Programme is presented in accordance with the agreed Capital Monitoring arrangement.
4. That Cabinet recommend to Budget Council for approval the Capital Programme 2016/19 (as detailed in Appendix 4).

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 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.
- 1.2 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.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 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 Assets and Capital Group as to timing and deliverability.

3.0 BACKGROUND INFORMATION

CAPITAL STRATEGY

- 3.1 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.

ASSETS AND CAPITAL GROUP (ACG)

- 3.2 This Officer Group was re-established during 2013 to improve the co-ordination and management of the Capital Programme. Its remit has since been extended to include the Council's asset portfolio. 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.

CAPITAL PROGRAMME

- 3.3 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 Wirral Council Plan: A 2020 Vision and Medium Term Financial Strategy. It is reviewed, updated and considered by Council each year as part of the annual budget setting process.
- 3.4 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

- 3.5** 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 provide an initial assessment of any capital bids to ensure the Programme is either targeted to Council priority areas or fulfils statutory obligations. Individual bids are scrutinised by the ACG and form the basis for making recommendations to Cabinet as to which could be included in the Capital Programme.
- 3.6** All submissions were the subject of a Business Case submission. The ACG challenged the justification and deliverability (with the aim of reducing significant re-profiling of schemes and minimising the level of new borrowing required) prior to reviewing the individual scores against the prioritisation criteria.

2016/19 CAPITAL PROGRAMME

- 3.7** The 2016/19 Capital Programme therefore represents a combination of:-
- a) Schemes originally approved as part of the 2015/18 Programme and updated through the Capital Monitoring reports in 2015/16. These schemes have been reviewed to ensure they support the Wirral Plan: A 2020 Vision. The latest position as reported to this Committee (December monitoring) is as follows.

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

Analysis of the Capital Programme	2015/16	2016/17	2017/18
	£000	£000	£000
Capital Expenditure	46,197	43,595	15,615
Financing			
Unsupported borrowing	14,964	12,725	-
Capital receipts	8,621	13,339	2,414
Grants	22,760	16,527	13,135
Revenue/reserves	572	1,004	66
Total Financing	46,917	43,595	15,615

For noting – 2017/18 has been amended to include £3.624 million indicative Schools Basic Need and Condition grants.

- b) New bids for consideration at this meeting. The emphasis has been to ensure that these support the delivery of the Wirral Plan and its 20 Pledges. There are a number of bids that furthermore will support income generation and reduce present levels of subsidy which will help to meet the financial challenges ahead.
- c) Appendix 1 details the criteria against which schemes were scored, Appendix 2 the scoring for each scheme, Appendix 3 information regarding the purpose of those schemes and Appendix 4 provides cost and funding required from Council resources. For the purpose of the budget this is taken to mean funding from borrowing.

Table 2: New bids for inclusion in the Programme

New Bids by Directorate	2016/17	2017/18	2018/19
	£000	£000	£000
Transformation and Resources	1,891	340	-
Families & Wellbeing			
Children & Young People	-	-	-
Adult Social Services	615	-	1,000
Sport & Recreation	1,806	300	-
Regeneration & Environment			
Environment & Regulation	-	300	-
Housing & Investment	-100	800	470
Regeneration	300	300	300
Total	4,512	2,040	1,770

In forecasting a 3 year capital budget it is recognised that there are many variables and external and internal factors that will impact on future requirements. The programme will therefore be subject to regular review to enable current bids to be revised and new schemes to be added to the programme.

- 3.8** The proposed Capital Programme therefore combines Tables 1 and 2. The detail can be found in Appendix 5.

Table 3: Proposed Capital Programme 2016/19

	2016/17	2017/18	2018/19
	£000	£000	£000
Total Expenditure	48,107	17,655	1,770
Funded From			
Unsupported Borrowing	16,852	2,040	1,720
Capital Receipts	13,339	2,414	-
Grants	16,912	13,135	-
Revenue/Reserves	1,004	66	50
Total Funding	48,107	17,655	1,770

- 3.9** The capital programme may increase as future bids relating to the implementation of the Wirral Plan: A 2020 Vision may be forthcoming. These may arise as delivery plans are developed along with the Council's partners and will be reported as appropriate for inclusion in the programme.

CAPITAL RECEIPTS

- 3.10** Capital receipts generated from the sale of Council assets are becoming of increased importance in funding the Capital Programme. All external borrowing to fund the Programme incurs a cost so maximising the use of capital receipts reduces the impact on revenue.
- 3.11** In respect of progress on the major site disposals the Council has entered a 16 week exclusivity period with the purchasers of both Acre Lane and the Manor Drive site. The application to the Secretary of State for Education for the disposal and change of use of the former Rock Ferry High School has been submitted. With the major sites, the capital receipts will take the form of a series of phased payments to the Council which are likely to commence in 2016 and the receipts assumptions reflect the best estimate of these.
- 3.12** There are a number of caveats:

The DCLG in December 2015 published draft guidance as part of the Provisional Local Government Finance Settlement on the flexible use of capital receipts. The proposal would provide some additional flexibility to the current restricted use of capital receipts but only under certain circumstances. The key change being where use is forecast to generate ongoing savings to an authority's, or several authorities', and/or to another public sector body's net service expenditure.

This change could impact on the way it is determined that capital receipts will be used. Before any decision to switch this resource from capital to revenue is taken the following should be considered;

The impact on the capital programme. Are schemes that were originally planned to be funded from receipts abandoned, amended or are they funded from additional borrowing. In case of the latter the additional revenue borrowing costs must be compared to any efficiency savings and the impact on the various Prudential Indicators must be considered.

Receipts generated from the sale of school playing fields have to be used to fund capital schemes specifically targeted at school related activities or the development of leisure facilities unlike other receipts which are generic in nature;

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;

The anticipated receipts are only estimates at this stage and depending on the timing of the actual receipt may well change.

- 3.13** Based on the current Programme and planned funding it is projected that there will be £1.9 million available at 31 March 2016. £13.3 million has provisionally been identified as funding for the 2016/17 Programme with a further £2.4 million for 2017/18. Should it prove necessary to fund any additional schemes from capital receipts, there may be some tolerance, especially in 2017/18. This will be re-assessed as further information becomes available in relation to any disposals, the future Programme and any commitments from any use under the potential new flexibility arrangements.

Table 4: Capital Receipts Projections

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Capital Receipts Reserve	8,300	2,079	3,740	11,826
In – Receipts Assumption	2,400	15,000	10,500	500
Out - Funding assumption	-8,621	-13,339	-2,414	-
Closing Balance	2,079	3,740	11,826	12,326

4.0 FINANCIAL IMPLICATIONS

- 4.1** The proposed 2016/19 Capital Programme is a combination of the currently approved Capital Programme, New Bids and Education grant funding. As the Programme stands this will require a maximum of £20.6 million unsupported borrowing from 2016/17 to 2018/19.

Table 5: Borrowing Requirement

	£000
Existing commitment	
Council funding for the original approved 2016/17 Programme	3,626
Borrowing for schemes re-profiled from 2015/16	9,099
Borrowing to finance new bids	
2016/17	4,127
2017/18	2,040
2018/19	1,720
Borrowing required 2016/17 to 2018/19	20,612

- 4.2** The revenue borrowing costs associated with the re-profiled schemes had already been included in the 2015/16 and subsequent revenue budgets and therefore do not represent an additional requirement.
- 4.3** 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 temporary borrowing from positive internal cash flows has enabled us to delay taking out some long term borrowing. However, this will not be sustainable in the medium term. It has been reported in the Revenue

Monitoring Reports during 2015/16 that there is a net underspend from borrowing and investment of £2.5 million due to the continued use of internal borrowing from positive cash flows.

- 4.4** The cumulative revenue impact of additional borrowing required to fund new bids is:

	£000
2016/17	85
2017/18	451
2018/19	716
2019/20	887

From 2016/17 a permanent reduction £2.050 million in borrowing costs has been included in the revenue budget. The additional costs resulting from the proposed programme can be accommodated within the budget projections. The budget will also cover any costs associated with the probability that the process of internal borrowing will have to be reversed as and when reserves are utilised or when there are likely significant increases to interest rates.

5.0 LEGAL IMPLICATIONS

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

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1** Capital receipts are below the level estimated. Regular reporting to ACG on progress of asset disposals will allow the capital programme to be reviewed should this eventuality arise.
- 7.2** Interest rates increase to a level greater than budgeted for. Regular monitoring of economic forecasts should assist in determining the best time to borrow to fund the programme.

8.0 ENGAGEMENT/CONSULTATION

- 8.1** 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.

9.0 EQUALITY IMPLICATIONS

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

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APPENDICES

- Appendix 1 – Scoring mechanism for assessing capital bids.
- Appendix 2 – Scoring Summary for new capital bids 2016/19.
- Appendix 3 – Schemes recommended for inclusion.
- Appendix 4 – Proposed Capital Programme 2016/17 to 2018/19.

REFERENCE MATERIAL

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

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme 2015/18	10 February 2015
Cabinet - Capital Monitoring 2015/16 - quarterly	Various

APPENDIX 1

Scoring mechanism for assessing capital bids 2016/19 Capital Programme			
Scheme Title/Department	Score	Multiplier	Weighted Score
Direct links to the Council Plan 20:20 Vision Does the scheme directly link to any of the 20 pledges and/or enabling projects?	10	15	
Statutory or Regulatory Duty Is there a clearly identifiable requirement to meet statutory or regulatory obligations?	10	20	
Objectives and outputs Are the stated objectives specific, measurable, achievable and realistic? Have any outputs been quantified? Have any project constraints been assessed and full consideration given to addressing these? Will not doing the scheme result in a significant drop in the level of service the Council provides?	10 10 10 10	5 5 5 5	
Identification of Alternative Options Have alternative options been fully considered with detailed reasons for rejection evidenced?	10	5	
Finance Business case demonstrates achievable/realistic revenue savings OR generates additional income If yes score the % saving compared to capital outlay The scheme requires additional revenue resources over and above capital financing costs Does the scheme receive specific funding from external sources?	10 10 10 10	10 15 10 10	
Risk Have risks been properly identified and scored?	10	10	
Overall Weighted Score			xxxx

Scoring Summary and Scheme estimates

New Capital Bids 2016-19

SCHEME	Comments	Appendix 2	
		Total Score	Total Scheme Estimate £000
Housing renewal	Increase Council Tax income, extends current scheme.	840	1,110
Assistive technology support	Potential to reduce commissioned support costs	775	615
The Oval - fitness suite, studio and catering redevelopment	Income generation	750	986
Flaybrick cemetery structural repairs	Health and safety issue	725	175
Leasowe Leisure Centre football facility	Income generation	720	820
Leisure Centres soft play areas	Income generation	720	300
Extra Care housing	Extension of existing scheme/reduce demand pressures	690	1,000
Replace highways grass cutting machinery	Limited life, health and safety	690	300
Housing Infrastructure Fund	Increase in Council Tax, New Homes Bonus	630	1,000
Industrial estate improvements	Improve sustainability, may increase lettings	625	300
Transport Museum	Allows option for possible community asset transfer	615	261
Millennium Centre remodel library and ground floor	Wider community use, possible income increase	605	740
Replacement gritters/land rover	Safeguarding current service	600	105
Treasury building refurbishment	Invest to save/reduce running costs	600	650
Growth Fund	Supports inward investment	570	900
LED street lighting	Deferred until lighting column survey undertaken		
Arrowe Park depot improvements	Rejected - threshold for capital > £100,000		
Ashton Park depot improvements	Rejected - threshold for capital > £100,000		
Frankby cemetery depot improvements	Rejected - threshold for capital > £100,000		
Landican cemetery chapel improvements	To be funded from PPM		
Warren Farm depot improvements	To be funded from existing parks rationalisation		
Total Capital Cost of New Bids			9,262

APPENDIX 3

CAPITAL PROGRAMME 2016/19

SCHEMES RECOMMENDED FOR INCLUSION FOLLOWING EVALUATION

Project title and description
Housing Renewal (Total cost of £1.11m of which Council funding £0.12m) To mitigate or remove serious hazards to vulnerable low income residents of 105 residential properties. To provide efficiency improvements to the heating systems of vulnerable low income residents of 185 residential properties. To bring back into productive use 250 long term strategically located empty residential properties. To complete the remaining acquisitions, demolitions and site assembly, originally started as part of the former HMRI.
Assistive Technology Support to Reduce Service Provision (Total cost of £0.315m of which Council funding £0.230) There is potential to reduce commissioned support costs through the roll out of alternative technologies which provide tangible alternatives to traditional support models (e.g. Domiciliary Care, Residential Care). The scheme should see a reduction in non-elective admissions; dependency on packages of care; cost per head for people with a learning disability aged 18 – 64 and support timely hospital discharges.
Fitness suite, studio and catering redevelopment at The Oval Leisure Centre (Total cost of £0.986m of which Council funding £0.986m) Projections indicate additional revenue rising to £152,000 per annum by 2020/21 via a significant increase in membership levels. Improved health and well-being for Wirral Communities – increase life expectancy, reduce obesity, improve disability access. Create modern appealing efficient facilities that meet the need of Wirral residents. The potential exists to lower the financial burden on the NHS and CCG by developing various initiatives within the facility.
Flaybrick Cemetery Structural Repairs (Total cost of £0.175m of which Council funding is a maximum of £0.175m) The site is on the National Heritage at Risk Register. It is necessary to consolidate and stabilise the surviving fabric of the Flaybrick chapels which currently present a danger to the public. The longer term vision is to make them accessible as a conserved ruin. Historic England has indicated that should the Council invest financially in undertaking these works, they would consider match funding of 50% which would reduce the above Council contribution.
Leasowe Leisure Centre Creation of Outdoor short sided 3G football facility & changing facilities (Total cost of £0.820m of which Council funding £0.820m) The Centre and the surrounding area is currently involved in promoting sport and physical activity to encourage children and youths to get involved in physical activity rather than antisocial behaviour. The scheme is essential to the continuing success of the centre's development and business plan. The new 5 a side pitches will encourage all age groups of any ability to enjoy exercise in a fun, yet controlled,

sporting atmosphere.

Adaptions to rooms in Leisure sites to enable flexibility of design for soft play use (Total cost of £0.3m of which Council funding £0.3m)

A business opportunity exists to provide good quality and well supervised soft play facilities. In conjunction with partner organisations, this is seen as an ideal opportunity of introducing early year's children and their parents to enjoyable physical activity within a structured leisure environment. Encouraging early year's children to enjoy physical activity in a safe and secure environment has been proven to help confidence, co-ordination, social skills and learning ability.

Extra Care Housing (Total cost of £1.0m of which Council funding £1.0m)

The project is an extension of the current programme to develop extra care housing units in Wirral with Strategic Housing Delivery Partners to support people to live independently. It will contribute significantly to the shift required from residential and nursing care placements to community based living and will reduce the proportion of adult social care expenditure for people aged 65+ on residential / nursing care. From 2018/19 additional associated running costs are in the region of £0.5 million but continuing the existing method of provision would be more expensive.

Replace ride on Highway grass cutting machinery (Total cost of £0.3m of which Council funding £0.3m)

To replace 12 ride on mowers and various items of hand held equipment. Although we are monitoring Hand Arm Vibration the older the machinery gets the greater the risk to the operatives. With investment in new machinery risk levels to staff can be minimised together with the benefit of greater productivity.

Housing Infrastructure Fund (Total cost of £1.0m of which Council funding required £1.0m)

The aim is to remove blockages and kick-start stalled housing sites in the Borough as well as identifying new opportunities that can be brought forward with some support. The aim is to develop 100 new homes, contributing to the pledge to build 3,500 new homes and generating additional income from Council Tax and New Homes Bonus.

Industrial Estate Improvements (Total cost of £0.3m of which Council funding £0.3m)

Improve the sustainability of the rental income from the Council's industrial premises over 10 years by reducing tenant turnover and increasing the potential for letting. Maintain and improve occupancy rates of industrial units over 3 years. Improve the overall quality of the Council's industrial estates for Wirral's businesses by 2018 thereby ensuring assets are fit for business and business growth is supported.

Wirral Transport Museum (Total cost of £0.261m of which Council funding £0.261m)

Work required to comply with DDA/ H&S Regulations. Repairs/upgrading to the roof, entrance doors, windows, lighting, electrical, mechanical, drainage, staff, visitor and disabled toilets and external works. Other works are required to the ground floor to create a new entrance hall, reception area, shop, café and kitchen alongside improved museum display areas for the trams and buses and improved access to the first floor where the archives and meeting room are located. Upon completion, the building will be fit for purpose with the option of a possible community transfer.

Millennium Centre Remodelling of Library & Ground Floor (Total cost of £0.74m of which Council funding required £0.74m)

To meet the growing demand for community initiatives and localism, ensure that a library service is still provided within the area and to secure Leasowe Community Homes as an anchor tenant the following improvements are required – general access, reception facility, library area, the Employment and Training area, toilets and reconfigure café area to improve the level of service. The Centre will operate as a true community facility with a joined up working partnership of all the main agencies. By attracting residents from outside Leasowe additional income could be generated.

Replacement Gritters & Landrover Recovery Vehicle (Total cost of £0.105m of which Council funding £0.105m)

It is necessary to replace 2 old gritters that are costly to maintain and unreliable. 2 reconditioned vehicles will be purchased that will enable essential, efficient, cost effective gritting to be undertaken and reduce risk. The transport maintenance workshop breakdown recovery vehicle has reached the end of its life-cycle and a new vehicle is required to ensure a safe reliable and efficient response to breakdowns of any of the Transport fleet.

Treasury Building Refurbishment (Total cost of £0.65m of which Council funding required £0.65m)

This scheme is to demolish all of the single storey accommodation and refurbish the four storey block to provide modern fit for purpose accommodation. This continues the Council's office rationalisation programme.

The Growth Fund (Total cost of £0.90m of which Council funding £0.90m)

The Growth Fund (focusing on SMEs) will support existing and inward Investment businesses looking to grow and expand in Wirral. By way of loans the Fund will recycle investment and create a replenishing fund that no longer requires Council investment to sustain it. The programme will look to achieve/promote private sector funding for each scheme which comes forward totalling an overall investment of at least £2.1m in business support for the next 3 years. The aim is to create 20 jobs per year for the next 3 years.

PROPOSED CAPITAL PROGRAMME 2016/17 TO 2018/19

APPENDIX 4

	2016/17	2017/18	2018/19
SUMMARY	£000	£000	£000
Overall Programme	48,907	17,655	1,770
Unsupported borrowing	16,852	2,040	1,720
Capital Receipts	13,339	2,414	-
Grants	16,912	13,135	-
Revenue/reserves	1,004	66	50
Total Resources	48,107	17,655	1,770

	2016/17	2017/18	2018/19
Transformation and Resources	£000	£000	£000
Building refurbishment to increase occupancy	1,619	250	-
Cleveland St Transport Depot	2,800	-	-
Park depot rationalisation	750	-	-
Demolish Bebington Town Hall and Liscard Municipal	378	-	-
Demolish former Rock Ferry High	395	-	-
Demolish Foxfield	30	-	-
Flaybrick cemetery	175	-	-
Industrial estates	150	150	-
Millennium Centre remodelling	550	190	-
Treasury Building	650	-	-
Replacement vehicles (gritters/landrover)	105	-	-
Transport Museum	261	-	-
Total Programme	7,863	590	-
Unsupported borrowing	5,275	340	-
Capital Receipts	2,588	250	-
Total Resources	7,863	590	-

	2016/17	2017/18	2018/19
	£000	£000	£000
Families and Wellbeing - CYP			
School remodelling (Primary Places)	1,500	750	-
Condition/Modernisation	3,086	2,794	-
Basic Need allocation	1,414	830	-
Wirral Youth Zone	2,400	-	-
Family Support Scheme	100	-	-
Stanley Special classrooms and medical/hygiene provision	600	-	-
PFI	85	-	-
Total Programme	9,185	4,374	-
Unsupported borrowing	600	-	-
Capital Receipts	3,500	500	-
Grants	5,000	3,874	-
Revenue/reserves	85	-	-
Total Resources	9,185	4,374	-

	2016/17	2017/18	2018/19
	£000	£000	£000
Families and Wellbeing - DASS			
Community Intermediate Care Services	1,000	-	-
Pensby Wood day service remodelling/additional classrooms	1,200	-	-
Extra Care housing (including learning disabilities)	5,000	-	1,000
Assistive technology	615	-	-
Integrated I.T.	440	-	-
Girtrell Court	2,000	-	-
Total Programme	10,255	-	1,000
Unsupported borrowing	4,670	-	1,000
Capital Receipts	4,200	-	-
Grants	1,385	-	-
Total Resources	10,255	-	1,000

	2016/17	2017/18	2018/19
	£000	£000	£000
Families and Wellbeing – Sport and Recreation			
West Kirby Marine Lake – accommodation/service delivery	740	-	-
Bidston Tennis Centre re-roofing	325	-	-
The Oval redevelopment	986	-	-
Leasowe Leisure Centre outdoor 3G football	820	-	-
Leisure centres soft play areas	-	300	-
Total Programme	2,871	300	-
Unsupported borrowing	1,806	300	-
Capital Receipts	915	-	-
Grants	150	-	-
Total Resources	2,871	300	-
	2016/17	2017/18	2018/19
	£000	£000	£000
Environment & Regulation			
Highway Maintenance	3,060	2,938	-
Cemetery Extensions and Improvements	250	-	-
Coast Protection	228	-	-
West Kirby Flood Alleviation	1,950	-	-
Dock Bridges Replacement	2,530	4,310	-
East Float access improvements – Tower Rd.	200	-	-
East Float access improvements – Duke St.	400	-	-
Wirral International Business Park Connections	200	-	-
Preventative maintenance to unclassified /residential streets	500	500	-
Road safety	97	-	-
Active travel	78	-	-
Bridges	261	-	-
Transport for Growth	262	-	-
Replace highway grass cutting machinery	-	300	-
Total Programme	10,016	8,048	-

Environment & Regulation (continued)	2016/17 £000	2017/18 £000	2018/19 £000
Unsupported borrowing	914	300	-
Capital Receipts	1,705	560	-
Grants	7,247	7,188	-
Revenue/reserves	150	-	-
Total Resources	10,016	8,048	-
	2016/17 £000	2017/18 £000	2018/19 £000
Housing	£000	£000	£000
Aids, Adaptations and Disabled Facility Grants	4,308	2,573	-
Clearance	1,324	-	-
Home Improvement	434	-	-
Empty Property Interventions	178	-	-
Cluster of Empty Homes Fund	603	-	-
Housing renewal	470	470	470
Housing Infrastructure Fund		1,000	-
Total Programme	7,317	4,043	470
Resources			
Unsupported borrowing	2,987	800	420
Capital Receipts	431	1,104	-
Grants	3,130	2,073	-
Revenue/reserves	769	66	50
Total Resources	7,317	4,043	470

	2016/17	2017/18	2018/19
Regeneration	£000	£000	£000
Business Investment Grants	300	-	-
The Growth Fund	300	300	300
Total Programme	600	300	300
Unsupported borrowing	600	300	300
Total Resources	600	300	300

**COUNCILLOR PHIL DAVIES****CABINET****22 FEBRUARY 2016****MEDIUM TERM FINANCIAL STRATEGY 2016/17 –
2020/21****Councillor Phil Davies said:**

“Making sure the Council’s finances are managed in a robust and pragmatic manner for the medium term is of vital importance to this borough.

“This report provides Cabinet with a Medium Term Financial Strategy which manages our approach to finance for the next five years and – importantly – ensures our resources are targeted at those areas which are most important to residents, our 20 Pledges.”

REPORT SUMMARY

The Autumn Statement and Spending Review 2015 confirmed that the Council’s funding will reduce into the medium term and that reductions to core funding will continue. This report presents the Medium Term Financial Strategy 2016/17-2020/21 based on what is an evolving system of funding for local Councils. A number of key operational questions are yet to be answered. However it is clear that the scale of the financial challenges remains. The report sets out the initial steps we are proposing to take to ensure the Council sets balanced budgets beyond 2016/17 while continuing to deliver the Wirral Plan and its vision.

The Medium Term Financial Strategy will be developed over the coming year in order to close the Council’s medium term budget gap. The approach will also ensure the Council’s resources are prioritised to those actions that achieve most in terms of

the delivery of the Wirral Plan outcomes. Since the approval of the Wirral Plan in July 2015, considerable progress has been made in all areas of the Wirral Plan and our Annual Report provides details of this. At the same time the Council has been moving forward with an integrated approach to planning policy and financial strategy. This is to ensure that our resources are targeted in accordance with the priorities identified in the Wirral Plan. This report, details the approach to integrating budget development over the coming year with the delivery of the priorities in the Wirral Plan.

This matter affects all Wards within the Borough and is therefore a key decision.

RECOMMENDATION/S

The Cabinet is asked to agree and recommend to Full Council:

In respect to the Treasury Management Strategy 2016-19

- i) The Treasury Management Strategy 2016-19.
- ii) The adoption of the Prudential Indicators.
- iii) The Minimum Revenue Provision policy for 2016/17.
- iv) The Council Officers listed in Annex G to approve payments from the Council's bank account for all treasury management activities.

In respect Medium Term Financial Strategy 2016/17-2020/21

- i) The Medium Term Financial Strategy 2016-21.
- ii) To regular updates of the Medium Term Financial Strategy in accordance with the action plan.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 An effective Medium Term Financial Strategy and Wirral Plan are necessary to ensure that the Council functions well. It is important that Councillors and residents are aware of the scale of the financial issues facing the Council. Updates to the financial projections for future years are made on a regular basis. While the Wirral Plan identifies how the 20 Pledges are to be achieved, the annual budget demonstrates in part how these are to be delivered. The Medium Term Financial Strategy indicates the resource issues and principles that shape not only the Budget for 2016/17 but also the future budgets by identifying current issues as well as potential developments / related issues. It is through the Strategy that future revenue and capital budgets are developed.
- 1.2 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.
- 1.3 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) 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.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Wirral Plan and the Medium Term Financial Strategy are key policy documents and drive all other business planning processes within the Council. Consequently they are vital for the Council's future development. Therefore no other options were considered.

3.0 MEDIUM TERM FINANCIAL STRATEGY 2016/17-2020/21

- 3.1 Over the period 2016/17-2020/21 the Council will face further financial challenges. The Medium Term Financial Strategy focuses on ensuring that resources are targeted to the 20 Pledges while operating within the reduced financial resources that will be available. The last Medium Term Financial Strategy was approved in February 2015 and covered 2015/16-2017/18. With the development of the Wirral Plan the Medium Term Financial Strategy has been moved on a year and extended to cover a five year period 2016/17-2020/21.

3.3 Budget Gap Updated Position

Original Budget Gap

2016/17	2017/18	2018/19	2019/20	2020/21	Total
£24m	£24m	£26m	£27m	£25m	£126m

3.4 The projected 5-year budget gap reported to Cabinet in December 2015 was £126m. The Local Government Settlement announced in February has provided further details of potential funding for the MTFS period. However the figures announced should be treated with caution and not yet viewed as definitive. This is because a number of elements of future funding are subject to development and further decision. This means that there is a high degree of uncertainty on elements such as:

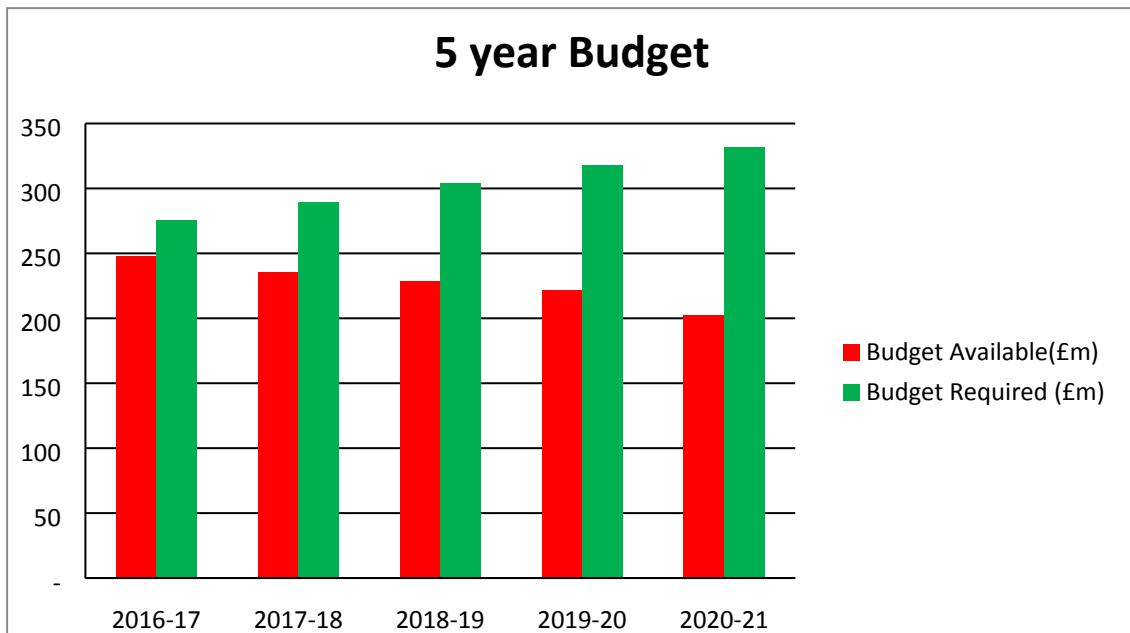
- The phasing out of Revenue Support Grant and the retention of all business rates generated nationally.
- The related transfer of new responsibilities including the funding of public health to local government.
- The retention of any mechanism to fund needs in areas where the potential to self-fund services is limited.
- The offer of four year funding settlements linked to Councils producing efficiency plans.
- Consultation over the operation of New Homes Bonus over four years instead of the current six years.
- The relaxation of the use of capital receipts to fund transformation.
- The treatment and level of specific grants.

3.5 Using the details announced in February to revise the projections for the Council means that the total budget gap for the MTFS period is anticipated to be similar to that originally forecast. However the phasing of the size of the gap is different with the gap being greater in the earlier years.

Revised Budget Gap

2016/17	2017/18	2018/19	2019/20	2020/21	Total
£28m	£26m	£21m	£21m	£33m	£129m

- 3.6 The Government has made announcements on funding up to and including 2019/20. The graph below illustrates the difference between the budget based on funding announced and the budget that which is predicted to be required. It provides a cumulative picture of the gap increasing over the MTFS period.



- 3.7 The Medium Term Financial Strategy, as well as providing further financial background to the period 2016/17, sets out the Council's financial strategy over the next few years, the responses and approaches that may be adopted to meet the challenges faced and to close the funding gap. The Medium Term Financial Strategy contains the following sections:
- Overview of the period 2016/17-2020/21
 - Financial overview of 2016/17-2020/21
 - Financial Strategy 2016/17-2020/21
 - General Fund Balances and Earmarked Reserves
 - Capital, Treasury Management and Asset Management
- 3.8 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 setting of the budget for 2016-17.
- 3.9 The MTFS and agreement of proposed savings in March 2016 will balance the Council's budget for 2016/17 only. The Local Government Finance Settlement has confirmed that the Council will face a funding gap until the end of the MTFS period. While a number of financial details of the operation

across this period remain uncertain the direction of travel is clear. To enable the Council to use its limited financial resources in ways that ensure the delivery of the Wirral Plan and assess opportunities for savings, there is a need to start work immediately on our future financial plans.

- 3.10 The work should build on and revisit the work that has been done over the last six months. It needs to utilise the insight and intelligence that has developed in the forming of strategies that support achievement of the Wirral Plan. This is due to conclude at the end of June. It also needs to integrate with action plans that support the strategies and translate how the pledges will be achieved. The recent results of the Residents survey also must play into the development of plans over the next 5 years.
- 3.11 The aim of this work is to create a “one Council”, aligned approach to action planning and budgeting. Members have agreed a number of pledges for the Council.
- 3.12 Initially -service areas will be asked to develop proposals for the period 2017/18 – 2020/21. These proposals will include the following:
 - How service objectives, through prioritised actions, will support the delivery of the 20 Pledges.
 - How the prioritised actions will be costed and delivered.
 - Opportunities for savings including maximising income and efficiencies.
 - Unavoidable financial pressures.
- 3.13 The main focus of the approach will be savings. These will be themed into the following:
 - Income and Resource Management
 - Managing Demand
 - Delivering Differently
 - Service Changes

3.14 Action Plan

February	Agreement of 2016/17 Budget and MFTS 2016/21
March	
April	Update financial outlook in the light of Government announcements.
May	<p>Service Action Planning to support the Delivery of the Pledges.</p> <p>Revisit and explore the potential scope for savings in the four theme areas:</p> <ul style="list-style-type: none"> • Income and Resource Management • Managing Demand • Delivering Differently • Service Change
June	<p>Updated 5 year financial position presented.</p> <p>Cabinet assessment of the exploration work undertaken in the four theme areas. Cabinet agrees priority areas for the development of savings and business cases.</p>
July	Development of savings and business cases including implementation resources.
August	
September	Cabinet decides priority areas for savings.
October	Challenge, consultation, progression and completion of savings.
November	Consultation
December	Cabinet agreement of saving.

- 3.15 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 of the Strategy 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.
- 3.16 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.”

- 3.16 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.
- 3.17 The purpose of the attached Treasury Management Strategy Statement is to set:
- Treasury Management Strategy for 2016/19.
 - Annual Investment Strategy for 2016/17
 - Minimum Revenue Provision (MRP) Statement
 - Treasury Management Policy Statement
 - Prudential Indicators for 2016/17, 2017/18 and 2018/19
 - Authorised Signatories for Treasury Management Activity

4.0 FINANCIAL IMPLICATIONS

- 4.1 The budget setting and planning process is integrated with the Wirral Plan. A process has been set out in this report that will determine how resources will continue to be directed to support the delivery of the 20 Pledges. Also detailed is an approach to the planning required to meet the continuing financial challenges the Council faces in the period 2017/18-2020/21. Further resource implications are detailed within the Medium Term Financial Strategy and these implications are reviewed by the reports revising the financial position submitted to Cabinet throughout the year.

5.0 LEGAL IMPLICATIONS

- 5.1 There are none arising out of this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 A process is currently underway to determine the resources which are required to deliver on the 20 pledges through the development of supporting strategies.

7.0 RELEVANT RISKS

- 7.1 The Medium Term Financial Strategy provides a strategic overview of the issues facing future authority finances and includes a risk assessment.
- 7.2 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

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Wirral Plan and underpinning Pledge Strategies have been developed through engagement with a wide range of partners and subject to wide consultation with residents, partners and other stakeholders.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no equality implications arising out of the Medium Term Financial Strategy 2016/17-2020/21.

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APPENDICES

Appendix 1: Medium Term Financial Strategy 2016/17-2020/21

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.
Spending Review and Autumn Statement 2015 HM Treasury

SUBJECT HISTORY (last 3 years)

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 Cabinet - Medium Term Financial Strategy Cabinet- Council Budget 2016/17 and Medium Term Financial Strategy	18 February 2013 10 December 2013 12 February 2014 9 December 2014 10 February 2015 17 December 2015
<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 Cabinet - Treasury Management Annual Report 2014/15	20 February 2012 21 June 2012 18 February 2013 10 October 2013 7 July 2014 13 July 2015

2016-21 Medium Term Financial Strategy

Plan of Strategy

Section 1 Overview of the Period 2016-21

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

Section 2 Financial Overview of 2016-21

Forecast Income

- 2.1 Local Government Grant Funding
- 2.2 Local Taxation

Forecast Expenditure

- 2.3 Cost Pressures
- 2.4 Overall Financial Projections 2016-21
- 2.5 Revenue Budget Strategy to meet pressures

Section 3 Financial Strategy 2016-21

- 3.1 Achieving a Balanced Budget 2016/17-2020/21
- 3.2 Equality
- 3.3 Review of the Medium Term Financial Strategy

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

Appendix 1 Capital Strategy 2016-19

Appendix 2 Treasury Management Strategy Statement 2016-19

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 5 years 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 2016-21. The strategy also links with the Wirral Plan. It shows how our finances will be structured and managed to ensure that they meet future financial challenges, as well as supporting the pledges 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 Pledge requirements and 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;
- Planning- 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:-

- The Wirral Plan: 2020 Vision;
- 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 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 Wirral Plan

The MTFS is aligned to the Wirral Plan as a means of ensuring that Wirral Council's finances are aligned with its 2020 vision, priorities and pledges. The Council approved a five-year plan, the Wirral Plan, at Full Council on 13 July 2015. The plan provides a clear ambition for the borough and defines the outcomes towards which the Council will work for the next five years: the 20 pledges. The approach to the MTFS is to ensure that the Council makes the best use of its financial resources in the delivery of key Wirral Plan pledges, 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.

The Wirral Plan has been adopted by all the Council's strategic partners from the public, private and third sectors. It is the means by which all partners will formally work towards a shared set of outcomes, goals and objectives, moving toward integrating as far as possible services and finances. It is clear that the Council and its partners need a focused approach to commissioning services, to integrating services across the public sector and to ensuring that services are decommissioned where they do not align with priorities or cannot be afforded. This can be considered as an outcome based approach. Work continues on the development of a range of approaches, the development of strategies and supporting actions. The council is changing how it operates to ensure it is best positioned to achieve its priorities, will use the best delivery models and improve efficiency. The financial resources available will strongly shape the strategy; the strategy contents significantly affect the financial strategy and prioritisation.

1.3 National and External Influences

National Influences

The MTFS for the five years 2016/17 to 2020/21 has been developed against a continuing challenging financial picture. The Autumn Statement and Spending Review 2015 have confirmed that financial restrictions will continue. 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 over £150m between 2011/12 and 2015/16. 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 will need to make new savings in the next 5 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 other sources.

The major national influences on the Council's MTFS are detailed in the following paragraphs.

The Government's Deficit Reduction Programme

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

The Government's aim is and continues to be to eliminate the budget deficit. The announcements in December 2015 confirm the Government's plans to achieve a budget surplus in 2019/20, and that the funding prospects for Local Government will continue to be challenging in the coming years. Wirral has been and will continue to prepare for this and Cabinet is being requested to approve savings to be implemented in 2016/17. Further work is required to balance the budget beyond 2016/17.

In July 2015 the Government announced plans to make savings of £37bn over this parliament. Of this £12bn would come from welfare reductions and £5bn from taxation sources. The remaining £12bn of savings were to be identified in the Spending Review announced in late 2015.

Since July the Office of Budget Responsibility (OBR) predictions for public finances have improved. This is due to improved revenue such as tax receipts and lower interest on government debt. These improvements have meant that the reductions in public spending required were revised downwards to £18bn. The Spending Review 2015 announced £3bn per annum of income from the new apprenticeship levy and £3bn from tax avoidance measures. This left the majority of reductions announced, £12bn, as savings in government departmental spending.

This overall £12 bn reduction to total departmental spending by 2019/20 is made up of £21.5 bn of savings in unprotected departments such as local government off set a £9.5 bn reinvestment in the Governments key priorities. These are as follows:

- The NHS in England £10 bn per year more in real terms by 2020/21.
- Defence spending.
- Overseas aid.
- Increasing the basic State Pension.
- Protecting Police Spending.

The nature of these protections to specific departments means that unprotected areas such as local government will pick up a higher proportion of reductions in funding. In forecasting across the MTFS period there is a need to be aware of the variation in Government predictions. During the last parliament downward revisions to forecasts for the economy lead to the increase in cuts to local government from those announced in 2010 Spending Review. This helped the Government meet its objective and targets of reducing the public sector deficit.

The Government has in three Spending Rounds (2010, 2013 and 2015) set out plans to reduce public expenditure as part of its strategy to eliminate the deficit and eventually reduce debt. The Government's Spending Round 2015 set out public expenditure plans (including local government expenditure) up to and including 2019/20. For a number of departments 2020/21 departmental budgets were set. For the rest, 2020/21 budgets for example for Local Government will be set in the next Spending Review.

The National Economy

The UK economy performed better during 2015 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 2015 year has been confirmed at 2.4% and it is estimated to be 2.4% in 2016, 2.5% in 2017, 2.5% in 2018 and 2.3% in 2019 and 2020.

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

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 not to direct cuts to services wherever possible, but to implement financial change in other ways. However the main focus of the approach will be savings. These will be themed into the following:

- Income and Resource Management
- Managing Demand
- Delivering Differently
- Service Changes

In approving the budget savings options for 2016/17 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 are consistent with the pledges. Where the link between the need to provide a statutory service and Wirral 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 through the theming of savings.

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 needed to match limited resources to the highest priorities.

Financial Overview of 2016-21

Forecast Income

2.1 Local Government Grant Funding

Wirral is very reliant on government grant to support all services. Since 2010 Government grant funding has reduced each year. This reduction in funding coupled with a number of increasing financial pressures such as those due to demographic changes have meant that the Council has had to save over £150m over the five year period to 2015/16.

It is clear with the announcement of the November Spending Review that Wirral will continue to face considerable financial challenges, uncertainty and funding reductions over the medium term period.

The Autumn Statement and Spending Review 2015 announced departmental spending totals for local government to 2019/20. These announcements coupled with the provisional Local Government Finance Settlement (LGFS) for 2016/17 announced on 17 December 2015 provide details of indicative funding to local government over the next 4 years. The LGFS introduced the Core Spending Power, a new composite measure of local government funding.

Beyond 2019/20 the Government has made no detailed announcements on the general grant funding of local government. However there remains a great deal of uncertainty in projecting Wirral's' future funding. The provisional Local Government Settlement and the Spending review announced a number of policy changes that will have consequences for the Council. There are as yet few details of the specific impact of the new policies on the Council's MTFS position.

The announcements that potentially impact on the Council are as follows:

Council Tax

The Spending Review announced that local authorities responsible for social care will be allowed to collect social care precept, giving the power to raise new funding to be spent only on adult social care. The precept will work by giving local authorities the flexibility to raise council tax by up to 2% above the existing threshold without the need for a referendum. The referendum threshold has been announced at 3.99% and freeze grant is not being offered by the Government in 2016/17.

Business Rates, Core Grants and Funding changes

The government has previously announced that by the end of the parliament "core grant" (RSG) would be phased out and councils would retain all business rates generated locally. The government has been clear that this policy would be fiscally-neutral. This is thought to mean the local government will not be able to retain additional business rates without a corresponding increase in its responsibilities and/or substitution for existing sources of income. This means that it is likely that any increase in the amount of retained rates would be matched by a decrease in other grants.

The stated position is that under the proposed reforms councils will have the power to cut but not raise rates, except in limited cases for elected mayors who following consultation with the business community, will have the power to increase rates to pay for infrastructure. The system of top-ups and tariffs that distribute rates across the country will remain. Wirral is a recipient of a top-up. The proposed changes to business rates will be included in a forth coming consultation on local government finance in 2016.

The Spending Review also announced other changes to local government grant funding:

- New Homes Bonus – consultation on reducing the length of payments from 6 to 4 years. This would represent a further cut.
- Capital Receipts – local authorities will have flexibility to spend capital receipts on the costs of service reform. This may be of limited use to Wirral as the Capital programme has factored in the use of capital receipts.
- Better Care Fund – an increase in the Better Care Fund by £1.5bn to support the integration between health and social care. Integration plans will have to be produced in 2017 that will have to set out how integration will take place by 2020.
- Public Health Grant – an announced plan for cuts of 3.9% per annum over the next 5 years in real terms. The ring fence on public health spending will be maintained in 2016/17 and 2017/18. The future after this is unclear, and will be considered as part of the changes in responsibilities for 100% Business Rate Retention.
- Four year funding settlements – Agreement of four year fixed funding linked to the production of efficiency plans.
- A national formula for schools funding – the intention to introduce a national fairer funding formula from April 2017.

Local Government Finance Settlement

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

	2014/15 Funding £m	2015/16 Funding £m	2016/17 Funding £m
Upper Tier Funding	118.155	97.742	92.485
Lower Tier Funding	20.825	17.402	13.100
Formula Funding	138.980	115.144	105.585
Grants Held Back	0.213	0	0
Council Tax Freeze Compensation Part 1	3.271	3.259	0
Council Tax Freeze Compensation Part 2	n/a	1.354	0
Early Intervention Funding	10.251	9.336	8.588
Homelessness Prevention Funding	0.065	0.065	0.065
Lead Local Authority Funding	0.121	0.120	0.153
Learning Disability and Health Reform Funding	7.141	7.114	7.264
Local Welfare Provision 2015/16 only.	n/a	1.210	1.209
Care Act Funding	n/a	n/a	2.399
Total Grants Rolled in	21.062	22.458	19.678
Total Settlement Funding	160.042	137.602	125.263

*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 Assistance 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	£m
Net Forecast rate yield	65.377	66.629	67.153
Less: Amount to be paid to Central Government (50%)	32.689	33.314	33.576
Business Rates Baseline	32.688	33.315	33.577
Less: Amount to be paid to Merseyside Fire and Civil Defence Authority (1%)	0.654	0.666	0.658
Retained Business (RBR) element:	32.034	32.649	32.919

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 £m	2015/16 £m	2016/17 £m
Retained Business Rates (RBR)	Variable amount	32.034	32.649	32.919
RBR Top up from Government	Fixed amount	40.513	41.287	41.632
Revenue Support Grant	Fixed amount	87.493	63.667	50.712
Total Funding		160.040	137.603	125.263

Actual retained business rates income for 2016/17 will be dependent on the assessed rateable values, effect of appeals and collection rates. The NNDR1 return estimates this amount is included in the Council's 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 Government has implemented a referendum regime from 2012 onwards, for Council Tax increases that it regards as excessive. For 2015/16, 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 4% in 2016/17. This reflects the introduction of funding for adult social care through increased council tax levels at the discretion of the Council. The additional funding must be passed to the service.

Forecast Expenditure

2.3 Cost Pressures

The financial pressures in the period 2016-21 facing Wirral Council are considerable. There will be a number of items of additional expenditure that are likely to be incurred in future years. 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 present. The following have not been added into the 5 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 2016/17 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 proposed that in future years Directorates will be required to manage their pressures within their resources as far as possible.

2.4 Overall Financial Projections for 2016/17

Bringing together forecast income and forecast expenditure; there is a forecast funding gap of £28 m in 2016/17 rising to £129m by 2020/21. 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 2015-18 reflected the financial projections for the Council based on the Autumn Statement 2014, the Local Finance Settlement for 2015/16, a forecast of reductions in funding for 2016/17 and 2017/18 and a number of budget assumptions. This forecast that the Council would have an overall deficit of £49 million for the period 2015-18. It was recognised at the time that this would be subject to change as the Government had yet to finalise the Spending Review for the final two years of the period.

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

With the development of the Wirral Plan the Medium Term Financial Strategy has been moved on a year and extended to cover a five year period 2016/17-2020/21.

Budget Gap Five Year Position

Original Budget Gap

2016/17	2017/18	2018/19	2019/20	2020/21	Total
£24m	£24m	£26m	£27m	£25m	£126m

The projected 5-year budget gap reported to Cabinet in December 2015 was £126m. The Local Government Settlement announced in February has provided further details of potential funding for the MTFS period. However the figures announced should be treated with caution and not yet viewed as definitive. This is because a number of elements of future funding are subject to development and further decision. This means that there is a high degree of uncertainty on elements such as:

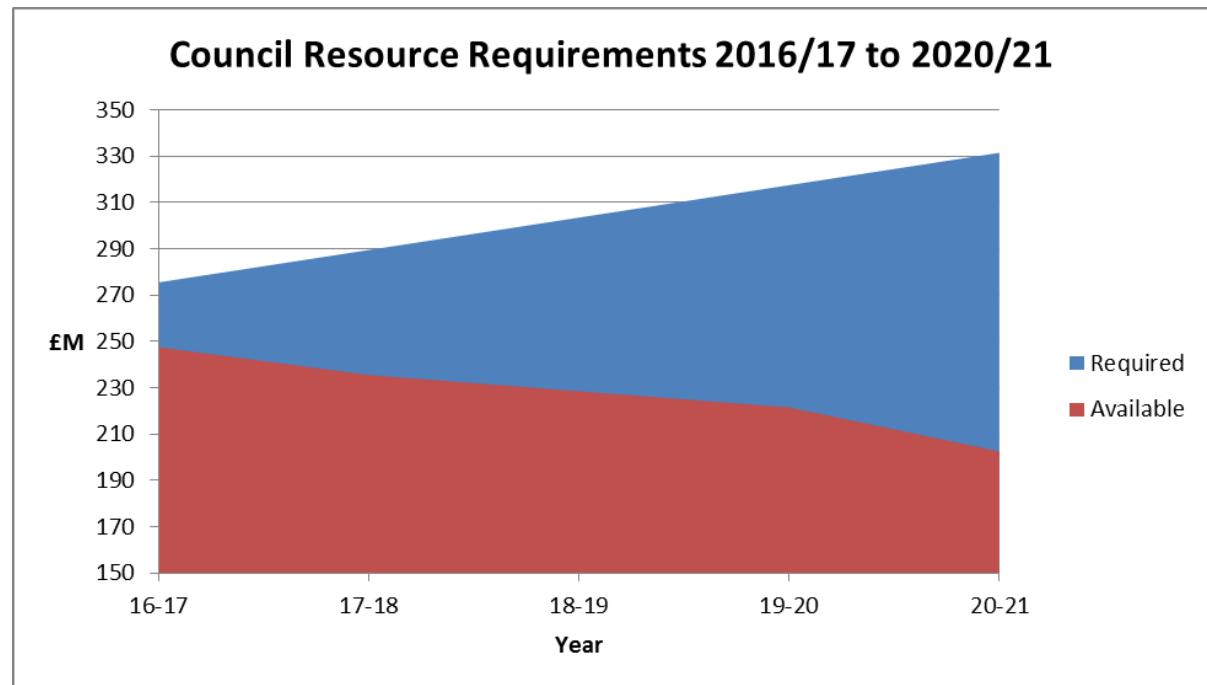
- The phasing out of Revenue Support Grant and the retention of all business rates generated nationally.
- The related transfer of new responsibilities including the funding of public health to local government.
- The retention of any mechanism to fund needs in areas where the potential to self-fund services is limited.
- The offer of four year funding settlements linked to Councils producing efficiency plans.
- Consultation over the operation of New Homes Bonus over four years instead of the current six years.
- The relaxation of the use of capital receipts to fund transformation.
- The treatment and level of specific grants.

Using the details announced in February to revise the projections for the Council means that the total budget gap for the MTFS period is anticipated to be similar to that originally forecast. However the phasing of the size of the gap is different with the gap being greater in the earlier years.

Revised Budget Gap

2016/17	2017/18	2018/19	2019/20	2020/21	Total
£28m	£26m	£21m	£21m	£33m	£129m

The Government has made announcements on funding up to and including 2019/20. The graph below illustrates the difference between the budget based on funding announced and the budget that which is predicted to be required. It provides a cumulative picture of the gap increasing over the MTFS period.



The 5-year financial projections highlights that there continues to be a gap between the Council's 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 periods to 2015/16 have seen the greatest ever post war reduction in Local Government funding. It is clear from recent announcements that similar reductions will occur over the next four years. To respond to this the Council must reshape to meet this new financial reality. Wirral has made savings in the period 2011-2016 and will do so again in 2016/17. Significant savings are expected throughout the spending review period and beyond. The Council is working in an increasingly difficult and unpredictable financial environment.

2.5 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 aligning to the Wirral Pledges and priority areas.

The Wirral Plan was approved by Council on 13 July 2015 and was then adopted by all strategic partners from the public, private and third sectors to create the first Wirral Plan.

The Plan provides a clear ambition for the borough based on three overarching priority areas:-

PEOPLE

Wirral is a place where the vulnerable are safe and protected, every child gets a good start in life and older residents are respected and valued.

BUSINESS

Wirral is a place where employers want to invest and businesses thrive.

ENVIRONMENT

Wirral has an attractive and sustainable environment, where good health and an excellent quality of life is enjoyed by everyone who lives here.

The ambition for Wirral is underpinned by 20 specific pledges which define the outcomes to be achieved over the next five years. This shared set of outcomes, goals and objectives will see work towards integrating services and budgets and making best use of the available public sector resources for the benefit of Wirral people. Partners have committed to playing a lead role in achieving 8 of the 20 pledges.

To ensure the Wirral Plan becomes a reality there is to be an under-pinning Delivery Plan. Phase One of this Plan was agreed by Cabinet on 8 October 2015 and this has since been subject to consultation and review in order to inform the series of strategies and plans which provide the detail as to how the pledges will be delivered by 2020. The strategies are being developed and will be finalised in June 2016.

The Council recognises the pressures on its budget and, while seeking to protect and enhance pledge supporting services as far as possible and will aim to contain financial 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 will be informed by valuing what is most important for residents. To enable this, savings are themed to identify those that directly affect residents, such as service changes, and savings that have no direct impact on residents, such as delivering services differently. The prioritised approach reflects the Wirral Plan and the way we need to deliver services in the future.

3 Financial Strategy 2016-2021

3.1 Achieving a Balanced Budget 2016/17-2020/21

Next Steps in the Financial Strategy

The agreed savings and the MTFS strategy will enable Wirral to balance the budget in 2016/17. As set out in the above sections, there will be a budget gap in the years after 2016/17 across the remaining 4 years of the strategy. There is a need to plan for these years. To be able to assess the potential for savings and allocate our resources where they maximize the achievement of the Wirral Plan outcomes, consideration has already been given to the shape of the Council's future financial strategy.

To develop a plan for the coming years we will utilise the work that was required to produce the 2016/17 budget and the insight gained from the development of the Wirral Plan and its supporting Strategies.

Financial Strategy Principles

The principles set out below provide a framework within which the Council will develop its detailed financial plans over the period to 2020/21.

- Ensure the delivery of the 20 Pledges in the Wirral Plan.
- Maximise the impact of our spending through prioritisation of resources.
- The budget will be balanced over the five years, thus securing a financially sustainable Council.
- Front-load budget savings to gain maximum impact.
- Financial plans will be deliverable and politically acceptable.
- Exploit commercial opportunities. This may be through the challenge and renegotiation of contracts plus the maximisation of income opportunities to offset cuts to services.
- Collaborate and integrate with our partners and the public to transform what we do.
- Utilisation of the opportunities presented by devolution in the Liverpool City Region.

Financial Strategy Approach

The Financial Strategy that will develop over the four years will plan for the long term. The focus of the approach will be on four themes set out below. The Council is clear on the scale of the challenge. The changing circumstances in which the council is operating means that there is a need to take a longer-term and high-level view of what local government will look like in the future, and the opportunities to innovate that may be available. These can be identified as follows:

Income and resource management The Council must do all it can to build its way to a sound financial position. Maximising income to help offset cuts; more investment, more jobs and more housing coming into the borough transforms our finances. It translates into more business rates, more Council Tax and more people in work. Every pound we bring into the Council is a pound we can invest in the kind of modern service people need.

Managing Demand Reducing the demand (and subsequently the cost) of specialist, substantial services mean we are able to invest more resources into early intervention and prevention services. In line with the Wirral Plan and the views of residents it is important to protect the vulnerable. The approach planned would be to make no overall reductions in the levels of spending on care services for adults and children. Working with Health partners to improve the health and well-being of Wirral people will see the integration of resources to realise efficiencies to help meet the increasing demand from within the currently available budget.

Delivering Differently The Wirral Plan sets out how public services will work better together to deliver better job opportunities, a quality local environment, better health and a good life for local children and older people in particular.

In recent years the range of opportunities to either improve service delivery directly, or to reduce costs/increase income have increased. These forms of public service reform include a range of potential areas including ensuring the council can derive the maximum benefit from any devolution of powers; and exploring areas of commercialisation, integration and collaboration with partners to share best practice and increase efficiency. We will explore which of these opportunities could work for us – to enable us to transform and re-evaluate some of our services with a more long-term focus whilst making savings and remaining focused on our key outcomes. The Council continues to find new and innovative ways of working in partnership to achieve the outcomes Wirral residents need and will build upon the initiatives around Community Asset Transfer and the recently launched Schools Company (Edsential) and Day Services company (Wirral Evolutions).

Service Changes: The scale of the financial reductions which are imposed on us makes it impossible to avoid changing or reducing some services. We will do all we can to work with partners to manage the impact of those reductions, particularly on the most vulnerable, and we will challenge ourselves to be more efficient, to integrate more and come up with new solutions to make our money go further.

Whilst the savings will be developed along these themes in line with the Wirral Plan objectives the Council continues to assess the more “traditional” approaches to closing its funding gap and balancing its budget. These will include the following:

- 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.
- Asset Review – examination of the Council's asset base and rationalise to ensure that its properties are in line with its service needs.
- Change Future Assumptions – future areas of budgetary growth will be examined to, where possible, reduce the level of financial demands.

Implementing the Financial Strategy – Key Dates to December 2016

The MTFS and agreement of proposed savings in March 2016 will balance the Council's budget for 2016/17 only. The Local Government Finance Settlement has confirmed that the Council will face a funding gap until the end of the MTFS period. While a number of financial details of the operation across this period remain uncertain the direction of travel is clear. To enable the Council to use its limited financial resources in ways that ensure the delivery of the Wirral Plan and assess opportunities for savings, there is a need to start work immediately on our future financial plans.

The work should build on and revisit the work that has been done over the last six months. It needs to utilise the insight and intelligence that has developed in the forming of strategies that support achievement of the Wirral Plan. This is due to conclude at the end of June. It also needs to integrate with action plans that support the strategies and translate how the pledges will be achieved. The recent results of the Residents survey also must play into the development of plans over the next 5 years.

The aim of this work is to create a “one Council”, aligned approach to action planning and budgeting. Members have agreed a number of pledges for the Council. Initially, service areas will be asked to develop proposals for the period 2017/18 – 2020/21. These proposals will include the following:

- How service objectives, through prioritised actions, will support the delivery of the 20 Pledges.
- How the prioritised actions will be costed and delivered.
- Opportunities for savings including maximising income and efficiencies plus unavoidable financial pressures.

Action Plan

February	Agreement of 2016/17 Budget and MFTS 2016-21
March	
April	Update financial outlook in the light of Government announcements.
May	<p>Service Action Planning to support the Delivery of the Pledges.</p> <p>Revisit and explore the potential scope for savings in the four theme areas:</p> <ul style="list-style-type: none"> • Income and Resource Management • Managing Demand • Delivering Differently • Service Change
June	<p>Updated 5 year financial position presented.</p> <p>Cabinet assessment of the exploration work undertaken in the four theme areas. Cabinet agrees priority areas for the development of savings and business cases.</p>
July	Development of savings and business cases including implementation resources.
August	
September	Cabinet decides priority areas for savings.
October	Challenge, consultation, progression and completion of savings.
November	
December	Cabinet agreement of saving.

2017/18-2020/21 Financial Strategy

To tackle the magnitude of the future financial challenge 2017/18 to 2020/21 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 Wirral Plan and its pledges. It is clear that in the period 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 pledges as set out in the Wirral 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 2016/17-2020/21 will see further reductions in grant funding. There will be continued 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 this 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 to take a themed approach the aim remains of reducing the impact on front line services. Instead of annual, arbitrary, reductions to budgets across the board, the Council will take a planned, longer-term approach to achieving the required budget reductions by focussing on the things that contribute most to Pledge outcomes as set out in the Wirral Plan. 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.

Further work will be undertaken in the coming year, linked to the Wirral 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 to 2020/21. Reports detailing the development of plans will be presented to Members as part of the budget and strategic financial planning process. 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.

3.2 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.

3.3 Review of the Medium Term Financial Strategy

The Council is facing a massive challenge to implement its financial strategy. This is in response to the Government's reductions in public expenditure. The budget set for 2016/17 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 2016/17 to assess the Council progress towards this key objective.

4. General Fund Balances and Earmarked Reserves

4.1 Introduction

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 £11.5m for 2016/17.

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 areas of risk considered in the general contingency are set out in the report on the Revenue Budget 2016-17, 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
£17.3m	£17.4m	£11.5m

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.
TRANSFORMATION 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 Council's '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 2016/17 based on:-

- Working Balance of £11.5m, 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 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 and revenue budget contingency.

Capital and Treasury 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 has embedded processes to review its fixed assets through the asset management strategies for treasury management and borrowing. Over the course of 2016/17 it will undertake a self-assessment of the 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 2016/17 to 2019/20. The strategy is designed to maximise outcomes through a prioritisation of limited resource allocations. The Council will continue to identify future capital resources including on-going reviews of its own asset holdings, 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 is concerned with, and sets the framework for, all aspects of the Council's capital expenditure over the 3 year period 2016/17 to 2019/20 – 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 MTFS. It is also essential that the strategy reflects the wider public and private sector investment into the overall improvement 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 Wirra 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 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 Wirral 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 Section 3 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 BBB+ 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 Council has adopted the codes and the Treasury Management Strategy Statement 2016-19 reflects the updated codes.

Overview and Purpose of the Capital Strategy

The capital strategy sets out the strategic direction for the Council's capital management and investment plans. It is aligned to Council plans and strategies, including the Wirral Council Plan "A 2020 Vision" 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 we fund, therefore 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 pressure on the Council's 2016-19 revenue budgets does limit the scope for unsupported capital expenditure (that generate revenue costs) compared to schemes that generate revenue savings. This is evidenced by the fact that there is a £2.05 million reduction in the financing costs budget for 2016/17.

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

- a) Invest to Save schemes (cost reduction or income generation)
- 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.

Local Government Funding

Since 2005 the Council has suffered a reduction of £151m in its budget. In the period 2015-2020 the prediction is for additional cuts of £126m. The removal of the entire Revenue Support Grant over the next 5 years together with the changes to Business Rates and the introduction of mechanisms such as the Social Care precept will have a devastating impact on our ability to deliver services in the future.

Furthermore the Council is facing rising demand for its services especially in the area of Adult Social Care. 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 Wirral Council 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 the 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 also give 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 does however have 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

Including the estimated programme for 2015/16, over the last three years Wirral will have spent on average £35m per year on capital projects. The latest plans call for an investment of £68.3 million over the next three years. Out of this £21.4 million or 31% of the programme will be funded from unsupported borrowing. The estimated borrowing cost associated with this is £1.9 million by March 2019. This can be accommodated within the existing Treasury Management budget. This is partly due to Internal borrowing, the temporary use of cash flow monies arising from the Council's holding of earmarked reserves and balances to delay external borrowing which has been used to reduce interest costs.

Capital resources are not unlimited or "free money" – our capital funding decisions can have major revenue implications. Two funding 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. For budgetary purposes the cost of borrowing has been assumed to be 4% in 2016/17.

These are in addition to any ongoing maintenance and running costs associated with the investment.

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

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 2016 it is estimated that Wirral's long term borrowing will be in the region of £197 million. Based on the proposed capital programme the proportion of net debt costs will increase from 9.7% in 2016/17 to 11.7% in 2018/19. This is calculated as a percentage of the forecast 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 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 25 years then revenue costs would be £0.2 million each year for 20 years plus the interest cost of the borrowing.

Grants

Government grants are reducing, or changing in nature. Most are effectively ring-fenced and expected to finance those schemes for which the grant was allocated. 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.

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Capital Receipts Reserve	8,300	2,079	3,740	11,826
In – Receipts Assumption	2,400	15,000	10,500	500
Out - Funding assumption	-8,621	-13,339	-2,414	-
Closing Balance	2,079	3,740	11,826	12,326

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.

Officers are currently in the process of producing a set of principles that should be applied in assessing the best outcome when sites become available for disposal. Such options could for example include community transfer, RSL transfer, development for extra care housing or site disposal.

Flexible use of capital receipts

As part of the Provisional Local Government Finance Settlement the Government published draft guidance on the flexible use of capital receipts. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's, or several authorities', and/or to another public sector body's net service expenditure.

This could well have an impact on the way Members determine that capital receipts will be used. Before any decision to switch this resource from capital to revenue is taken the following should be considered;

The impact on the capital programme. Are schemes that were originally planned to be funded from receipts abandoned, amended or are they funded from additional borrowing. In case of the latter the additional revenue borrowing costs must be compared to any efficiency savings and the impact on the various Prudential Indicators must be considered.

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 Council's 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 Assets and Capital Group to independently assess individual bids before recommending them or not for inclusion in the draft Capital Programme presented to Cabinet for approval.

ANNEX 1

Scoring mechanism for assessing capital bids 2016/21 Capital Programme			
Scheme Title/Department	Score 1-10	Multiplier	Weighted Score
Direct links to the Council Plan 20:20 Vision Does the scheme directly link to any of the 20 pledges and/or enabling projects?	10	15	
Statutory or Regulatory Duty Is there a clearly identifiable requirement to meet statutory or regulatory obligations?	10	20	
Objectives and outputs Are the stated objectives specific, measurable, achievable and realistic? Have any outputs been quantified? Have any project constraints been assessed and full consideration given to addressing these? Will not doing the scheme result in a significant drop in the level of service the Council provides?	10 10 10 10	5 5 5 5	
Identification of Alternative Options Have alternative options been fully considered with detailed reasons for rejection evidenced?	10	5	
Finance Business case demonstrates achievable/realistic revenue savings OR generates additional income If yes score by the % saving compared to the capital outlay The scheme requires additional revenue resources over and above capital financing costs Does the scheme receive specific funding from external sources?	10 10 10 10	10 15 10 10	
Risk Have risks been properly identified and scored?	10	10	
Overall Weighted Score			xxxx

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 Assets and Capital Group are included in Annex 2.

Capital Programme and Financing 2016/19

Cabinet on 22 February 2016 agreed a capital programme and financing 2016/19.

TO BE INCLUDED AFTER PROGRAMME AGREED

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.

Treasury Management Strategy Statement 2016-19

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 Annex 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 2016/19.
 - Annual Investment Strategy for 2016/17
 - Minimum Revenue Provision (MRP) Statement
 - Treasury Management Policy Statement
 - Prudential Indicators for 2016/17, 2017/18 and 2018/19
 - 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 Annex 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-16 Estimate £m	31-Mar-17 Estimate £m	31-Mar-18 Estimate £m	31-Mar-19 Estimate £m
Capital Financing Requirement (CFR)	338	336	320	305
Less: Existing Profile of Borrowing and Other Long Term Liabilities	247	237	226	217
Cumulative Maximum External Borrowing Requirement	91	99	94	88
Usable Reserves	82	77	72	67
Cumulative Net Borrowing Requirement	9	22	22	21

- 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. Useable reserves are subject to review as part of the Financial Strategy.

3. BORROWING STRATEGY

- 3.1 The Authority as at 31st December 2015 held £197 million of longer term loans, a decrease of £7 million from March 2015, 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 £99m in 2016/17. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £345 million, as per Annex 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 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5 Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.6 In addition, the Authority may borrow short-term to cover unexpected cash flow shortages.
- 3.7 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
 - UK Municipal Bonds Agency Plc and other special purpose companies created to enable joint local authority bond issues
 - Leasing
 - Private Finance Initiative
- 3.8 At present, the PWLB remains the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide, however the Authority continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.
- 3.9 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.
- 3.10 The Local Government Association (LGA) Bond Agency: UK Municipal Bonds Agency 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 two 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 and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. 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 can be called within 2016/17. 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 low interest rate climate, which has now been in existence for a number of years.

- 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 Annex 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 2015, the Authority held £61 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 £55 million and £103 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 Annex 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'. 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. As an investor, the council could be subject to such a loss on an investment, should a bank fail in the future.
- 4.7 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016. 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 are, 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 2016/17. This is especially the case for funds that are available for longer-term investment. The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds.
- 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 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. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility 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 Annex 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 Annex C. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

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. 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 and forward starting transactions, 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 the Treasury Management Advisors 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 utilise an independent treasury advisor to provide the following services:

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

During 2015/16 these services were provided by Arlingclose. A competitive tendering exercise will be completed to appoint an advisor for 2016/17.

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 2016/17 the total amount borrowed will not exceed the authorised borrowing limit of £345 million as per Annex 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 Annex 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 Principal Accountant for Transformation and Resources 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 Annex G.
- 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 Principal Accountant 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 The Council will produce an Outturn Report on its treasury activity no later than 30 September after the financial year end.

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.

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

	Current Portfolio as at 31 Dec 15
	£m
External Borrowing:	
Fixed Rate – PWLB	39
Fixed Rate – Market (LOBO and Other Loans)	158
Variable Rate – PWLB	0
Variable Rate – Market	0
Total External Borrowing	197
Other liabilities:	
PFI	50
Finance Leases	0
Total Other Long-Term Liabilities	50
Total External Debt	247
Investments:	
<i>Managed in-house</i>	
Deposits with Banks and Building Societies	33
Deposits with Money Market Funds	23
Deposits with other Public Sector Bodies	3
Deposits in Supranational Bonds and Gilts	0
<i>Managed externally</i>	
Royal London	1
Payden Sterling Reserve	1
Total Investments	61
Net Borrowing Position	186

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+	5% 100 days	10% 6 months	7.5% 2 years	2.5% 6 months	2.5% 2 years
BBB or BBB-	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 (except pooled funds) 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	35% 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

ANNEX D

PRUDENTIAL INDICATORS AND MRP STATEMENT 2016/ 2017

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 2013 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:

	2015/16 Approved £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Capital Expenditure	50,054	46,917	48,907	17,655	1,770

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

Capital Financing	2015/16 Approved £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Unsupported Borrowing	19,090	14,964	17,652	2,040	1,720
Capital Receipts	12,693	8,621	13,339	2,414	0
Capital Grants	17,734	22,760	16,912	13,135	0
Revenue Contribution	537	572	1,004	66	50
Total Financing and Funding	50,054	46,917	48,907	17,655	1,770

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 represents the year on year increase in Band D Council Tax. It is calculated by comparing the additional financing costs, incurred to fund the Capital programme.

Table B:

Incremental Impact of Capital Investment Decisions	2015/16 Approved	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£	£	£	£
Increase in Band D Council Tax	3.37	13.05	9.88	1.55

4. Ratio of Financing Costs to Net Revenue Stream

The estimate for interest payment in 2015/16 is £9.6 million and for interest receipts is £0.3 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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	%	%	%	%
Ratio	8.79	9.7	10.7	11.6

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	2015/16 Approved	2015/16 Revised	2016/17 Estimate	2017/18 Esimate	2018/19 Estimate
	£m	£m	£m	£m	£m
CFR	346	337	338	322	306

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 debt must 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 2015/16. In the short term this should still be the case but the margin significantly reduces if levels of internal borrowing are reduced. 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) is forecast to be

£247m at 31st March 2016. 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 2015		2015/16
		£m
Borrowing		197
Other Liabilities		50
Total		247

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	2015/16	2015/16	2016/17	2017/18	2018/19
	Approved £m	Revised £m	Estimate £m	Estimate £m	Estimate £m
Borrowing	356	359	347	332	317
Other Long-term Liabilities	63	65	63	61	59
Total	419	424	410	393	376

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	2015/16 Approved £m	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	346	349	337	322	307
Other Long-term Liability	58	60	58	56	54
Total	404	409	395	378	361

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:

	2015/16 Approved	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 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	Upper Limit
	2016/17	2016/17
	%	%
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:

	2015/16	2015/16	2016/17	2017/18	2018/19
	Approved £m	Revised £m	Estimate £m	Estimate £m	Estimate £m
Upper Limit for total principal sums invested over 364 days	30	30	30	30	30

13. Credit Risk

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

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

- Published credit ratings of the financial institution 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.

2016/17 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 (DCLG) Guidance on Minimum Revenue Provision most recently issued in 2012.
- 1.2 The broad aim of the DCLG 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 DCLG 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).
- 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 2016/17 will not be subject to a MRP charge until 2017/18.
- 1.8 The MRP Statement will be submitted to Council before the start of the 2016/17 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 2016, the budget for MRP has been set as follows:

	31.03.2016 Estimated CFR £m	2016/17 Estimated MRP £m
Capital expenditure before 01.04.2008	171.7	6.4
Supported capital expenditure after 31.03.2008	10.1	0.4
Unsupported capital expenditure after 31.03.2008	55.7	2.5
Finance leases and Private Finance Initiative	50.5	2.4
Transferred debt	49.6	4.9
Loans to other bodies	0	Nil
Total General Fund	337.6	16.6

Arlingclose's Economic and Interest Rate Outlook

Underlying assumptions:

- UK economic growth softened in Quarter 3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of Gross Domestic Product (GDP) growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the Monetary Policy Committee (MPC).
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The Consumer Price Index (CPI) rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, The Federal Reserve raised interest rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Quarter 3 of 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year.

Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.

- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	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	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

ANNEX 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 Financial Services – Tom Sault

Head of Branch (Planning & Resources) – Andrew Roberts

Senior Finance Manager – Peter J. Molyneux

Senior Finance Manager – Jenny Spick

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**COUNCILLOR TONY SMITH****CABINET****22 February 2016****SCHOOLS BUDGET 2016/17****Councillor Phil Davies, Leader of the Council - Strategic and Policy Oversight, said:**

The performance of Wirral schools continues to go from strength to strength. We committed in our Wirral Plan to do all we could to continue to support our schools and ensure that every child in the borough has the opportunity of a good education, and good career. I am pleased to recommend this schools budget for 2016/17 to Cabinet.

REPORT SUMMARY

This report sets out the Schools Budget for 2016-17 including the changes made by the Schools Forum on 13th January and recommends a change in the treatment of School Staff redundancy costs from September 2016.

The Schools Budget covers education provision for all Wirral pupils aged up to 16 in Early Years, Primary, Secondary and Academy schools and for pupils in some cases up to the age of 25 in Special Schools and High Needs providers

Most budgets are delegated to schools, with some central provision for support services including school admissions, PFI, School Intervention and High Needs additional support.

The costs of School Redundancies are at present mainly funded by the Local Authority. From September 2016 it is proposed that only those redundancy costs in respect of schools experiencing falling rolls (limited to 75%) will be funded centrally.

The approval of this budget is a Key Decision.

RECOMMENDATION/S

Cabinet recommends the Schools Budget of £243,273,400 to Budget Council having taken account of the views and changes proposed by the Schools Forum that:

- The contributions to Combined Budgets should be £1,698,800

- The use of Dedicated Schools Grant (DSG) reserves totalling £568,900 to set the Schools Budget
- The Schools Funding Formula is submitted to the Education Funding Agency and its make-up is unchanged from decisions made in previous years
- That the permanent changes to High Needs Places are agreed together with the allocation of High Needs Growth of £532,000
- The necessary steps are taken to trade or cease services when direct central funding is withdrawn at the end of the Summer Term for Minority Ethnic Support, City Learning Centres and Wellbeing
- Following consultation and discussion with schools and the Schools Forum the school redundancy policy is changed with effect from September 2016. In future the only costs that will be supported centrally will be where staffing decisions are taken as a result of falling school rolls. All other redundancy or severance costs will be charged to the delegated schools budget concerned.

1.0 REASON FOR THE RECOMMENDATION

Council has a legal requirement to set a schools budget for the following financial year.

OTHER OPTIONS CONSIDERED

Schools Forum when considering the Schools Budget made a number of changes which are included in this report. With regard to the costs of school redundancies an alternative date for this to be introduced of September 2016 has been made, based on the views expressed, however a further option whereby implementation would be phased has not been proposed.

2.0 BACKGROUND INFORMATION

- 2.1 The Schools Forum were asked for their views on and approval of the Schools Budget for 2016-17 on 13th January 2016. The budget of £243,273,400 is for early years, maintained schools, academies, colleges and providers and is based in Dedicated Schools Grant allocations issued by the Department for Education on 17th December 2015, reserves and a council contribution to PFI costs of £586,500.
- 2.2 The national basis of the Dedicated Schools Grant (DSG) is the “Spend Plus” methodology introduced in 2006 and the same overall amounts per pupil that have been paid in the previous 4 years “flat cash”.
- 2.3 Within DSG of £242m there are three unringfenced spending blocks for each authority:
 - Early Years Block £16m
 - Schools Block £192m
 - High Needs Block £34m
- 2.3.1 These funding blocks indicate the levels of expenditure anticipated in each area, however local spending decisions can reallocate resources according to needs and priorities.
- 2.3.2 The allocations for the Schools Block have been updated for changes in pupil numbers and include academies. Pupil numbers are those recorded in the October 2015 census.
- 2.3.3 Early Years funding including 2 year olds, is based on a combination of the census in January 2016 and January 2017. The dates for the Early Years Census mean that the exact DSG will not be finalised until June 2017.
- 2.3.4 The High Needs Block provides a cash based allocation to fund all high needs students aged 0 – 24, including the Hospital School. The allocation includes growth of £532,000 and has been used to make adjustments to high needs places, top ups and a number of changes that are described later in this report.

2.3.5 The Blocks can be summarised as follows:

Block	Pupil Numbers	Funding Per Pupil £	Allocation £
1. Schools Block	42,517	4,533.28	192,741,000
2. Early Years Block	3,082	3,816.57	11,763,000
2 Year Old funding	940 / 1,128	4,626.50	3,656,000
Early Years Pupil Premium			170,000
3. High Needs Block			33,726,000
NQT induction			62,000

		Total	<u>242,118,000</u>

The funding blocks for Schools, Early Years and High Needs will be at the centre of the government's proposals and consultation on a National Funding Formula for schools to be implemented from 2017-18.

2.4 Schools Block £193m

This funding covers the delegated budgets to mainstream schools and academies totalling £187m. In addition the block funds a number of budgets that are managed centrally on behalf of schools:

- Admissions
- Schools Forum
- Capital Expenditure from Revenue (Planned Programmed Maintenance (PPM) and Private Finance Initiative (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 central budgets have not been increased.

2.5 Early Years Block £16m

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 are small elements covering SEN costs and some central Early Years support costs.

2.6 High Needs Block £34m

The make up of this block is complex. It is based on the "place plus" funding system introduced by the DfE from April 2013 and includes:

- Special schools (pre and post 16), school bases and non-maintained special schools. All receive a base level funding of £10,000 per place.
- Alternative Provision Bases and Emslie Morgan Academy funding of £10,000 per place.
- Additional funding over and above that provided for places in the form of "top ups" 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. Wirral's top up system uses 5 bands to allocate funding across special schools, resourced bases and alternative provision. Non-maintained Special Schools also receive a top up.

- 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
- The cost of placements in Independent Special Schools
- The costs of Education, Health and Care Plans / Statements.

2.7 Other Block

This funding reflects costs of monitoring and quality assuring Newly Qualified Teacher induction.

2.8 2016-17 Budget Changes

Proposed 2016-17 Schools Budget savings

Unlike previous years there are no specific budget savings that are proposed as part of the Schools Budget report.

2.8.1 Primary, Secondary and Academy Budgets

The significant changes within this area are:

- The net increase in school rolls, resulting in an overall budget increase of £1,053,000. There are 329 more pupils on roll in October 2015 compared to October 2014. The estimated secondary numbers for pupils aged 11-15 are now static having fallen over the past decade.
- An increase for Primary Special Staff costs of £50,000 (maternity) and the costs of supporting the Free School Meals (FSM) eligibility checks £10,000.
- An increase in rates payable of £89,500. There is an overall price increase reflecting inflation and increases resulting from the transfer of Childrens Centres.
- There is a small amount of Headroom within the budget £352,500. This arises from a difference between the pupil funding received in DSG for rising primary rolls and the primary funding allocated within the Individual Schools Budget (ISB). .
- The Primary and Secondary school budgets continue to be supported by reserves. £380,000 will be used in 2016-17 (reduced from £732,500)
- There is no anticipated change to the overall funding per pupil arising from the above. Where changes are experienced at a school level this results from changes in pupils or in pupil characteristics eg attainment or deprivation / FSM's.

2.8.2 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.

2.8.3 High Needs Places £14.7m

Guidance earlier in the year from the Education Funding Agency (EFA) indicated there would be no move to place led funding being determined automatically by lagged pupil data. Instead the places in specialist provision continue to be determined by each local authority with flexibility to make adjustments so that they broadly reflect take up by pupils. A number of place changes were considered by the Schools Forum. These changes confirm those made on a temporary basis in the budget last year, together with a number of additional proposals. All have now been reflected in the budget as follows:

Changes made in 2015-16

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

Further changes from September 2016

Elleray Park increase by 11 places to 110
Stanley increase by 21 places to 120
Lyndale reduction of 40 places
Claremount increase by 10 to 204
Enhanced Resource Provision:
Bebington reduce by 5 to 20
Birkenhead Park reduce by 10 to 10
Kingsway Academy reduce by 10 to 20

There are no changes proposed to the Hospital School

2.8.4 Early Years £14.9m

The DfE anticipate there are 1,568 children aged 2 who are eligible to receive Early Education. The budget for 2 year olds in this areas is based on 75% of those eligible taking up the offer. Over the course of the coming year it is expected that this level will increase to 90%.

The provision for 3 and 4 year olds based on 3,082 fte pupils will roll over at its current maximum level.

The estimated take up of the Early Years Pupil Premium has been included at £170,000 (reduced from its budget in 2015-16 of £357,000). The overall numbers claiming have not been as great as anticipated.

Flat cash settlements mean there are no planned changes to the rates or bands within the Early Years Single Funding Formula or the formula funding 2 year olds at this time.

2.8.5 SEN Top Ups £17.4m

The proposed budget for SEN Top Ups is £17.4m. Growth of £532,000 has been allocated to increased places in maintained and Independent Special Schools and to increased top ups.

SEN Top Ups 2016/17

Statements	Early Years	292,200
Primary		1,442,000
Secondary (including 6th Forms)		1,780,000
Personal Budgets		108,700
Other		226,500
 Top Ups		
	Special Schools (and 6th Forms)	6,406,300
	SEN units - resourced and alternative provision	602,000
	EMAP	243,800
	Further Education, 6th Form College and other providers	728,000
	Exceptional Need	710,000
	Support costs	11,700
	Contingency	474,000
	Independent Non Maintained Special Schools	3,689,000
	Home Teaching	308,900
	Everton Free School and 6 th Form element 2 (EFA)	434,000
	Total	17,457,400

Changes in costs which have been identified as part of the budget review are:

- **Special Schools.** The top up budgets have been increased by £220,700, reflecting additional numbers at Stanley, Elleray Park, Claremount and Foxfield.
- **Statements.** A net reduction of £158,600. The budget anticipates that the current numbers will continue into 2016-17 with an adjustment for changes / increases in the overall school roll.
- **Independent Special Schools.** An increase of £305,700. The number and cost of placements have increased during the last year. There are currently 91 places, just over half of which are at West Kirby Residential School. The proposed budget takes account of these numbers and makes provision for a further 9 part year places.
- **Further Education and 6th Form College.** A small reduction of £14,700, reflecting a reduction in high cost placements and some changes across service providers.
- **Exceptional Need** an increase of £260,800. There are increasing numbers and costs, arising from the complexities and challenges supporting children with high needs. Of the growth required £189,000 will be funded from reserves whilst the budget and future commitments are reviewed.
- **Contingency.** The contingency of £474,000 covers the potential costs of:
 - The 90% guarantee to maintained schools to limit the demands on low cost high incidence SEN budgets used to support statements.
 - 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.

There are significant budget pressures which have been eased by growth within the High Needs Block Grant allocation. However this growth alone is not sufficient and does not address all needs. The use of reserves provides some temporary funding whilst a more permanent solution is sought. The area will be reviewed and changes / updates to the budget will be the subject of discussion with the Forum.

2.9 Use of Reserves

DSG reserves held total £3.5m and were agreed as part of the year end accounts for 2014-15. The Schools Budget for 2015-16 plans to use £1.5m of these.

In the 2016-17 budget £568,900 of reserves will also be used.

The remaining reserves of £1.4m are held mainly for the costs of pay harmonisation together with a remaining balance of £600,000.

2.10 Other Grant Funding

In addition to DSG all schools receive a Pupil Premium providing funding targeted to deprived pupils. Now in its sixth year there are only minimal changes planned.

The meal rate for Universal Infant Free School meals will stay at £2.30 per meal for the academic year 2016-17.

The SEND Implementation Grant will continue (with increased funding) to support the implementation of the new SEND reforms.

The funding for Primary PE and Sport and Extended Rights for Home to School Transport continue.

The Education Services Grant, (funding for School Improvement, Education Social Workers, Premature Retirement Costs, statutory duties and funding for academies) has been cut; from £87 to £77 per pupil. This reduction is part of the first steps to achieve the £600m savings announced in the November Spending Review.

2.11 Academies

Currently there are 15 secondary academies, 2 primary academies and 1 Alternative Provision Academy – Emslie Morgan. 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 2016-17.

2.12 Minimum Funding Guarantee (MFG)

The MFG will continue in 2016-17, protecting schools from large 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 a feature of future funding reforms.

3.0 INFLATION

- 3.1 No direct provision is included within the budget for pay awards. At this stage a 1% award for teaching and support staff is anticipated, together with an increase in National Insurance contributions from 10.4% to 13.8%. The additional costs arising from these changes in schools together with the full year effect of changes in 2015-16 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 facilities time), the School Library Service, Insurance (Governors Aided), Behaviour Support, the Minority Ethnic Achievement Service (MEAS) and FSM Eligibility have been delegated to schools.

With the exception MEAS and Trade Union Facilities' Time (Secondary Schools only) maintained Primary and Secondary Forum representatives agreed to the de-delegation of these budgets which would be held and managed centrally on their behalf Central funding is provided for MEAS for the summer term only. Discussions around future provision will focus on the developing a traded service.

The remaining centrally held budgets for 2016-17 cover:

- the continuing premature retirement costs of teachers and staff that have arisen from closing schools (£86,000 a reduction of £40,000)
- the cost of licences for copyright and music in all schools and academies resulting from a national agreement (£223,800 a reduction of £30,200)
- School Admissions including administering the 11+ (£341,800)
- Planned Programmed Maintenance (PPM £249,000)
- The PFI Affordability Gap (£2,886,500) an increase of £150,000 which is LA funded.
- Schools Forum £10,600
- Early Years £378,700
- Contributions to combined budgets (£1,698,800).

4.2 Contributions to Combined Budgets

School Funding Regulations 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:-

- **Discretionary Rate Relief £106,600**

This budget funds continuing costs for Discretionary Rate Relief in Voluntary Aided schools.

- **School Improvement £359,900**

This supports the funding for a number of consultant teachers who work with schools, School Improvement Associates, governor support, Evolve, 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. There is also a £10,000 contribution from the High Needs Budget.

- **School Intervention £674,500**

This budget provides additional funding within School Improvement to support priorities in targeted schools during the year.

- **LACES £140,500**

The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils.

- **City Learning Centres £304,700**

The 3 City Learning Centres had a combined budget of £694,700 in 2015-16 together with £120,000 from the Council's capital programme (for upgrades to high value equipment). Forum members did not vote to maintain this budget allocation beyond July 2016. The central PFI costs however of £108,000 will be retained

- **Miscellaneous £82,600**

- These amounts support the Governors Forum, school wellbeing, the School Staff Survey and the PFI Support Team. Forum members did not vote to support the provision for Wellbeing and School Staff surveys beyond the Summer Term.

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	304,700
LACES	140,500
Wellbeing and School Staff Surveys	18,600
Governors Forum	2,200
PFI Support Team	61,800
Total	1,698,800

5.0 Changes to School Redundancy Policy from September 2016

5.1 Schools seek to reduce their workforce and in certain circumstances to make staff redundant for a number of reasons including:

- o School closure, merger, federation.
- o Changes in school funding.
- o Restructure.
- o Falling school rolls.
- o Other such as changes in school curriculum.

Schools contribute 25% to the cost of redundancies and the LA fund the remaining 75%. This position is in respect of maintained schools only; academies pay all redundancy costs from their budget allocation from the Education Funding Agency (EFA).

5.2 In 2015-16 the LA has a budget of £128,300 to meet its share of school redundancy costs. This has been benchmarked with statistical neighbours as follows:

Spend per capita – Wirral		£4
Statistical Neighbours		£1
England average		£5

Redundancy costs in previous years are:

School Costs	2013-14		2014-15	
	LA £000	Schools £000	LA £000	Schools £000
Falling Rolls	180	60	100	33
Restructure	22	6		
Deficit	1		70	24
Fund changes	6	2	4	1
Other	18	6	27	9
Total	227	74	201	67
Number	30		22	

- 5.3 The changes being considered, which are similar to many other authorities will restrict this funding so that in future the LA only fund 75% of redundancy costs where:
- The school has or has had significant falling rolls.
 - Falling rolls are evidenced.
 - Evidence is provided that where there are falling rolls that there is a planned reduction / restructure.
 - The decision to make redundancies is taken in consultation with LA finance, HR and School Improvement staff.

The LA will not consider funding redundancies and severance costs where the deficit has arisen for other reasons such as formula changes or the impact of inflationary increases.

- 5.4 The Education Act 2002 sets out the legal framework for the treatment of redundancies' and associated costs in schools. The act states that costs incurred in respect of the dismissal of staff in school should not be met from school budget shares unless the authority has good reason for doing so. The School Revenue Funding guide by the EFA provides further advice and prevents any new redundancy costs being charged to central school budgets.

The reasons that redundancy costs could be charged to school budgets follow on from the implications of flat cash budgets and the need to make cost reductions. These have been known for some time, having been a feature of school finances since 2011 and widely understood / reported.

During this time schools have taken action to review staffing levels and contracts, reduce spend and where possible increase balances / reserves. Whilst increases in pay costs next year are significant, they have been known or anticipated and will have been a feature in school budget planning.

- 5.5 There have been briefings with Headteacher groups and governors about these changes and a short consultation has been undertaken with schools. Although only

limited responses were received the subsequent discussions at Schools Forum confirmed support to continue funding for redundancy costs associated with falling school rolls. Comments on the other proposals to change the policy were wide ranging and consistently negative. Schools commented on the additional burden this would place and the impact this would have on their ability to pay and attract experienced staff. Schools also questioned the LA's statutory obligation to meet these costs

Most schools suggested that the date of April 2016 for introduction should be deferred, since any impending decisions that schools would take in the current academic year could not be made before then. Similarly schools commented that the changes should be introduced more gradually. These views were supported by Forum members.

Taking account of the comments from schools and the Forum the report recommends that the changes described are deferred until September 2016, but are not phased. This will provide a timescale whereby budget planning and restructure decisions can be taken where needed under the old policy. Whilst this is likely to result in additional costs in excess of the current budget, there is an existing reserve with an uncommitted balance of £300,000 which would support additional costs.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The budget for 2016-17 is compiled from the base budget for 2015-16 approved by Council on 24th February 2015 and updated for any issues identified in this report.

The projected budget (DSG, reserves and council contribution) is £243,273,400 and is shown in Appendix 1.

7.0 LEGAL IMPLICATIONS

- 7.1 The Council is required to agree a Budget for 2016-17 and to inform Primary and Secondary Schools of their individual budget allocations by 28th February (Special Schools and Early Years providers by 31st March)

8.0 RESOURCE IMPLICATIONS: ICT STAFFING AND ASSETS

- 8.1 The Schools Budget makes some limited provision for staff providing support to schools, mainly within budgets for Special Education Needs and Disabilities. Most staff however are employed directly by schools where these decisions are made by governing bodies.
- 8.2 Schools continue to receive some funding for assets and ICT through Formula Capital Grant Allocations. Most asset funding is directed through the Council's Capital Programme and includes school schemes funded by capital grant allocations for Condition and Basic Need.

9.0 RELEVANT RISKS

- 9.1 There are increasing cost pressures in schools arising from "flat cash" budgets. The additional costs arising from pay awards, pension increases and national insurance changes (adding about 5% to next years school pay bill) will not be met from increased budget allocations, instead they will need to be found from efficiency savings. With the exception of Pupil Premium the funding available for schools has not

increased since 2011. These cost pressures are causing significant difficulties for schools across the country and Wirral is no exception.

Reports to the Schools Forum have indicated that without remedial action more than half of schools may have a deficit budget by March 2017 and that balances could reduce to an overall deficit of £2m. Action is being taken to address the position and to agree a course of action with those schools and governing bodies concerned.

10.0 ENGAGEMENT AND CONSULTATION

- 10.1 The Budget has been considered by the Schools Forum. The implications for individual schools have been discussed with governors and headteachers. Similarly the changes to redundancy policies have been discussed and have been the subject of a short consultation.

11.0 EQUALITY IMPLICATIONS

- 11.1 The budget and proposals contained in this report are supported by an Equality Impact Assessment.

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APPENDICES Appendix 1 Schools Budget variations
Appendix 2 Schools Budget summary

SUBJECT HISTORY

Schools Forum - Schools Budget Report 2016-17	13 th January 2016
Cabinet Schools - Budget 2015-16	10 th February 2015
Schools Forum - Schools Budget Report 2015-16	14 th January 2015
Cabinet – Schools Budget 2014-15	14 th February 2014
Schools Forum - Schools Budget 2014-15	22 nd January 2014

Schools Budget Summary**2016-17**

	£000
Dedicated Schools Grant	242,118
Use of DSG and other reserves	569
Total Grant Funding	<u>242,687</u>
Schools Budget Base Expenditure	172,745
Add back 2015-16 Academy and High Needs baseline	69,532
	<u>242,277</u>
Change in ISB costs	
Net rising rolls	1,053
Special Place changes	124
Rates	90
Net Headroom	353
Reduction in reserves	(353)
Early Years provision for 2 year olds	(691)
Early Years Pupil Premium	(187)
Delegated CLC and Wellbeing Budgets	377
	<u>766</u>
Changes in SEN / High Needs Costs	
Reduction in Statements / EHCP's	(159)
Special School top ups	221
Alt.Provision Top Up and Place changes	(171)
Independent Special School Top Ups	306
Exceptional Needs	261
Transfer CLC and Wellbeing Budgets	39
	<u>497</u>
Other Changes in Central Costs	
Cease central CLC and Wellbeing Budgets	(416)
Increase (inflation) re PFI contracts	150
Special Staff costs and FSM eligibility	70
Licences	(30)
School Closure	(40)
	<u>(266)</u>
Total Schools Expenditure	<u>243,274</u>
Net Schools Budget	587

EDUCATION – SCHOOLS

	Base Estimate 2015-16 £	Base Estimate 2016-17 £
Individual Schools Budget		
Primary Schools	93,028,400	97,465,500
Secondary Schools	26,045,600	89,605,800
Special Schools	8,733,400	9,921,700
SEN Bases	1,616,800	2,584,500
EMAP	-	800,000
Wirral Hospital Schools	1,352,300	1,356,300
Early Years	15,750,000	14,872,000
Individual Schools Budget Total	146,526,500	216,605,800
Central School Costs		
Early Years	378,700	378,700
Admissions	341,800	341,800
School closure / retirement costs	126,000	86,000
Licences and subscriptions	254,000	223,800
Schools Forum	10,600	10,600
Contribution to Combined Budgets	2,114,800	1,698,800
PPM	249,000	249,000
PFI Affordability Gap	2,736,500	2,886,500
Costs delegated to schools		
Library Service	191,700	191,700
Insurances	32,300	32,300
Minority Ethnic Achievement Service	244,600	104,100
School Specific Contingencies	104,300	104,300
Special Staff Costs	667,600	699,700
School Meals	13,600	21,200
Behaviour Support	92,200	92,300
High Needs Pupils		
Statements	4,008,000	3,849,400
SEN Top Ups	8,384,900	8,701,800
High Needs Contingency	474,000	474,000
Independent Special Schools	3,395,000	3,689,000
Home Tuition	308,900	308,900
Everton Free School and LCHI 6 th Form		434,000
Support for SEN	2,031,500	2,031,500
Special School Transport	58,200	58,200
Non delegated School Costs Total	26,218,200	26,667,600
Total School and Central Costs	172,744,700	243,273,400
Dedicated Schools Grant Total	(171,413,300)	(242,118,000)
Use of Reserves	(894,900)	(568,900)
Grand Total	436,500	586,500

Note – Base Estimate 2015-16 is after academy recoupment

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COUNCILLOR PHIL DAVIES

**CABINET
22 FEBRUARY 2016**

**NATIONAL NON DOMESTIC RATES
DISCRETIONARY RELIEF SCHEME 2016/17**

Councillor Phil Davies, Leader of the Council, said:

'The Council is required to put in place an effective policy in this area, which this report provides. The policy supports charities and a range of other organisations in Wirral."

REPORT SUMMARY

This report seeks approval of the Council's National Non Domestic Rates Discretionary Rate Relief Scheme to be effective from 1 April 2016. The current Scheme also contains Living Wage Relief, Retail Rate Relief and, Business Rate Re-occupation Relief all of which come to an end as at 31 March 2016.

This is a key decision and affects all wards within the borough.

RECOMMENDATION

That the Discretionary Rate Relief Policy (Appendix 1) to this report be approved as the Council Policy for 2016/17 onwards.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1. The Council must have in place an agreed National Non Domestic Rates Discretionary Rate Relief Scheme prior to the start of the 2016/17 financial year.

2.0 OTHER OPTIONS CONSIDERED

- 2.1. Whilst the Council must have a Scheme there are a range of options as regards the level of assistance and the range of organisations to which support is offered.

3.0 BACKGROUND INFORMATION

- 3.1. National Non Domestic Rates or Business Rates is charged on all non-domestic properties and as a national scheme has been in place since 1990. Alongside the billing of properties there are a number of reliefs and exemptions available to help meet liability. These may be part of the national scheme or via local discretion which each local authority decides upon.
- 3.2. One area of relief is reducing rates liability (potentially up to full charge) of properties occupied by charities, voluntary organisations or sports and social clubs. This is split into two types Mandatory and Discretionary Relief. The Council supports clubs and organisations by reducing their rates liability and this is funded in part by Central Government and part by the local authority.
- 3.3. Mandatory Rate Relief is paid to charities and registered Community Amateur Sports Clubs (CASC's) at the rate of 80% and is fully funded by Central Government. Not for profit organisations, including Community Interest Companies (CIC) that are not registered as charities can apply for Discretionary Rate Relief.
- 3.4. Section 47 of the Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme. The Council must have a Policy but the scale is discretionary and can be limited by appropriate factors as to what the Council wishes to support.
- 3.5. The legislation states the discretionary relief qualifying conditions must be one or more of the following:
 - (a) the ratepayer is a charity or trustees for a charity and the property is wholly or mainly used for charitable purposes, whether that or other charities;
 - (b) the property is not an excepted property and all or part of it is occupied for the purposes of one or more institutions or organisations, none of which is established or conducted for profit and each of whose main objects are

charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts;

- (c) the property is not an excepted property, it is wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

An excepted property is a property occupied by the Charging or Precepting authority as relief cannot be awarded in effect to itself.

- 3.6 The Council retains the discretion to award any amount up to 100%, less any Mandatory Relief granted. The Scheme proposed in Appendix 1 looks to acknowledge the valuable role that voluntary organisations play in the life of Wirral residents.
- 3.7. In order to ensure the effective administration the current Discretionary Policy has general principles agreed on eligibility and thereafter each case is decided on its own merits by the Revenues Senior Manager apart from cases that within the Policy are due to be decided by Members.
- 3.8 Currently 440 properties receive support with 78 properties receiving 80% Mandatory Relief only, 344 receiving 80% Mandatory and 20% Discretionary Relief and 18 receive 100% Discretionary Rate Relief. A list of the type of organisations in receipt is shown in Appendix 2.
- 3.9. All organisations were advised that Relief ends on 31 March 2016 and that the criteria will be reviewed. Since then the Government have announced further changes to Business Rates as well as the on-going review prior to the 100% retention of Business Rates by 2020. Whilst the Wirral Plan has been agreed by the Council and local partners the underpinning delivery plans are being developed. This will include working with organisations across Wirral and require a fundamental review of the Discretionary Rate Relief Policy during 2016.
- 3.10. For 2016/17 it is recommended that the existing Policy as shown in Appendix 1 be retained whilst noting the removal of the 2 year Retail Relief and the Rates Re-Occupation polices previously introduced by the Government come to an end on 31 March 2016. The local policy introduced to promote the Living Wage also comes to an end on 31 March 2016, regrettably uptake has been slow with only one firm benefitting from the Policy.

4.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 4.1 There are none as the proposal is to retain the current policy for 2016/17.

5.0 FINANCIAL IMPLICATIONS

- 5.1. With the changes to Business Rates introduced by the Government the costs of Discretionary Rate Relief are met through the Collection Fund for which the

costs are shared between the Government and the Council. The forecast spend in 2016/17 is £640,000.

6.0 LEGAL IMPLICATIONS

- 6.1 Section 47 of the Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Scheme. The required notice was supplied to recipients cancelling the existing Scheme and advising a replacement was being considered. The new Scheme needs to be in place prior to 28 February 2016 to allow for successful billing for 2016/17.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 7.1 There are no ICT, staffing or asset implications arising from this report.

8.0 RELEVANT RISKS

- 8.1 If a decision is not made to adopt this Policy the Council would not have a Discretionary Rate Relief Policy in place from 1 April 2016 and all previous recipients would not be awarded any Discretionary Rate Relief.

9.0 ENGAGEMENT/CONSULTATION

- 9.1 The required notice was supplied to recipients cancelling the existing Scheme and advising a replacement was being considered.

10.0 EQUALITY IMPLICATIONS

- 10.1 The Equality Impact Assessment link for National Non Domestic Rates Relief is shown;
<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversitycohesion/equality-impact-assessments/eias-2010/finance>

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APPENDICES

Appendix 1 – Discretionary Rate Relief Policy 2016/17

Appendix 2 – Organisations in receipt of Discretionary Rate Relief

REFERENCE MATERIAL

Local Government Finance Act 1988
NNDR (Discretionary Relief) Regulations 1989

NNDR (Discretionary Relief) Regulations 1992

SUBJECT HISTORY

Council Meeting	Date
Policy & Resources	24 January 1999
Cabinet (minute 202)	18 February 2013
Cabinet (minute 165)	13 March 2014
Cabinet (minute 197)	19 June 2014
Council (minute 112)	24 February 2015
Cabinet (minute 16)	29 June 2015

APPENDIX 1

WIRRAL COUNCIL

NATIONAL NON-DOMESTIC RATE DISCRETIONARY RELIEF POLICY 2016/17

1. AWARD

- 1.1 Whereby Mandatory Relief, at 80%, is payable to an organisation the Council may top-up that award with Discretionary Relief of 20% after careful consideration of below.
- 1.2 Where the organisation qualifies for Discretionary Relief utilising the following criteria the maximum (full relief) award under this policy will be 100% of the Business Rates payable after careful consideration of below.

2. ACCESS

- 2.1 Is membership open to all sections of the community? There may be legitimate restrictions placed on membership which relate for example to ability in a sport or the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited. Clubs or organisations should not be considered if they have membership rates set at such a high level as to exclude the general community. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.
- 2.2 Does the organisation actively encourage membership from particular groups in the community e.g. young people, women, older age groups, persons with disability, ethnic minorities, etc.? An organisation which encouraged such membership might expect more sympathetic consideration than one which made no effort to attract members from groups which the Authority considered to be particularly deserving of support.
- 2.3 Are the facilities made available to people other than members, e.g. schools, casual public sessions etc.? The wider use of facilities should be encouraged and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

3. PROVISION OF FACILITIES

- 3.1 Does the organisation provide training or education for its members? Are there schemes for particular groups to develop their skills e.g. young people, the disabled, retired people? An organisation providing such facilities might deserve more support than one which did not.
- 3.2 Have the facilities available been provided by self-help or grant aid? The fact that a club uses or has used self-help for construction or maintenance or had facilities funded by grant aid might be an indicator.

- 3.3. Does the organisation run a bar? The mere existence of a bar should not in itself be a reason for not granting relief. The Authority should look at the main purpose of the organisation. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A social club whose main aim is to bring together people with similar interests should not be excluded from relief just because of the existence of a licensed bar.
- 3.4. Does the organisation provide facilities which indirectly relieve the Authority of the need to do so, or enhance and supplement those which it does provide? Authorities should not refuse relief on the grounds that an organisation is in competition with the Authority itself, but should look at the broader context of needs of the community as a whole. A new need, not being provided by the Authority itself but identified as a priority for action, might be particularly deserving of support.

4. OTHER CONSIDERATIONS

- 4.1. Is the organisation affiliated to local or national organisations e.g. local sports or arts councils, national representative bodies, i.e. are they actively involved in local/national development of their interests?
- 4.2. If the organisation is a sporting club and its main activities are a recognised eligible sport the club will be encouraged to register with the Inland Revenue as a Community Amateur Sports Club (CASC).
- 4.3. Is the membership drawn from people mainly resident in the charging authority's area? Although authorities will have in mind that 25% of the cost of any relief given will be borne by the Council Taxpayers in their area, particular difficulties may arise with hereditaments which straddle local authorities boundaries and which under Regulation 6 of the Non-Domestic Rating (Miscellaneous Provisions) Regulations 1989 (S.I. 1989 No. 1060) will now fall to be shown in one list. In these cases and in those where hereditaments are situated close to an authority's boundary, a proportion of the membership may come from another charging authority area. Also for geographical reasons, or because of the nature of the terrain, particular facilities may be the only ones available for a wide area. In such cases the joint use of facilities by one or more similar organisations is not uncommon. In most cases there will be a measure of reciprocity between the memberships of organisations from different areas.
- 4.4. Authorities may wish to add further criteria or substitute relevant alternative criteria, which are appropriate to the furthering of their policies and the needs of the community such as development programmes. They should also bear in mind the need to encourage new activities in the wide range of organisations for which relief from rates is available.
- 4.5. The manner in which charities or organisations are funded should also be considered. In cases of full or substantial funding from central government; either directly or through an agency, council or similar body, which is funded

or established by central government, consideration should be given to the merit of awarding relief.

- 4.6. Are members paid to participate? The Authority may wish to consider whether to award relief where payments or other significant benefits are provided to players. Exceptions may be the reimbursement of reasonable travel expenses or reasonable provision and maintenance of club owned equipment. The Authority may look favourably on clubs whose paid players contribute more to the club than just playing e.g. by coaching younger members.
- 4.7. The Authority may wish to consider the extent to which the organisation's activities contribute to local community strategies or authority objectives for developing neighbourhood identity, community building or social inclusion.
- 4.8. Housing Associations, universities, further education colleges and independent schools are specifically excluded from receiving discretionary rate relief as per Cabinet decision dated 10 January 2008.
- 4.9. All future discretionary rate relief applications in respect of properties with a rateable value of less than £18,000 are accompanied by a Small Business Rate Relief (SBRR) application to encourage SBRR take up and to continue to reduce the reliance on the Discretionary Rate Relief budget. This will continue until this relief is ended by Central Government.
- 4.10. With effect from 1 April 2014, Community Interest Companies and social welfare organisations that occupy properties with rateable values under £7,000 be entitled to maximum level of discretionary rate relief and those occupying properties of £7,000 or more be considered by Members, on a case by case basis.

APPENDIX 2

ORGANISATIONS IN RECEIPT OF DISCRETIONARY RATE RELIEF

Organisation	Mand 80% and Disc 20%	Disc only 100%
Bowling Club		1
Charity Shops	70	
Community Associated Sports Clubs (CASC's)	8	
Community and Resident Associations	39	
Cricket Club		1
Gym	1	1
Housing Associations	2	
Miscellaneous	19	2
Museum	2	
National Charities	11	
Playgroups	2	
Religious Groups	9	
Rugby		5
Sailing Club		2
Soccer		1
Sports Club	2	1
Squash Club		1
Tennis Club		1
Theatre Charities	4	
Training Organisations	4	1
Voluntary and Aided Schools	33	
Welfare Organisations	92	1
Youth Organisations	46	
TOTAL	344	18

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CABINET MEMBER -
CHILDREN AND FAMILIES
TONY SMITH

CABINET

22 February 2016

ADMISSION ARRANGEMENTS FOR COMMUNITY AND VOLUNTARY CONTROLLED PRIMARY AND SECONDARY SCHOOLS AND COORDINATED SCHEME FOR 2017- 2018 AND UPDATE ON SOMERVILLE FEDERATION

Councillor Tony Smith Cabinet Member - Children and Families, said:

'The power to create a single or joint governing body across two or more schools was introduced in 2003 and has been very effective in raising standards, strengthening education in the wider community and protecting smaller schools.'

'Federation helps build capacity and promotes sharing of learning. The federation also offers opportunities both for staff development and for children to take part in joint activities.'

'Consultation on the co-ordinated scheme for admissions took place according to guidance and only minor amendments have been made to bring the content of the secondary scheme in line with the new arrangements for selective testing.'

REPORT SUMMARY

This report invites the Cabinet to determine the Authority's admission arrangements for community and voluntary controlled primary and secondary schools and the coordinated schemes for 2017-2018. This is a statutory requirement.

The report also provides an update on the outcome of the governing bodies decisions on the federation of Somerville Primary School and Brentwood Early Years Centre.

RECOMMENDATION/S

1. That Cabinet agree the proposed admission arrangements for community and voluntary controlled schools and the Wirral co-ordinated schemes for 2017-2018.
2. That Cabinet note the decision by the governing bodies of Somerville Primary School and Brentwood Early Years Centre to enter into a hard federation from 31st January 2016.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Authority is required to determine admission arrangements for community and voluntary controlled primary and secondary schools. The New School Admissions (England) Regulations (2003) also require the Authority to have in place a coordinated scheme for admissions to all primary and secondary schools including Academy schools, in 2017-18. The proposed schemes are attached along with proposed admission numbers for community and controlled schools (Appendices 1 and 2).
- 1.2 On 2nd July 2015, an advisory report was brought which set out the intention of the governing bodies of Somerville Primary School and Brentwood Early Years Centre to consult on entering into a hard federation. This consultation has taken place and the governing bodies have met to discuss the outcome of the consultation period which is reported here for information. Federations are a decision made by school governing bodies, not by the Council, however officers are required to offer clear advice as to appropriate action in order to spend public money wisely and ensure all Wirral's children benefit equitably from the funding available. Federation of these two schools could provide more sustainable provision for the benefit of Wirral's pupils.

2 OTHER OPTIONS CONSIDERED

None.

3 BACKGROUND INFORMATION

- 3.1 The consultation on the co-ordinated scheme for admissions took place according to guidance (see 8.0 below).
- 3.2 There were no changes to the School Admissions Code this year and only minor amendments have been made to the schemes in relation to the definition of terminology in relation to residence and home address, the medical criterion for the secondary scheme and to bring the content of the secondary scheme in line with the new arrangements for selective testing. This is set out in more detail in the Cabinet report of 9th October 2015.
- 3.3 No responses to the consultation were received.
- 3.4 The governing bodies of Somerville Primary School and Brentwood Early Years Centre have met separately and jointly to discuss the outcome of the consultation on federation and on 10th December

2015 notified the Council that they had decided to proceed with the federation, with a modification to the implementation date to 31st January 2016, and one amendment to the proposed constitution of the federated governing body to increase the size from 9 governors to 12 governors.

4 FINANCIAL IMPLICATIONS

4.1

There are no savings for the Council from the federation. The federated schools would jointly make a saving roughly equivalent to the salary of one headteacher, which would then be re-distributed into the budget of the federated school.

5 LEGAL IMPLICATIONS

- 5.1 It should be noted that the relevant co-ordinated schemes and the Fair Access Protocol apply to all Wirral primary and secondary schools, including Academy schools. A Voluntary Aided primary school and a Community primary school have already made the conversion to Academy status. This additional emphasis on the importance of school governing bodies to understand and apply the Admissions Code, Wirral co-ordinated scheme and FAP correctly and fairly, otherwise schools will be open to challenge both at parental appeal and by the School's Adjudicator and/or Secretary of State.
- 5.2 Regulations on the procedure for schools entering a federation are set out in the Guidance on the School Governance (Federations) (England) Regulations 2007. The consultation complied with all statutory guidance.

6 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The Fair Access Protocol requires a Local Authority Clerk to organise Fair Access Panels, prepare paperwork and disseminate Panel decisions to parents and schools. The cost of this is met from the Admissions budget which is part of the overall Schools budget.

7 RELEVANT RISKS

- 7.1 It should be noted that the relevant co-ordinated schemes and the Fair Access Protocol apply to all Wirral primary and secondary schools, including Academy schools. A Voluntary Aided primary school and a Community primary school have already made the conversion to Academy status. This additional emphasis on the importance of school governing bodies to understand and apply the Admissions Code, Wirral co-ordinated scheme and FAP correctly and fairly, otherwise schools will be open to challenge both at parental appeal and by the School's Adjudicator and/or Secretary of State.
- 7.2 Failure to determine the admission arrangements by 28th February of the preceding year would contravene the 2014 Admissions Code and

associated guidance.

8 ENGAGEMENT/CONSULTATION

- 8.1 Consultation on the co-ordinated scheme has taken place with all Wirral schools, other relevant admission authorities and all statutory consultees.
- 8.2 The consultation period took place for 6 weeks between 28th October and 9th December 2015, which complies with requirements set out in the School Admissions Code 2014.
- 8.3 The date by which the arrangements must be determined is 28th February. These admission arrangements must then be published on the Council's website by 15th March. The deadline for objections against the admission arrangements to the Schools Adjudicator is now 15th May.
- 8.4 The federation consultation by the governing bodies of Somerville Primary School and Brentwood Early Years Centre began on 30th September 2015 and ended on 11th November 2015. This included a public notice in a local newspaper, a printed leaflet to all staff, governors and parents as well as on the school websites, and public meeting held at Somerville Primary School on 13th October 2015.

9 EQUALITY IMPLICATIONS

An equality impact assessment has been completed and can be found at:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014/eias-families-wellbeing>

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APPENDICES

Appendix 1 – Scheme for the coordination of admission arrangements for primary schools 2017-2018

Appendix 2 – Scheme for the coordination of admission arrangements for secondary schools 2017-2018

Appendix 3 – Somerville Consultation leaflet

REFERENCE MATERIAL

School Admissions Code 2014

School Admissions Appeals Code 2012

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Delegated Authority	9th October 2015
Delegated Authority	7th July 2015 (federation)
Cabinet	15th March 2015
Delegated Authority	6th November 2014
Cabinet	13th March 2014
Delegated Authority	7th November 2013

**SCHEME FOR THE CO-ORDINATION OF ADMISSION ARRANGEMENTS
FOR MAINTAINED PRIMARY SCHOOLS IN THE WIRRAL AREA
FOR THE ACADEMIC YEAR 2017-2018**

This scheme fulfils the requirements for a scheme for co-ordinating admission arrangements under the School Admission (Co-ordination of Admissions Arrangements) (England) Regulations 2008, made under the School Standards and Framework Act 1998, for the area of Wirral Council. It builds on the well established co-ordination of primary school admissions that have been a longstanding feature of local practice.

The scheme applies to arrangements whereby children are to be admitted to primary schools in the academic year 2017/18 and for subsequent years, subject to any review.

The co-ordinated scheme applies to all schools, excluding special schools, maintained by Wirral Council ("the Council") and to preferences expressed by Wirral resident parents and carers for schools maintained by other English local authorities (LA), academies and free schools. Admissions to other schools with independent status are not be covered by this scheme.

**1.0 Applications for school places for admission into Foundation 2 –
the normal admission round**

- 1.1 Wirral Council will act as the co-ordinating authority for all applications. Offers will be made by the Council, in its role as the home authority, on behalf of the admissions authority for the school allocated as follows:

Admissions Authority	Category of School
Wirral Council	All Wirral community and voluntary controlled schools
Governing body of school	All Voluntary Aided, Foundation, Trust and Academy schools
Maintaining Local Authority	Non-Wirral community and voluntary controlled schools

- 1.2 The admission arrangements for schools maintained by Wirral Council are published on the Council's website and in its information booklets, in line with the requirements

set out in the School Admissions Code (2014). The Council's information booklets will be available electronically on the Council's website from 1 September. Hard copies will be obtainable by request from the Council from the start of the autumn term. Admissions arrangements are also available from each school on request.

- 1.3 All parents who live in the area administered by Wirral Council must apply for places in maintained and Academy primary schools either in Wirral or in the area of another Local Authority by completing a Wirral Parental Preference application. On-line applications are recommended and are made through the Council's website: www.wirral.gov.uk/schooladmissions. Parents who are unable to access the online admission system can request a paper application form from Wirral Council from the start of the autumn term.

The application (online or paper) provides an opportunity for the parent to:

- apply for up to 3 schools
- rank the schools applied for in order of preference

- 1.4 Applications for all schools, including Foundation, Trust, Academy and Voluntary Aided schools must be included on the application.
- 1.5 Applications for places sent direct by parents and carers to individual schools cannot be accepted and must be sent to the Council for inclusion within these arrangements.
- 1.6 Parents must return online and paper applications to Wirral Council by 15th January to ensure the allocation of a school place on 16th April or next working day (the National Offer date). Applications received after the published deadline of 15th January will be dealt with once the offer of places has been sent to parents on 16th April or next working day.
- 1.7 Parents can apply for school places only from the 1st September preceding admission to Foundation 2, that is, at the beginning of the academic year in which their child's 4th birthday falls. Children are normally admitted to school at the beginning of the academic year in which their 5th birthday falls.
- 1.8 **Deferred entry and part-time places.** Parents can request deferred entry or part-time attendance up until their child reaches compulsory school age (the term following their 5th birthday). The request must be made in writing to the Local Authority.

Child's age 5 birthdate between	First term of compulsory education
1 st January and 31 st March	Summer term (April)
1 st April and 31 st August	Autumn term (September)
1 st September and 31 st December	Spring term (January)

Parents should note that if a summer born child delays entry to the September after their fifth birthday, the child will ordinarily be expected to enter Year 1, not Foundation 2.

Parents of children born between 1st April and 31st August who wish to delay their child's entry to September, but are intending to request their child enters Foundation 2 rather than Year 1 are advised to apply as usual and to contact Wirral Council prior to 15th January to discuss options. These requests will be considered on the circumstances of each individual case and will require agreement from the allocated school.

1.9 **Applications from separated parents.** Only one application can be processed for each child; therefore it is important that both parties in shared custody arrangements are in agreement over the preferred school(s) named. Where a child spends equal time with both parents, the child's main permanent residence should be submitted as their home address. If agreement cannot be reached, or if neither parent has been granted a Specific Issues Order in this respect, then the Council will accept the application from the parent with whom the child is "ordinarily resident". This is the address where the child lives for the majority of the school week (Monday to Friday), and is usually where the parent/carer receives child benefit for the child (where eligible). Proof of address and residence arrangements will be required with the application.

1.10 **Changes of address.** Parents and carers must inform the Council immediately of a change of address, even if details of a future change of residency were included on the application form. The Council will require supporting evidence to show that the place of residency has changed; e.g. a letter from the solicitor confirming the completion date; a signed rental agreement showing the start of the tenancy and its duration. In addition further information may be requested – for example, copies of council tax and utility bills or any other information considered relevant to the

application, including evidence of disposal of previous property. Information and supporting evidence must be received by 28th February. Proof of residency received after 28th February will not be used to assign a higher criterion for admission, but will be used to send the decision letter on the published offer date.

- 1.11 **Home address.** This must be the child's permanent home address where he/she lives with a person of parental responsibility as the main carer as defined by the Children Act 1989. Applicants must not give the address of a business, relative, childminder, friend, a temporary address or an address to which they hope to move. The home address must not be where parents have taken out a short term let on a property solely to use it's address on the application form without any intention of taking up permanent residence there. Arrangements where parents leave and collect children from another relative or carer on a daily basis will be regarded as childcare arrangements, and the child will not be deemed to be "ordinarily resident" with that person. The Council will require proof of residence which may include proof of sale of a previous property.

Wirral Council regularly check addresses and **any deliberate misrepresentation will result in a place being withdrawn.** The Council acts on behalf of all Wirral admission authorities and reserves the right to request independent confirmation of the child's place of residence, as felt appropriate. The Mainstream Admissions team may have to share the information provided with other departments of the Council in order to verify the authenticity of pupil's addresses.

- 1.12 **Withdrawal of places.** The Council has the right to withdraw any place offered on the basis of a fraudulent or intentionally misleading application, or where a place has been offered in error.

2.0 Dealing with Applications

- 2.1 The Council's admissions criteria will be applied to rank the order of priority of each application for community schools and voluntary controlled schools.
- 2.2 The Council will provide Academy and Voluntary Aided Schools with details of those preference forms which include an application for their school by 16th February.
- 2.3 Preference ranking will not be shared with school admission authorities in accordance with paragraph 1.9 of the School Admissions Code 2014 as this cannot lawfully be used when applying oversubscription criteria.

- 2.4 The Governing Bodies of Academy and Voluntary Aided schools will rank each application by applying the school's admission criteria and notify the Mainstream Admissions team of their ranking by 28th February.
- 2.5 Where a pupil is eligible to receive an offer of two or more school places then the Council will allocate the highest priority preference.
- 2.6 The Mainstream Admissions team will notify the Governing Bodies of Academy and Voluntary Aided primary schools of those pupils who will be allocated places at their school by 9th April.
- 2.7 In March the Council will inform other Local Authorities of any pupils who are not resident in Wirral and to whom the Council can offer places at Wirral schools.

3.0 Determination of applications for Community and Voluntary Controlled schools

- 3.1 **Allocation of places.** Applications for all Community schools and also for Bidston Village Church of England (CE) Primary School, Holy Trinity CE Primary School (Hoylake), Millfields CE Primary School and St Bridget's CE Primary School (West Kirby) will be determined on the following basis:
 - 3.1.1 All children who have applied before 15th January will be eligible for a place so long as there is space within the school's admission number. If there are more applications than there are places available, then eligibility will be determined in accordance with the following scheme of priorities:
 - Children in care, and children who were in care but have been adopted or are subject to a residency order or special guardianship order ("previously in care")
 - Then children who live in the school's catchment zone in the following priority order:
 - Children who already have older brothers or sisters (including half or step siblings living in the same household) at the school when they are due to start school. If there are more children with older brothers or sisters at the school than there are places available, we will give priority to children with the youngest brothers or sisters at the school. We will also treat a brother or sister at a corresponding junior school as a sibling. Where there is more than one

applicant with a sibling in the same year group, priority will be given to those children who live nearest to the school. We measure distances from home to the school gate nearest to the child's home using the shortest road route, unless it is possible to use a footpath which we consider to be a safe walking route, using the Council's computerised Ordnance Survey Address Point based routing system.

- Children for whom there is a valid medical reason to support placement in a particular school. A letter in support from a senior health care professional will be required as evidence which must make it clear why only this school is appropriate for your child's medical needs.
- Children who live nearest to the school. We measure distances from home to the school gate nearest to the child's home using the shortest road route, unless it is possible to use a footpath which we consider to be a safe walking route, using the Council's computerised Ordnance Survey Address Point based routing system.

3.1.2 If places remain available, eligibility for children who do not live in the school's catchment area will be determined in accordance with the following scheme of priorities.

- Children who already have older brothers or sisters (including half or step-brothers and sisters living in the same household) at the school when they are due to start school. If there are more children with older brothers or sisters at the school than there are places available, we will give priority to children with the youngest brothers or sisters at the school. We will also treat a brother or sister at a corresponding junior school as a sibling. Where there is more than one applicant with a sibling in the same year group, priority will be given to those children who live nearest to the school. We measure distances from home to the school gate nearest to the child's home using the shortest road route, unless it is possible to use a footpath which we consider to be a safe walking route, using the Council's computerised Ordnance Survey Address Point based routing system.
- Children for whom there is a valid medical reason to support placement in a particular school. A letter in support from a senior health care professional will

be required as evidence which must make it clear why only this school is appropriate for your child's medical needs.

- Pupils who live nearest to the school. We measure distances from home to the school gate nearest to the child's home using the shortest road route, unless it is possible to use a footpath which we consider to be a safe walking route, using the Council's computerised Ordnance Survey Address Point based routing system.
- 3.1.3 If places remain available at the school after all "on time" applicants have been allocated, places will then be allocated to late applications received after 15th January in date order of receipt up to the school's admission number. See paragraph 5.0 below.
- 3.3 **Aided schools and Academies.** Applications for Academy schools and the Catholic and Church of England voluntary aided schools will be determined by the governing bodies of these schools in accordance with their published admission criteria.
Christ Church CE Aided Primary School in Birkenhead shares part of its catchment zone with two other schools - Woodchurch Road Primary School and Woodlands Primary School. Priority is given as detailed above in 3.1.1- 3.1.3.
- 3.4 **Mandatory Allocation.** Where it is not possible to allocate a place at any of the schools applied for, children resident in Wirral will be allocated a place at the nearest appropriate Wirral school where there are places available. "Appropriate" where possible means community school if the parents' preferences indicate preferences for non-denominational education; or a Catholic school or Church of England school if the parents indicated a preference for education in a school of that denomination. The nearest school will be measured on shortest walking distance using the Council's computerised Ordnance Survey Address Point based routing system.
- 3.5 **Special Needs.** All schools will be required to admit a pupil with a Statement of Special Educational Needs or Education Health and Care Plan naming the school.
- ## 4.0 Offer of Places
- 4.1 Parents and carers resident in Wirral who have made an online application will be informed by the Director of Children's Services of the school allocated by e-mail on 16th April or next working day, if a valid e-mail address has been provided. The e-mail

will also inform the parent of their legal right to appeal to an independent panel and who to contact to make an appeal.

- 4.2 Parents and carers resident in Wirral who have submitted a paper application will be informed by the Director of Children's Services of the school allocated in writing. Letters will be despatched on 16th April or next working day, and will be sent by second class post. The letter will also inform the parent of their legal right to appeal to an independent panel and who to contact to make an appeal.
- 4.3 If places become available before the start of the autumn term, the Council will allocate them to children whose parents have either lodged an appeal but not been successful or who have expressed a continuing interest in a place at the school concerned. Parents can do this by e-mail or by returning the reply slip attached to the allocation letter. If there are more children interested in a particular school than places available, the Council will use the same criteria to determine priorities as is used for the initial allocation.
- 4.4 All offers of places for schools covered by the Wirral scheme will be issued by the Council. Schools cannot offer places directly to parents.

5.0 Late applications

- 5.1 Applications received after the published deadline of 15th January will be dealt with after the offer of places have been sent to parents on 16th April or next working day. Wirral Council will send details of late applications for Academy and Voluntary Aided schools to the governors of the schools concerned by 23rd April or, for applications received after that date, within five days of receipt.
- 5.2 Preferences for community and voluntary controlled schools will be dealt with in the date order they are received by the Council. The Council will allocate places up to the school's admission number. If several applications are received on the same day for the same school, the scheme of priorities given in 3.1.1 and 3.1.2 above will be used.
- 5.3 Parents will be notified in writing by Wirral Council. The letter will also inform the parent of their legal right to appeal for any Wirral school and who to contact to make an appeal. Parents should, where possible, lodge an appeal within 20 working days of receipt of notification of the outcome of their application.
- 5.4 Applications for Catholic or Church of England Aided Primary Schools and the Academy received after the published deadline of 15th January will be determined by

reference to the schools' published admission arrangements and the governors will inform Wirral Council of the outcome of the applications. Parents will be notified in writing by Wirral Council. The letter will also inform the parent of their legal right to appeal and who to contact to make an appeal. Parents should, where possible, lodge an appeal within 20 working days of receipt of notification of the outcome of their application.

- 5.5 Parents and carers must accept or decline the offer of a late place within 10 working days of the offer date.

6.0 Waiting Lists

- 6.1 If at the end of the Summer Term a school is believed to be full, the Council will close the procedures and make no more reallocations. However, it may be that places will become available at the beginning of or during the Autumn Term. The Council will keep a list of children whose parents have expressed an interest in obtaining a place at the school if a place becomes available. In August, the Council will write to the parents of those children included in paragraph 4.3 who have expressed a continuing interest. This list will be held open during the Autumn Term. Priority on the list for community and controlled schools will be given to children in accordance with the criteria given in paragraphs 3.1.1 and 3.1.2. Each added child requires the list to be ranked again in line with the published admission criteria.
- 6.2 The Council will contact parents directly if a vacancy does occur. Schools must not notify parents that a place has become available but must inform the Council in order that an offer can be made by the home Local Authority. The Council will cease to hold the Foundation 2 waiting list at the end of the Autumn Term.

7.0 In Year applications outside the normal round of admissions

- 7.1 'In year' applications are those made during the school year into any year group, other than at the normal point of entry (i.e. the normal admission round). This will include applications from parents and carers of children moving into Wirral from another Local Authority area, moving within Wirral, or seeking to transfer to an alternative school for other reasons.
- 7.2 Applications for all schools including Academy and Voluntary Aided schools must be made on a common Primary School Transfer Form. Parents/carers seeking places 'in

'year' will be advised to complete their 'home' Local Authority's common application form stating up to three school preferences ranked in priority order.

- 7.3 Schools should not deal with transfer application forms. Any forms received by schools should be forwarded to the Mainstream Admissions team in the Children and Young People's Department.
- 7.4 Upon receipt of a transfer request Mainstream Admissions staff will establish whether or not the parent has discussed the request with the headteacher of the pupil's current school. If this is not the case, parents will be advised to contact the headteacher to discuss their request.
- 7.5 If the parents have discussed the request with the headteacher, the transfer request form will be acknowledged and parents informed that the Mainstream Admissions team will forward the documentation to their current and preferred school(s). Requests for transfer in Y6 other than moves from outside Wirral will be discouraged on educational grounds, but parents have the ultimate right to proceed with the request.
- 7.6 The Council will arrange for children in Years 1 and 2 to start at a community or voluntary controlled primary school in a similar way as Foundation 2 (Reception) age children. The appropriate year group is determined by the chronological age of the child.

Key Stage 1 – The Council will offer children places at their catchment school as long as this will not bring the class size to more than 30, and if the Council cannot offer an alternative school place within two miles of the parents home address.

The Council will agree a place in an out-of-zone school as long as:

- i) there is room within the admission number; and
- ii) there are not already 30 children in the class.

Where a school, which is below its admission number, has organised its Key Stage 1 into classes of 30 and the only way to admit another child would require the admission authority to take Qualifying Measures (that is, it would require the school to provide additional resources in terms of staff and accommodation), these are grounds on which the Council or other admission authority may refuse an application.

Key Stage 2 – Children are automatically entitled to a place at their catchment school even though the school may be on or above its admission number.

The Council will agree a place in an out-of-zone school as long as there is room within the admission number.

7.7 **Infant Class Size limit exceptions**

There are a limited number of exceptions to the Infant Class Size limit of 30. These children remain an excepted pupil for the time they are in an infant class, or until the class numbers fall back to the infant class size limit. They are:

- Children with statements of special educational need (SEN) or Education Health and Care Plan (EHCP) admitted outside the normal admission round
- Looked after children and previously looked after children
- Children admitted because of a procedural error made by any admission authority in the original application process
- Children admitted following an appeal upheld by an independent appeals panel
- Children who move into a catchment area outside the normal admission round for whom there is no other school place within a shortest walking distance of 2 miles
- Children of UK service personnel admitted outside the normal admission round who move into a catchment area
- Twins and children from multiple births when one of the siblings is the 30th child admitted
- Children with SEN who are normally taught in an SEN unit attached to the school or who are registered with a special school, but attend some infant classes within a mainstream school

7.7 **Children of UK service personnel.** Places for these children will be allocated in advance if accompanied by an official letter with a relocation date and Unit postal address or quartering area address.

7.8 **Overseas applications.** Parents who have already moved to the UK from overseas who are British or European Economic Area nationals, or who have an endorsed passport showing right of abode, can apply for places for their child at any school covered by this scheme. The Council may ask to see passports for verification.

Parents or children in these categories who do not yet live in the UK can apply before the date they move to the UK. However, the address to be used in the allocation will be the address that the child is living at on the closing date, unless a subsequent house move has been accepted up to the last date for changes in the coordinated scheme. A UK address will only be used once the child is residing at that address, and evidence will be required of this, as in paragraph 1.10 of this document.

- 7.9 **Waiting Lists.** The Council will not keep waiting lists for places in Year 1 and above. Parents may wish to contact schools directly to establish whether there is space in their child's year group prior to completing an inyear transfer request form. The Council will confirm the availability of a place with the school before issuing a formal offer of a place. Schools must not offer places to parents.
- 7.10 The Council will provide Voluntary Aided Schools and the Academy with relevant on-line and paper form preference information for those applications which include a preference for their school.
- 7.11 The Governing Bodies of Voluntary Aided schools and the Academy will consider each application by applying the school's admission criteria and notify the Council of their decision within 5 days of receipt of the application.
- 7.12 Where a pupil is eligible to receive an offer of two or more school places then the parent's highest priority eligible preference will take precedence.
- 7.13 All parents will be informed by the Council of the school place allocated by letter. The letter will also inform the parent of their legal right to appeal and who to contact to make an appeal. Parents should, wherever possible, make an appeal within 20 working days of receipt of the letter notifying them of the outcome of their application.
- 7.14 If the relevant body is refusing admission the Council will write to the parent advising them that the application has been refused and informing the parent of the legal right to appeal against the decision. Where a house move from outside the area or within Wirral is the reason for requesting an in year transfer and none of the preferred schools are able to offer a place, the Council will, where possible, indicate on the refusal letter the nearest appropriate school with vacancies at the time of application, where "nearest" uses the shortest walking distance from the Council's computerised Ordnance Survey Address Point based routing system. The letter will also inform the parent of their legal right to appeal and who to contact to make an appeal. Parents

should, wherever possible, make an appeal within 20 working days of receipt of the letter notifying them of the outcome of their application.

8.0 Pupils transferring from Infant to Junior Schools

- 8.1 All children who are on roll at one of the Infant Schools listed below at the time of transfer from Year 2 to Year 3 are eligible to transfer to the linked junior even if they do not live in the school's catchment area. Children who live in the catchment area of the Junior School are also eligible.

Black Horse Hill Infant School to Black Horse Hill Junior School

Brackenwood Infant School to Brackenwood Junior School

Greasby Infant School to Greasby Junior School

Overchurch Infant School to Overchurch Junior School

Town Lane Infant School to Higher Bebington Junior school

- 8.2 Admissions to St John's Junior School are detailed by the governing body in accordance with the school's admission arrangements.

9.0 The Fair Access Protocol

- 9.1 All requests for in-year places will be considered with reference to the Council's current admission arrangements and procedures for in year placements.

- 9.2 All schools will take part in the Fair Access Protocol, which is published separately. Schools must respond immediately to requests for admission to school according to the timescales above so that admission of the pupil is not unduly delayed.

- 9.3 Children who are looked after and previously looked after, and children with a Statement of Special Educational Needs or Education Health and Care Plan (EHCP) naming the school are NOT included in the Fair Access protocol. These children MUST be placed in the school of their carer's preference irrespective of the availability of places in the year group.

- 9.4 **Permanent Exclusions.** For pupils who are at risk of permanent exclusion and on the roll of a Wirral school it is open to the headteacher to refer the child to Gilbrook Outreach Service or to consider a Managed Move. All such placements will be initially on a trial basis for a minimum of six weeks. Confirmation of placement or the school roll will be subject to a satisfactory report.

- 9.5 Pupils who have been permanently excluded will normally be placed on the roll of Gilbrook School or EMAP (Emslie Morgan Alternative School Provision). Schools should contact the Exclusions Officer as soon as the exclusion has taken place. The Exclusions Officer will consider whether the pupil can be transferred immediately to an alternative primary school. Such transfers will be agreed with the parent and relevant headteacher. All primary schools will take a minimum number of 1, or the number of permanent exclusions in the previous academic year, as the agreed quota of permanently excluded pupils for placement.
- 9.6 **Negotiated transfers.** For children who are not at risk of permanent exclusion, but where there are concerns about behaviour or attendance, it is open to schools to consider a negotiated transfer. This is covered within the Fair Access protocol. All such placements will initially be on a trial basis for a minimum of six weeks. Confirmation of placement on the school roll will be subject to a satisfactory report.
- 9.7 Parents retain their legal right to an appeal for a place at any school of their preference. This right is not affected by the decision of the Fair Access Panel.

Admissions Authorities in Wirral
Wirral Council
Community Primary Schools (58)
Voluntary Controlled Primary Schools (4)
The Governing Bodies of:
Academy Schools
Birkenhead High School Academy for Girls (Junior)
Our Lady of Pity Catholic Primary School
Townfield Primary School
Church of England Aided Primary Schools
Christ Church (Birkenhead) CE Primary School
Christ Church (Moreton) CE Primary School
Dawpool CE Primary School
St Andrew's CE Primary School
St Peter's CE Primary School
St Saviour's CE Primary School
The Priory CE Primary School
Woodchurch CE Primary School
Catholic Aided Primary Schools
Christ The King Catholic Primary School
Holy Cross Catholic Primary School
Ladymount Catholic Primary School
Our Lady and St Edwards Catholic Primary School
Sacred Heart Catholic Primary School

St Alban's Catholic Primary School
St Anne's Catholic Primary School
St John's Catholic Infant School
St John's Catholic Junior School
St Joseph's (Birkenhead) Catholic Primary School
St Joseph's (Upton) Catholic Primary School
St Joseph's (Wallasey) Catholic Primary School
St Michael and All Angels Catholic Primary School
St Paul's Catholic Primary School
St Peter & St Paul Catholic Primary School
St Peter's Catholic Primary School
St Werburgh's Catholic Primary School
Joint Denominational Aided Primary Schools
Holy Spirit Catholic and CE Primary School

A full list and map is provided in the Council's information booklets for parents, available on-line at www.wirral.gov.uk/schooladmissions.

* Status subject to confirmation at time of publication.

PROPOSED ADMISSION NUMBERS FOR 2017-17**WIRRAL COMMUNITY AND VOLUNTARY CONTROLLED
PRIMARY SCHOOLS**

SCHOOL	ADMISSION NUMBER
2017 – 2018	
Barnston Primary	45
Bedford Drive Primary	60
Bidston Avenue Primary	60
Black Horse Hill Infant	60
Black Horse Hill Junior	60
Bidston Village CE Primary School	50
Brackenwood Infant	60
Brackenwood Junior	60
Brookdale Primary	30
Brookhurst Primary	30
Castleway Primary	30
Cathcart Street Primary	30
Christchurch CE Primary (B)*	38
Church Drive Primary	44
Devonshire Park Primary	60
Eastway Primary	30
Egremont Primary	60
Fender Primary	42
Gayton Primary	30

SCHOOL	ADMISSION NUMBER
2017 – 2018	
Greasby Infant	60
Greasby Junior	60
Great Meols Primary	60
Greenleas Primary	45
Grove Street Primary	60
Heswall Primary	30
Heygarth Primary	45
Higher Bebington Junior	85
Hillside Primary	30
Hoylake Holy Trinity CE Primary	45
Irby Primary	30
Kingsway Primary	25
Leasowe Primary	30
Lingham Primary	54
Liscard Primary	90
Manor Primary	30
Mendell Primary	30
Mersey Park Primary	60
Millfields CE Primary	30
Mount Primary	48
New Brighton Primary	90
Overchurch Infant	90
Overchurch Junior	94

SCHOOL	ADMISSION NUMBER
2017 – 2018	
Park Primary School	60
Pensby Primary	30
Portland Primary	30
Poulton Lancelyn Primary	60
Prenton Primary	60
Raeburn Primary	60
Riverside Primary	43
Rock Ferry Primary	45
Sandbrook Primary	30
Somerville Primary	75
St. Bridget's CE Primary	60
St. George's Primary	110
Stanton Road Primary	45
Thingwall Primary	30
Thornton Hough Primary	25
Town Lane Infant	74
Well Lane Primary	30
West Kirby Primary	40
Woodchurch Road Primary	71
Woodlands Primary	44
Woodslee Primary	46

*Note that the status of these (and potentially other) primary schools is subject to change at time of determination. These tables will be updated accordingly should this occur.

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SCHEME FOR THE CO-ORDINATION OF ADMISSION ARRANGEMENTS FOR MAINTAINED SECONDARY SCHOOLS IN THE WIRRAL AREA FOR THE ACADEMIC YEAR 2017-2018

This scheme fulfils the requirements for a scheme for co-ordinating admission arrangements under the School Admission (Co-ordination of Admissions Arrangements) (England) Regulations 2008, made under the School Standards and Framework Act 1998, for the area of Wirral Council. It builds on the well-established coordination of secondary school admissions that have been a longstanding feature of local practice.

The scheme applied for admissions to secondary schools in the academic year 2017/18 and for subsequent years, subject to any review.

The co-ordinated scheme applies to all schools, excluding special schools, maintained by Wirral Council ("the Council") and to preferences expressed by Wirral resident parents and carers for schools maintained by other English local authorities, academies and free schools. Admissions to other schools with independent status are not be covered by this scheme.

1.0 Applications for school places for admission into Year 7 - the normal admission round

- 1.1 Wirral Council will act as the co-ordinating authority for all applications. Offers will be made by the Council, in its role as the home authority, on behalf of the admissions authority for the school allocated as follows:

Admissions Authority	Category of School
Wirral Council	All Wirral community and voluntary controlled schools
Governing body of school	All Voluntary Aided, Foundation, Trust and Academy schools
Maintaining Local Authority	Non-Wirral community and voluntary controlled schools

- 1.2 The admission arrangements for schools maintained by Wirral Council are published on the Council's website and in its information booklets, in line with the requirements set out in the School Admissions Code (2014). The Council's information booklets will

be available electronically on the Council's website from 1 September. Hard copies are obtainable by request from the Council at the start of the autumn term. Admissions arrangements are also available from each school on request.

- 1.3 All parents who live in the area administered by Wirral Council must apply for places in maintained secondary schools either in Wirral or in the area of another Local Authority by completing the Wirral Parental Preference application. On-line applications are recommended and are made through the Council's website: www.wirral.gov.uk/schooladmissions. Parents of Year 6 pupils who are unable to access the online admission system can request a paper application form from Wirral Council from the start of the autumn term.

The form (online or paper) provides an opportunity for the parent to:

- apply for up to 3 schools
- rank the schools applied for in order of preference

- 1.4 Applications for places sent direct by parents and carers to individual schools cannot be accepted and must be sent to the Council for inclusion within these arrangements.
- 1.5 Preference forms should be returned to Wirral Council by 31st October to ensure the allocation of a school place on 1st March or next working day (the National Offer date). Applications received after the published deadline of 31st October will be dealt with once the offer of places has been sent to parents on 1st March or next working day.

- 1.6 **Applications from separated parents.** Only one application can be processed for each child; therefore it is important that both parties in shared custody arrangements are in agreement over the preferred school(s) named. Where a child spends equal time with both parents, the child's main residence should be submitted as their home address. If agreement cannot be reached, or if neither parent has been granted a Specific Issues Order in this respect, then the Council will accept the application from the parent with whom the child is "ordinarily resident". This is the address where the child lives for the majority of the school week (Monday to Friday), and is usually where the parent/carer receives child benefit for the child (where eligible). Proof of address and residence arrangements will be required with the application.

- 1.7 **Changes of address.** Parents and carers must inform the Council immediately of a change of address, even if details of a future change of residency were included on the application form. The Council will require supporting evidence to show that the place of residency has changed; e.g. a letter from the solicitor confirming the completion date; a signed rental agreement showing the start of the tenancy and its

duration. In addition further information may be requested – for example, copies of council tax and utility bills or any other information considered relevant to the application, including evidence of disposal of previous property. Information and supporting evidence must be received by 1st January. Proof of residency received after 1st January will not be used to assign a higher criterion for admission, but will be used to send the decision letter on the published offer date.

- 1.8 **Home address.** This must be the child's permanent home address where he/she lives with a person of parental responsibility as the main carer as defined by the Children Act 1989. Applicants must not give the address of a business, relative, childminder, friend, a temporary address or an address to which they hope to move. The home address must not be where parents have taken out a short term let on a property solely to use it's address on the application form without any intention of taking up permanent residence there. Arrangements where parents leave and collect children from another relative or carer on a daily basis will be regarded as childcare arrangements, and the child will not be deemed to be "ordinarily resident" with that person. The Council will require proof of residence which may include proof of sale of a previous property.

Wirral Council regularly check addresses and **any deliberate misrepresentation will result in a place being withdrawn.** The Council acts on behalf of all Wirral admission authorities and reserves the right to request independent confirmation of the child's place of residence, as felt appropriate. The Mainstream Admissions team may have to share the information provided with other departments of the Council in order to verify the authenticity of pupil's addresses.

- 1.9 **Withdrawal of places.** The Authority has the right to withdraw any place offered on the basis of a fraudulent or intentionally misleading application, or where a place has been offered in error.

2.0 Dealing with Applications

- 2.1 The Council's admissions criteria will be applied to rank the order of priority of each application for community schools.
- 2.2 The Council will provide Academy, Foundation, Trust and Voluntary Aided Schools with details of applicants for their school by 15th January. Details of preferences for a school place in the area of another Local Authority will be sent to that Authority along with any details and supporting evidence provided by the parent by 1st January.

- 2.3 Preference ranking will not be shared with school admission authorities in accordance with paragraph 1.9 of the School Admissions Code 2014 as this cannot lawfully be used when applying oversubscription criteria.
- 2.4 The Governing Bodies of Academy, Foundation, Trust and Voluntary Aided schools will rank each application by applying the school's admission criteria and are required to notify the Mainstream Admissions team of their ranking by 30th January.
- 2.5 Where a pupil is eligible to receive an offer of two or more school places then the Council will allocate the highest priority preference.
- 2.6 The Mainstream Admissions team will notify the Governing Bodies of Wirral Academy, Foundation, Trust and Voluntary Aided schools of those pupils who will provisionally be allocated places at their school by 13th February.
- 2.7 When the Council receives from other Local Authorities details of their provisional allocation for Wirral children seeking places in schools maintained by them, the Council will then offer the highest preference if they are eligible for more than one school.
- 2.8 On 23rd February Wirral Council will inform schools and neighbouring Authorities of the final allocations. On-line applicants will receive an e-mail notification on 1st March (or next working day). Paper form applicants will receive a letter posted by second class post on 1st March (or next working day).

3.0 Determination of applications for Community schools

- 3.1 Each secondary school has a published admission number. Places will be allocated up to but not beyond this number.
- 3.2 All children who have applied before 31st October will be eligible for a place so long as there is space within the school's admission number. If there are more applications than there are places available, then eligibility for community schools will be determined in accordance with the following scheme of priorities:
 - Children in care, and children who were in care but have been adopted or are subject to a residency order or special guardianship order ("previously in care")
 - Pupils who have a medical reason for attending a particular school. A letter in support from a health care professional will be required as evidence. A letter in support from a senior health care professional will be required as evidence

which must make it clear why only this school is appropriate for your child's medical needs.

- Pupils who have a brother or sister of statutory school age (including half or step-brothers and sisters living in the same household) at the school when the pupil starts school. If there are more children with older brothers or sisters at the school than there are places available, we will give priority to children with the youngest brothers or sisters at the school.
 - Pupils who live nearest to the school. We measure distances from home to the school gate nearest to the child's home using the shortest road route, unless it is possible to use a footpath which we consider to be a safe walking route, using the Council's computerised Ordnance Survey Address Point based routing system.
- 3.3 If places remain available at the school after all "on time" applicants have been allocated, places will then be allocated to late applications received after 31st October according to the admissions criteria, up to the school's admission number.
- 3.4 **Multiple births.** For community schools, where the final place in a year group is offered to one of twins (or triplets etc.) it will be our policy to admit the other twin even if that means going above the admission number.
- 3.5 Applications for Academy, Foundation, Trust and Aided schools will be determined by the governing bodies of these schools in accordance with their published admission criteria.
- 3.6 **Mandatory Allocation.** Where it is not possible to allocate a place at any of the schools applied for, children resident in Wirral will be allocated a place at the nearest appropriate Wirral school where there are places available. "Appropriate" where possible means community school if the parents' preferences indicate preferences for non-denominational education; or a Catholic school if the parents indicated a preference for education in a school of that denomination. The nearest school will be measured on shortest walking distance using the Council's computerised Ordnance Survey Address Point based routing system.

- 3.7 **Special Needs.** All schools will be required to admit a pupil with a Statement of Special Educational Needs or Education Health and Care Plan naming the school.

4.0 Admission to Grammar Schools

- 4.1 Admissions authorities for the grammar schools in Wirral will allocate places only to children who have achieved the required standard. If they are over subscribed with children who have achieved the standard, they will not be able to offer places to all;

they will use other non-academic criteria to decide which children should be offered places.

- 4.2 **Request for Assessment.** Parents who wish their child to be assessed for non-Catholic grammar school education should inform Wirral Council by 31st May in Year 5 using the Request for Assessment form.
- 4.4 The Council administers the assessment arrangements for Calday Grange Grammar School, West Kirby Grammar School, Wirral Grammar School for Boys and Wirral Grammar School for Girls. The grammar schools have criteria to determine which children will be given places if more children achieve the standard than there are places available.
- 4.5 Parents who wish their children to be assessed for a place at Upton Hall School FCJ or St. Anselm's College must follow the procedures for requesting an assessment set out by those schools; those children will be assessed by the schools themselves.
- 4.6 **The selection tests.** The assessment is based on the results of a test comprising two papers that pupils take in September of Year 6. The tests have been designed to predict a pupil's potential performance at secondary school and so preparation for the tests is not necessary. However, we will provide familiarisation materials containing sample questions by 30th June to help children prepare for the tests. To ensure that children are not disadvantaged because of their date of birth, in each case the score is age standardised to take account of each child's exact age to the day. A total weighted score is calculated from the Verbal, Maths and Non-verbal components across both papers. Children who reach the required score will be deemed to have reached the grammar school standard.
- 4.7 **Referral to Independent Assessment Board (IAB).** In October the Mainstream Admissions team will inform primary school head teachers of their pupils scores and the required score for the grammar school standard. The Council will invite head teachers to make referrals to the IAB on behalf of any children whose test results do not, in their view, reflect the children's potential. Since there is a strong relationship between verbal reasoning scores and potential, these cases will be quite rare.
In some cases parents may feel that certain factors may have affected the child's academic performance (for example, if his or her education has been severely disrupted because of ill health, change of schools, or any other reason). If this does apply, it is important that parents should inform their child's headteacher, in writing,

no later than the Tuesday following the last real test (two working days). If the child's case is referred to the IAB, the IAB will consider the written information. The Council will also refer to the Board the cases of any pupils who have been given extra time in the tests because of a disability.

- 4.8 The Board will meet in October before results are sent out to parents, and is made up of four headteachers (two from primary schools, two from grammar schools) and is administered by an officer from the Children and Young People's Department. None of the Board will have any personal interest in any of the pupils they are asked to assess.
- 4.9 For each child whose case is referred, the Board will see:
 - the child's test scores;
 - the representations made by the primary school head teacher with supporting evidence if necessary;
 - confidential information from parents and reports from other professional agencies such as educational psychologists, social workers, doctors and so on.The Board then uses its professional judgement to decide whether the evidence clearly shows that the results of the verbal reasoning tests did not truly reflect the child's ability. The Board will decide in each case whether or not the child has reached the grammar school standard.
- 4.10 At the end of the process, the Council will have a list of the children who have reached the grammar school standard. This does not necessarily mean that they will go to a grammar school; that will depend on the number of preferences that we have for the grammar schools. If a grammar school is oversubscribed, the governors use other criteria to decide who should be given places.
- 4.11 The Council will send the outcome of the assessment tests and the IAB (where applicable) by e-mail to parents who have provided a valid e-mail address on their request for assessment form by 21st October. Postal notification will be despatched to all other parents on the same date as e-mails are sent out, by first class post.

5.0 Determination of applications for Foundation, Trust, Academy and Aided schools

- 5.1 The governing bodies of Foundation, Trust, Academy and Aided schools publish their own admission arrangements which include the criteria which they will use to determine priorities if their school is oversubscribed.

- 5.2 **Special Educational Needs.** All schools will be required to admit a pupil with a Statement of special educational needs or Education Health and Care Plan naming the school.

6.0 Offer of Places

- 6.1 Where online applications have been received from parents resident in Wirral, the parent or carer making the online application will receive their offer by e-mail on 1st March (or next working day). Parents applying on a paper form will be informed in writing by second class post by the Director of Children's Services posted on 1st March (or next working day) of the school allocated to their child.
- 6.3 This will include the allocation of a place in a school of another Local Authority if the parent's application for a place there has been successful. The letter or e-mail will also inform parents of their legal right to appeal to an independent panel and who to contact to make an appeal. Parents should, wherever possible, make an appeal within 20 working days of receipt of the letter or e-mail notifying them of the outcome of their application.

7.0 Late Applications

- 7.1 Preferences which are received on or after 1st November will be dealt with after places have been allocated on 1st March (or next working day). At that point some schools may be full and no more places will be allocated at those schools. In the case of schools which have places available, places will be allocated up to the school's admission number in accordance with the arrangements described in paragraphs 3 and 5.
- 7.2 Late applications for grammar schools will require separate arrangements for testing.
- 7.3 Parents will be notified in writing by Wirral Council. The letter will also inform the parent of their legal right to appeal and who to contact to make an appeal. Parents should, wherever possible, make an appeal within 20 working days of receipt of the letter notifying them of the outcome of their application. Parents and carers must accept or decline the offer of a late place within 10 working days of the offer date.
- 7.4 If places become available before the start of the autumn term, the Council will re-allocate them up to the school's admission number. If there are more children interested in a particular school than places available, in the case of Community schools the Council will use the same criteria to determine priorities as is used for the initial allocation. In most cases the re-allocation will be made depending on where the children live. If this is the case, the Council will keep a list in order of those who will have priority because they live nearer the school in question.

7.5 If at the end of the Summer Term a school is believed to be full, the Council will close the procedures and make no more reallocations. However, it may be that places will become available at the beginning of or during the Autumn Term. The Council will keep a waiting list of children whose parents are interested in obtaining a place at the school if a place becomes available, following the same criteria as when places were first offered. The waiting list will be kept open until the last day of the autumn term.

8.0 In Year applications outside the normal round of admissions

- 8.1 ‘In year’ applications are those made during the school year into any year group, other than at the normal point of entry (i.e. the normal admission round). This will include applications from parents and carers of children moving into Wirral from another Local Authority area, moving within Wirral, or seeking to transfer to an alternative school for other reasons.
- 8.2 Applications for all schools including Academy, Foundation, Trust and Voluntary Aided schools must be made on a common Secondary School Transfer Form. Parents/carers seeking places ‘in year’ will be advised to complete their ‘home’ Local Authority’s common application form stating up to three school preferences ranked in priority order.
- 8.3 Schools should not deal with transfer application forms. Any forms received by schools should be forwarded to the Mainstream Admissions team of Wirral Council. The Council coordinates all parental requests for in-year transfers and placements.
- 8.4 Upon receipt of a transfer request Mainstream Admissions staff will establish whether or not the parent has discussed the request with the headteacher of the pupil’s current school. If this is not the case, parents will be advised to contact the headteacher to discuss their request.
- 8.5 If the parents have discussed the request with the headteacher the transfer request form will be acknowledged and parents informed that the Mainstream Admissions Team will request completion of appropriate documentation from their current school to forward to their preferred school. Requests for transfer in Y10 and Y11 will be discouraged on educational grounds, but parents have the ultimate right to proceed with the request. Requests for transfer in these year groups due to relocation to Wirral from another area or country will be processed automatically.
- 8.6 For transfers between Wirral schools, the Council will request from the Headteacher of the child’s current or previous school, information relating to the child’s curriculum record, attendance and behaviour. The headteacher of the school must sign the form and return it to Mainstream Admissions within 5 school days. Where a child has

relocated to Wirral from another area or country, this information will not be requested by the Council.

- 8.7 A copy of the parent's preference form, along with the background information and any relevant documentation from other agencies such as the Education Social Welfare Service, social worker, educational psychologists and so on (where provided), will then be forwarded to the Headteacher of the requested school(s).
- 8.8 The governing body of the requested school should reply to the Council within 10 school days of receipt of the application notifying the decision whether a place will be offered.
- 8.9 If the school believes that the child should be considered under the Fair Access Protocol or would be suitable for a Managed Move/Negotiated Transfer, this must be notified to the Mainstream Admissions team within 5 school days of receipt of the application. Where it would be helpful, the Exclusions Officer, Managed Move Officer or Negotiated Transfer officer may facilitate meetings between the parents and the schools involved in order to resolve any difficulties.
- 8.10 For Community Schools the Council will consider all available information and decide whether to agree or refuse the request within 10 school days of receipt of the application.
- 8.11 If a parent expresses a preference for one or more of the grammar schools, then their child will be assessed by the school or schools concerned and a decision made by the governing body as to whether to offer a place. The governing body will then inform the Council of the outcome of the application.
- 8.12 Where a pupil is eligible to receive an offer of two or more school places then the parent's highest eligible preference will take precedence. Headteachers will be informed of the decision.
- 8.13 All parents will be informed by the Council of the school place allocated by letter and advised to contact the headteacher of the school to arrange admission. The letter will also inform the parent of their legal right to appeal and who to contact to make an appeal. Parents should, wherever possible, make an appeal within 20 working days of receipt of the letter notifying them of the outcome of their application.
- 8.14 In accordance with the School Admissions Code 2012 admission authorities must not refuse to admit a child solely because:
 - (a) they have applied later than other applicants;
 - (b) they are not of the faith of the school in the case of a faith school;
 - (c) they have followed a different curriculum at their previous school;

- (d) information has not been received from their previous school;
 - (e) they have missed entrance tests for selective places.
- 8.16 Parental preference must be met unless the school believes that do so would “prejudice the efficient education or the efficient use of resources”, under Section 86 of the School Standards and Framework Act 1998. In effect, schools are expected to offer a place if there are places available in the year group. Parents who are refused a place have a right to an appeal to an independent appeal panel. Schools considering refusing to offer a place when places are available in the year group should consider whether they believe their decision to refuse was one that a reasonable admission authority would have made in the circumstances of the case, as the onus will be on the school to prove prejudice.
- 8.17 **Challenging behaviour:** The Admissions Code 2014 says that if a governing body does not want to admit a child with challenging behaviour as an in-year transfer, even though places are available, it must refer the case to the local authority under the Fair Access Protocol. The definition of “challenging behaviour” is set out in the Fair Access Protocol. Any such cases must be raised with the local authority within 5 working days of receiving the transfer paperwork. Children not meeting the Fair Access definition of “challenging behaviour” must be considered as in year transfers. Fair Access does not apply to a looked after child, previously looked after child or a child with a statement of special educational needs or Education Health and Care Plan naming the school as these children MUST be admitted.
- 8.17 If the request is refused, headteachers are informed of the decision and parents are informed in writing and given details of their legal right to appeal. Parents should, wherever possible, make an appeal within 20 working days of receipt of the letter notifying them of the outcome of their application. If a parent lodges an appeal, copies of the relevant documentation will be sent to the preferred school.
- 8.18 The time taken for a transfer request to be processed should be as short as possible. The Council expects that parents will be informed of the outcome of their request within 16 school days.
- 8.19 **Children of UK service personnel.** Places for these children will be allocated in advance if accompanied by an official letter with a relocation date and Unit postal address or quartering area address.
- 8.20 **Overseas applications.** Parents who have already moved to the UK from overseas who are British or European Economic Area nationals, or who have an endorsed

passport showing right of abode, can apply for places for their child at any school covered by this scheme. The Council may ask to see passports for verification.

Parents or children in these categories who do not yet live in the UK can apply before the date they move to the UK. However, the address to be used in the allocation of a place will be the address that the child is living at on the closing date, unless a subsequent house move has been accepted up to the last date for changes in the coordinated scheme. A UK address will only be used once the child is residing at that address, and evidence will be required of this, as in paragraph 1.7 of this document.

9.0 The In Year Fair Access Protocol

- 9.1 All requests for in-year places will be considered with reference to the Council's current admission arrangements and procedures for in year placements. The majority of requests will be agreed or refused by admission authorities with reference to two important factors: parental preference, and the availability of places within the relevant year group.
- 9.2 All Wirral schools will take part in the Fair Access Protocol, which is published separately. Schools must respond immediately to requests for admission to school according to the timescales above so that admission of the pupil is not unduly delayed.
- 9.3 Children who are looked after and previously looked after, and children with a Statement of Special Educational Needs or Education Health and Care Plan naming the school are NOT included in the Fair Access protocol. These children MUST be placed in the school of their carer's preference irrespective of the availability of places in the year group.
- 9.4 **Managed Moves – at risk of permanent exclusion.** For pupils who are at risk of permanent exclusion and on the roll of a Wirral school it is open to the headteacher to refer the case to Exclusions Officer to consider the possibility of a Managed Move. The Managed Move protocol is covered by a separate document, available on request. All such placements will be initially on a trial basis for a minimum of six weeks. Confirmation of placement on the school roll will be subject to a satisfactory report.
- 9.5 Pupils who have been permanently excluded will normally be placed on the roll of Emslie Morgan Alternative School Provision. In a minority of cases where the exclusion was as the result of a 'one off incident' such pupils will be transferred immediately to an alternative school. Such transfers will be agreed with the parent

and relevant headteacher. All secondary schools will take a minimum number of 1, or the number of permanent exclusions in the previous academic year, as the agreed quota of permanently excluded pupils for placement.

- 9.6 The majority of such pupils will have spent some time in the relevant alternative base or Pupil Referral Unit.
- 9.7 **Negotiated transfers.** For children who are not at risk of permanent exclusion, but where there are concerns about behaviour or attendance, it is open to schools to consider a negotiated transfer. This is covered within the Fair Access Protocol, published separately. All such placements will initially be on a trial basis for a minimum of six weeks. Confirmation of placement on the school roll will be subject to a satisfactory report.
- 9.8 Parents retain their legal right to an appeal for a place at any school of their preference. This right is not affected by the decision of the Fair Access Panel.

Admission Authorities in Wirral	
Wirral Council	
Community Secondary Schools (2)	
Mosslands School	
Pensby High School	
The Governing Bodies of:	
Academy Schools	
Birkenhead High School Academy for Girls (Senior)	
Calday Grange Grammar School for Boys	
Hilbre High School	
Oldershaw School	
Prenton High School for Girls	
St Anselm's College	
St John Plessington Catholic College	
The Birkenhead Park School	
The Kingsway Academy	
Upton Hall School FCJ	
Weatherhead High School for Girls	
West Kirby Grammar School for Girls	
Wirral Grammar School for Boys	
Wirral Grammar School for Girls	
Woodchurch High School	
Catholic Aided Schools	
St Mary's Catholic College	
Foundation Schools	
Ridgeway High School	
South Wirral High School	
Trust Schools	
Bebington High School Sports College	

* Status subject to confirmation.

A full list of schools and a map showing locations is provided in the Council's information booklets for parents, available on-line at

www.wirral.gov.uk/schooladmissions

The scheme will be amended if there are further changes to the status of schools.

PROPOSED ADMISSION NUMBERS FOR WIRRAL COMMUNITY SECONDARY SCHOOLS

SCHOOL	ADMISSION NUMBER 2017 – 2018
Mosslands School	258
Pensby High School	150

Please tell us your name and address, postcode and e-mail address if you have one. We will not use your personal information for anything other than this consultation.

Name

Address

Postcode

Telephone

e-mail

Please note: In order to ensure that this process is fully open and transparent, other people will be able to read all the responses to this consultation.

The return address for this form is EITHER:

The Chair of Governors, Brentwood Early Years Centre,
Brentwood Street, Wallasey, CH44 4BB,

OR

The Chair of Governors, Somerville Primary School, Northbrook Road, Wallasey, CH44 9AR.

Both Governing bodies will read all the responses regardless of which school they are addressed to so there is no need to send your comments to both Governing bodies.

E-mail comments can be sent to either: schooloffice@brentwood-nursery.wirral.sch.uk OR
schooloffice@somerville.wirral.sch.uk

The closing date for comments is 11th November 2015

Consultation By the Governing Bodies on forming a

HARD FEDERATION

Between

BRENTWOOD EARLY YEARS CENTRE

And

SOMERVILLE PRIMARY SCHOOL

October – November 2015

Brentwood and Somerville Federation Consultation Feedback Form

Please let us know the main relationships you have with the school(s) by putting a tick in the appropriate box or boxes. You might be a parent and a member of staff, for example.

School	Parent	Member of staff	Governor	Other person
Brentwood				
Somerville				
Other (please say which one)				

Comments

Please use this space for your comments. You can write more on another sheet if you need to.

Consultation by the Governing Bodies on forming a Hard Federation between Brentwood Early Years Centre and Somerville Primary School

The Governing bodies of Brentwood Early Years Centre and Somerville Primary School propose to form a hard federation and are now undertaking public consultation. Under these proposals, a single governing body would be formed on 1st January 2016.

This document sets out the reasons why we have considered such a possibility and asks for your views. The Governors of each school will review the responses from parents, staff, the Local Authority, Unions, local residents and local schools. At that point the two governing bodies will decide whether to form a Federation, amend the proposal, or take no further action.

This consultation document is divided into a number of sections:

1. The Introduction, which explains more about the two schools, what a federation is and why we are proposing it
2. The Proposal
3. The Consultation – timeline and meeting dates
4. Some questions answered
5. Having your say – How to respond

1. Introduction

About the two schools

Brentwood Early Years Centre is a nursery school with part-time places for 80 boys and girls aged 3 to 4 years and 24 part-time places for boys and girls who are eligible for 2 year old funding.

55 part-time pupils on roll (27.5 full time equivalent). It is on Brentwood Street, in Wallasey.

Somerville Primary School is a mixed sex community primary school with places for 525 children aged 5 to 11. In May 2015 there were 478 pupils on roll. It is on Northbrook Road, in Wallasey.

What is a Federation?

A federation is formed when schools remain separate in law, but are managed together by a single Governing Body. They have separate budgets, have separate Ofsted Inspections and report their results separately.

The proposed model maintains Brentwood Early Years Centre and Somerville Primary School as separate schools. The management of the two schools would be brought together under the supervision of a single Governing body. The arrangement would build on the strengths of both schools without losing their individual identities.

Why are we considering this? What are the benefits?

The formation of a Federation will enable the two schools to work collaboratively, but at the same time the governors of both schools are determined to maintain for the future, a high standard of education in Wallasey.

The Governing bodies believe that sharing of good practice between teachers, with early years and primary working, training and developing together will lead to improved standards in both schools.

The Governing bodies view is that Federation will enable the two schools to make best use of their resources, thereby gaining economies and efficiencies of operation and further driving up educational standards.

5. Having your say – how to respond

The Governing bodies believe that Federation enables the two schools to share best practice, improve curriculum opportunities and share resources, which will have a positive impact in supporting learning to further raise achievement and standards. They would really like to hear your views.

What do you think? You can write on your own, or you can join together with other people to write a joint letter. Your comments can be sent by post, through the school, or by e-mail. If you find it helpful, you can complete and return the **feedback form** provided.

All written representations should be sent to **one** of the Governing bodies at the address below. Both Governing bodies will read all the responses regardless of which school they are addressed to so there is no need to send your comments to both Governing bodies.

Either

The Chair of Governors
Somerville Primary School
Northbrook Road
Wallasey
CH44 9AR schooloffice@somerville.wirral.sch.uk

Or

The Chair of Governors
Brentwood Early Years Centre
Brentwood Street
Wallasey
CH44 4BB
schooloffice@brentwood-nursery.wirral.sch.uk

Written representations on this proposal must be sent to one of the Governing bodies by:

Wednesday 11th November 2015

4. Some questions answered

Q. What will this mean for admission to school?

A. The admission arrangements for Brentwood Early Years Centre and Somerville Primary School will remain unchanged.

Applications for the Foundation 1 class will be made to the Somerville Federation, whilst applications for Foundation 2 or older year groups will be made through the Local Authority, just as now.

There is no guarantee that children attending Brentwood Early Years Centre will be allocated a place at Somerville Primary School, just as now.

Q. What will this mean for classes?

A. The number of places at Brentwood and the admission number at Somerville, will not be changed. Class sizes will not go up as a result of the federation.

Q. How will staff be affected?

AT 34 Existing staff will remain contracted to the school to which they were originally appointed prior to Federation, undertaking duties in that school. But one of the benefits of Federation is that it may sometimes be possible to deploy staff across both schools to support needs identified by the single Governing body. New staff appointed by the single Governing body after Federation could be appointed to work in one or both schools.

There are national standards for staff to pupil ratios for early years provision and staffing levels will almost certainly be the same as current levels.

Sharing best practice between staff at the two schools, alongside opportunities for training, will ensure high quality professional development to enhance learning opportunities and career development.

2. The Proposal

- a) The Governing bodies of Brentwood Early Years Centre and Somerville Primary School have resolved to consult on a hard federation under a single governing body. The Federation will be known as The Somerville Federation.
- b) Pupil admissions to Foundation 2 (Reception) will continue to be made through Wirral Council as the Admissions Authority. There is no change to this process.
Places in Foundation 1 (nursery) will be managed directly by the Somerville Federation.
- c) It is proposed that the federated governing body should consist of a maximum of **9 governors**.
- d) The proposed and current number of governors in each category is set out in the table below:

Type of Governor	Maximum number	Current number (Both Schools combined)
Parent	3	3 (+3 vacancies)
Staff including headteacher	2	3 (including both headteachers)
Local Authority	2	0 (+2 vacancies)
Community	2	3
Total	9	9 (+5 vacancies)

- e) On establishment of the federation, the existing staff of both schools will remain in post. The former headteachers of both schools have recently moved onto other placements. Mr Michael Forber has recently been appointed as headteacher for Somerville Primary School from 1st January 2016. Recruitment for a headteacher for Brentwood Early Years Centre is on hold and an Acting Headteacher has been put in place temporarily. The Governors will, over time, develop the staffing structure across both schools to ensure continuity and breadth of the curriculum and the most efficient and effective management support structure. Governors will aim to move to the new staffing structure in a flexible way. Economies of scale and best value will be considered for each post within the staffing structure at each stage or as an opportunity arises.

The proposed federation date is: **1st January 2016**.

Written representations on this proposal must be sent to one of the Governing bodies by:

Wednesday 11th November 2015

f)

g)

3. The Consultation – Timeline and meeting dates

Start of Consultation	Wednesday 30 th September 2015
Consultation meeting at Somerville Primary School school hall	4pm on 13 th October 2015
End of Consultation	Wednesday 11 th November 2015
Individual and Joint Governing body meetings to consider responses and vote on whether to proceed	December 2015
If the vote is to proceed, Federation commencement date	Friday 1 st January 2016

Parents, staff, governors and other interested persons who are unable to attend the consultation meeting and would like to speak to a school representative in person can make an appointment to speak to the headteacher of either school by calling:

Brentwood Early Years Centre: 0151 638 1567
Somerville Primary School: 0151 638 5074

Investing in our Constituencies (the Civic Mayor to refer to Cabinet)

Proposed by Councillor Phil Gilchrist

Seconded by Councillor Dave Mitchell

Council:

- a. notes the Capital receipts position reported to Cabinet on 5th November 2015.
- b. observes that the incoming receipts have been projected as £15m in 2016/17 and £10.5m in 2017/18 and is especially anxious to hear of the progress on obtaining the receipt from the sale of land at Acre Lane.

Council believes that the Cabinet should recognise that:

- (i) the receipt from Acre Lane will be one of the most substantial receipts received since the Borough was created.
- (ii) Constituency Committees, to date, have operated on modest devolved budgets and their ability to invest in capital schemes has been hampered by limited resources.

Council therefore suggests that:

1. Cabinet should place a sum of £4 million from the sale of Acre Lane into a fund to be accessed by the Constituency Committees and that this should be regarded as a dowry to give them resources to make a greater impact with their work.
2. Cabinet should consider allocating £1m from this asset sale into each Constituency Committee; in line with the 2020 vision and in the spirit of devolution to Constituency Committees, they should be enabled to determine the use of these funds.

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