



## Business Overview and Scrutiny Committee

<b>Date:</b>	<b>Tuesday, 18 September 2018</b>
<b>Time:</b>	<b>6.00 p.m.</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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### AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST / PARTY WHIP**

Members are asked to consider whether they have any disclosable pecuniary interests 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.

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

3. **MINUTES (Pages 1 - 10)**  
To approve the accuracy of the minutes of the meeting held on 4 July, 2018.
4. **FINANCIAL UPDATE (Pages 11 - 42)**
5. **EARLY IMPACT OF UNIVERSAL CREDIT (Pages 43 - 66)**  
This report was deferred from the 4 July, 2018 meeting.
6. **USE OF CONSULTANTS AND INTERIMS (Pages 67 - 76)**

**7. COMMERCIAL STRATEGY SCRUTINY REPORT**

Report to follow.

**8. UPDATE ON LIVERPOOL CITY REGION DEVELOPMENTS  
(Pages 77 - 82)**

**9. 2018/19 QUARTER 1 WIRRAL PLAN PERFORMANCE  
(Pages 83 - 94)**

**10. LEADER DECISION REFERRAL - CODE OF PRACTICE FOR  
GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES  
(Pages 95 - 148)**

**11. BUSINESS OVERVIEW & SCRUTINY WORK PROGRAMME  
REPORT (Pages 149 - 158)**

**12. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

## **BUSINESS OVERVIEW AND SCRUTINY COMMITTEE**

Wednesday, 4 July 2018

Present: Councillor M Sullivan (Chair)

Councillors P Hackett D Mitchell  
C Blakeley C Spriggs  
D Elderton J Stapleton  
K Hodson KJ Williams  
A Leech S Williams  
J McManus G Wood

Deputy: Councillor L Rennie (In place of T Cox)

### **1 APOLOGIES FOR ABSENCE**

Councillor Mike Sullivan welcomed everyone to the meeting and noted that apologies had been received from Councillor Tony Cox who had a deputy standing in for him.

### **2 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST / PARTY WHIP**

Members were asked to consider whether they had any disclosable pecuniary interests 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.

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

Councillor Anita Leech declared a non-pecuniary interest in agenda item 4, 'Early Impact of Universal Credit' by virtue of her membership of the Leasowe Community Homes (Prima) Board.

### **3 MINUTES**

Members were requested to receive the minutes of the Business Overview and Scrutiny Committee meeting held on 27 March, 2018.

Councillor Anita Leech requested feedback in respect of minute 53 'Members' Code of Conduct – Declarations of Interest / Party Whip', and the issue of meetings scheduled for March 2019 during the pre-election period.

In response, the Scrutiny Officer informed the meeting that this would currently impact on two of the four Overview and Scrutiny Committees and that the Chairs of all four Committees were due to meet to discuss the issue.

**Resolved – That the minutes of the meeting held on 27 March, 2018, be approved.**

#### 4 **MANAGEMENT OF CAMPERVANS AT COASTAL LOCATIONS**

Mark Smith, Strategic Commissioner for Environment, introduced a report which set out the background and latest position with respect to the management of campervans at coastal locations.

The effective management of campervans and other visitors to the borough primarily contributed to the Wirral Plan Pledge to achieve a Vibrant Tourism Economy.

To date the presence of campervans had mainly been an issue affecting the Wallasey and New Brighton Wards. During the past twelve months, numerous complaints had been received from residents in New Brighton and Wallasey Wards regarding the overnight parking of campervans and similar vehicles along Kings Parade and Coastal Drive in New Brighton. The concerns had focused on the aesthetics of these vehicles parking at this seaside location along with anecdotal evidence of environmental offences being committed (waste being thrown into the sea etc). Officers had visited the location on numerous occasions and to date there had not been any tangible evidence of environmental or other offences being committed that would warrant formal enforcement action being taken.

It was reported anecdotally that New Brighton was promoted amongst the campervan fraternity as a place to visit, in part due to the availability of free parking. It was also reported anecdotally that a proportion of those people staying in campervans visited the local attractions and made use of the food and drink offer, contributing to the local economy.

In October 2017, Ward Members had requested a meeting with officers to look at potential options for the management of campervans visiting New Brighton. The options identified focused on either removing / discouraging campervans from parking on the highway by regulation (ie. a Traffic Regulation Order to ban or charge for vehicles) or by incentivising such vehicles to park at an alternative off-highway site. A summary of the options discussed at the meeting was appended to the report.

Mark Smith informed the meeting that the Leader of the Council had confirmed in the last few days that the proposed introduction of car parking charges at coastal locations would not be taken forward by the Council.

The Chair then welcomed Mrs Foster of Mockbeggar Drive, Wallasey to the meeting and invited her to address the Committee. She commented upon the issues arising from the situation and stated that most coastal Councils had solved this problem. She had written to the Chief Executive but had not received any satisfactory response.

The Chair thanked Mrs Foster for her comments and apologised on behalf of the Chief Executive for the lack of a satisfactory response.

David Armstrong, Assistant Chief Executive, thanked Mrs Foster for her contribution; he had visited Mrs Foster some 6/9 months ago to discuss the situation and acknowledged that the number of campervans did appear to have increased since then and that at weekends both cul-de-sacs were full of campervans.

In response to comments from Members, Mark Smith stated that having checked with a number of service areas, including the Safer Wirral Hub, Environmental Services and Housing, the number of complaints about the campervans over the last twelve months was approximately 25 – 30. Approximately 20 of these related to traffic and the reduction caused in on street parking spaces. One complaint through Environmental Services related to allegations of somebody selling tyres from a campervan, although no evidence was found on this. There had been no anti-social behaviour complaints, though he was aware of a number of local Councillors raising concerns.

A Member queried why a resident, in response to a Freedom of Information (Fol) request, had been told that the Council had only received five complaints and that he should be given an apology as the Council had not been accurate in its response.

David Armstrong apologised that the figures in the Fol might not have been accurate if the Fol team had only approached one service area for figures, when an issue might impact across a number of service areas and he would take this back to the Fol team.

Mark Smith outlined some of the practical challenges in introducing a ban on campervans parking, issues of enforcement and the costs of implementing such a proposal. His Parking Services team was currently looking at examples across the country of restrictions on overnight parking including in North Wales and at Aberystwyth. He was also mindful of the Visitor Economy Strategy in place too with Wirral having the fastest growing tourist economy in the Liverpool City Region.

A Member referred to numerous complaints which had been made about this issue over the last 4 / 5 years and suggested that a 'no overnight parking' ban could be imposed on these two particular cul-de-sacs. She also referred to the

hygiene issues arising, having seen bottles of urine in waste bins in the area. There was a need for a dedicated site on the Wirral and she was aware of 90 spaces available at Thurstaston.

A Member suggested a Working Party could be set up to look at the issue and examine all the options and the need to ensure that if some action was to be taken the Council ensured that it was the right approach. A Working Party should also involve campervan owners and residents.

Another Member suggested that a 'no overnight sleeping' restriction could be imposed as was the case in some parts of the Lake District and Yorkshire National Park areas.

Responding to Members' comments, Mark Smith and David Armstrong stated that –

- With regard to Travellers, they tended to go on Council land and not the highway.
- There had not been any information gathered as to where the campervans were from, the majority of them appeared to be relatively new vehicles touring and would stay for one or two nights, although one or two of the vehicles had owners who claimed they were living there as a necessity.
- If a ban was to be introduced there would be a legal process to go through and costs involved in its implementation. He would ask his officers to undertake a comprehensive piece of work on options.

The Chair stressed the need for action and that a suggested working group would come back with recommendations on how the issue could be resolved.

On a motion moved by Councillor Lesley Rennie, seconded by Councillor Chris Blakeley, it was –

**Resolved (11:3) – That a ban on 'Overnight Sleeping' on the two cul-de-sacs of Kings Parade and Coastal Drive, Wallasey be introduced, if it is legally possible to do so, and that this be a recommendation to the Cabinet Member for Highways and Transport.**

On a further motion by Councillor Dave Mitchell seconded by Councillor Pat Hackett, it was –

**Resolved (14:0) – That a Working Party be established, to which all stakeholders be invited, to enable recommendations to be made to the Committee on the issue of campervans.**

## 5 RE-COMMISSIONING OF HIGHWAY SERVICES FROM OCTOBER 2018

Mark Smith, Strategic Commissioner for Environment, introduced a report and gave a presentation on the re-commissioning of Highway Services from October, 2018. The Council and contractor Bam Nuttall (BAMN) had agreed that the current strategic contract for Highway Services would come to an end on 30th September 2018 after one six month extension to the original four year contract which commenced in April 2014. He agreed that the presentation slides be circulated to the Committee.

Taking account of the limited time period to re-commission these services, an options appraisal exercise using the Highway Maintenance Efficiency Programme (HMEP) Procurement Route Choices Toolkit indicated the most viable way forward was to bring these services back under the direct control of the Council.

The re-commissioning of these services based on this 'direct control/ownership' model was approved by the Leader of the Council on 28 November 2017.

Responding to comments from Members David Armstrong and Mark Smith stated that:

- BAMN had made significant improvements to the depot in Prenton and with the Cleveland Street depot, which had the new salt barn facility, options would be kept open as to the consolidation of the depot facilities.
- With regard to potholes, there were rules in place to prioritise their repair but with the service coming in-house these policies and rules would be subject to review.
- The timescale for emergency repairs varied dependent on the nature of the issue or defect and whether there was an immediate danger to the public, with each defect being inspected and assessed.
- They had both met with the staff of BAMN, many of whom had previously worked for the Council, prior to them working for Colas and then BAMN. The expectation was that supervisors would be transferred along with the staff undertaking the work. Highways Inspectors would check work, so it would be supervised, managed and administered in-house thus removing a degree of separation.
- There would be some one-off costs as a commercial settlement had to be reached with BAMN and an agreement as to how many staff were moved across to the Council, this would, as far as possible, be contained within existing resources.
- The contract would be run at current cost once brought back in-house, and there would be no loss of work already in the system, work would continue as normal during the handover.
- They were confident of the October deadline being realised and a working group was meeting fortnightly to ensure this.

- BAMN would be maintaining stock levels, although the Council would need to bring in some additional plant.

The Chair thanked Mark Smith for his presentation and welcomed the service being brought back in-house.

**Resolved – That the report and presentation be noted and the progress in re-commissioning these services to meet the October 2018 deadline, be endorsed.**

## 6 OUTCOMES FROM CHINA VISIT - 2016

Sally Shah, Lead Commissioner – Place and Investment, introduced a report on the background and outcomes of the visit undertaken by Wirral Council Leader, Councillor Phil Davies to China in 2016 as part of a Liverpool City Region delegation.

Attracting inward investment and supporting Wirral businesses to take advantage of international trade opportunities in order to grow were pledges within the Wirral Growth Plan. Economic growth was a key part of realising the Wirral Plan and delivering a better life for Wirral's residents. As an authority Wirral remained committed to working in close partnership with other authorities in the region to drive economic success through attracting investment. These partnerships meant that the Council was spreading its reach far further than it could achieve by working alone and was able to maximise the range of channels to market that were available.

Responding to comments from Members, Sally Shah stated that:

- Currently there were two businesses looking to invest in Wirral and a Wirral business was working with a Chinese company to enable it to export to China.
- Investment from China was being made into student accommodation in Birkenhead.
- Foundations were being laid for businesses themselves to take up opportunities with China and work on investment was being undertaken with Liverpool City Region partners.
- The confidence of Chinese investors had not been diminished following any negative publicity with the recent collapse of potential investment in Liverpool's Chinatown, indeed, at the recent Liverpool International Business Fair, there were 25 delegates from China, compared with 8/9 two years ago.
- The Council was now at a point where actual projects would be happening at pace with the Council much more focussed to tackle the economic and housing growth agenda with the new directorate and Director, Brian Bailey, now in place.



The Chair thanked Sally Shah for her report and commented that the topic could be followed up in the work programme.

**Resolved – That the report be noted.**

**7 EARLY IMPACT OF UNIVERSAL CREDIT**

With the agreement of the Committee, the Chair announced that this item would be deferred until the September meeting.

**8 LIVERPOOL CITY REGION COMBINED AUTHORITY UPDATE**

The Assistant Chief Executive introduced a report which set out a brief overview of latest developments at the Liverpool City Region (LCR). The Annual Meeting of the LCR Combined Authority had taken place recently, and included an overview of key developments and achievements from the last year, as well as setting out some key priorities for the coming months.

Key developments over the last 12 months had been establishing the Metro Mayor's office and the Combined Authority constitution, governance structures and statutory officers to accelerate delivery of LCR priorities.

The CA had made investment decisions totalling £100m during 2017/18 as part of a wider investment programme of over £1bn in transport, skills, economic development and housing.

Responding to comments from Members, Alan Evans, Assistant Director – Regeneration and Inward Investment, stated that the LCR was currently undertaking a large piece of work in respect of the housing and spatial strategy. With regard to housing he would be happy to bring a report back to a future committee on social housing and the minimum requirements laid down by legislation. He did not yet have any further detail on the new £5m fund for revitalising town centres in the City Region.

**Resolved – That the report be noted.**

**9 LIVERPOOL CITY REGION COMBINED AUTHORITY - OVERVIEW & SCRUTINY COMMITTEE**

The Chair gave an update on the work of the Liverpool City Region Combined Authority Overview and Scrutiny Committee. The Committee had not met since the local elections in May due to a number of Members being appointed as Deputy Portfolio holders, including Councillor Gillian Wood, thus leading to new Members having to be appointed to the Committee.

The first meeting was scheduled to take place on 1 August, 2018, and he made a plea for those appointed Members to attend as the last few meetings of the Scrutiny Committee had been inquorate.

**Resolved – That the report be noted.**

10 **2017/18 QUARTER 4 AND YEAR END WIRRAL PLAN PERFORMANCE**

David Armstrong, Assistant Chief Executive, introduced a report which provided the 2017/18 Quarter 4 (January - March 2018) performance report for Wirral Plan pledges under the Business theme. The Quarter 4 report was included as Appendix 1 to the report, and provided a description of the progress in Quarter 4, including available data in relation to a range of outcome indicators and supporting measures.

Responding to comments from Members, David Armstrong stated with regard to the road traffic accident / injury performance indicators he was not aware of issues with staffing in the road safety team but would supply a written response on this matter.

With regard to jobs created, Alan Evans, Assistant Director – Regeneration and Inward Investment stated that the performance indicator for jobs created would be for full time equivalents and he was sure those on zero hour contracts would not be included, though he would check with the Chamber of Commerce over this. He suggested that the Chamber of Commerce could be invited to address the Committee at a future meeting.

**Resolved – That the report be noted.**

11 **BUSINESS OVERVIEW & SCRUTINY COMMITTEE - WORK PROGRAMME REPORT**

The Committee considered a report from the Chair which explained the process of developing a scrutiny work programme for the new municipal year.

A Member suggested that a report could be brought to the Committee on how cohesively the Council was working with heritage groups in respect of tourism.

Another Member suggested a cross-Committee piece of work could be undertaken on the value and contribution of volunteers to the borough with invitees from the third sector being involved.

**Resolved – That the proposed Business Overview and Scrutiny Committee work programme for 2018/19, be approved with the suggestions being incorporated.**

12 **APPOINTMENT OF THE HIGHWAYS REPRESENTATION PANEL**

The Chair introduced a report on the need to keep panels under review and, in particular, at the first meeting of a Committee in each municipal year, in accordance with Standing Order 33(1). The Committee was requested to appoint Members to serve on the Highways and Traffic Representation Panel in 2018/19.

**Resolved –**

**(1) That the Highways and Traffic Representation Panel be retained in 2018/19, with the terms of reference identified.**

**(2) That the following Members be appointed to serve on the Highways and Traffic Representation Panel in 2018/19, with Councillor Steve Williams appointed as Chair –**

<b>Members</b>	<b>Deputies</b>
<b>1 Conservative – Steve Williams</b>	<b>Chris Blakeley Tony Cox David Elderton Kathy Hodson Mary Jordan Andrew Gardner Tom Anderson Bruce Berry</b>
<b>1 Labour – Mike Sullivan</b>	<b>Pat Hackett Anita Leech Sharon Jones Julie McManus Jean Stapleton Tony Cottier Jerry Williams Gillian Wood</b>
<b>1 Liberal Democrat – Dave Mitchell</b>	<b>Allan Brame Chris Carubia Phil Gilchrist Stuart Kelly</b>

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## **Business Overview and Scrutiny Committee Tuesday, 18 September 2018**

<b>REPORT TITLE:</b>	<b>FINANCIAL UPDATE</b>  <b>1. FINANCIAL MONITORING REPORT QUARTER 1 2018/19</b> <b>2. BUDGET 2019/20</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE &amp; INVESTMENT (S151)</b>

### **REPORT SUMMARY**

This report is coming to this committee to update on the financial position of the Council.

The following report and appendices sets out the projected revenue and capital monitoring position for 2018/19 as at the close of quarter 1 (30 June 2018).

The report also provides details of the Medium Term Financial Strategy 2019/20-2022/23 (MTFS) and preparation of the budget for 2019/20.

### **RECOMMENDATION/S**

That members note the report and appendices.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the council and to scrutinise decisions and performance as required.

### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

### 3.0 BACKGROUND INFORMATION

- 3.1 This report supplies financial information in the form of revenue and capital cabinet reports for the council as a whole in a portfolio structure. The quarter 1 revenue forecast is an overall overspend of £0.6 million for the year. Environment and Leisure and Recreation Services forecast overspends making up the majority of this.

The quarter 1 capital report recommends that Cabinet agree the 2018/19 Capital Programme of £86.4 million which takes into account re-profiling identified during the 2017/18 final accounts process together with any additional grant funding notified to the Council. Expenditure to date is £5.0 million.

- 3.2 The detail for the portfolios Finance and Resources, Highways and Transport, Jobs and Growth, Law and Order and Leader of the Council within the reports is the key information for this scrutiny committee.

The quarter 1 revenue report shows a £88,000 underspend for Business. The quarter 1 capital report shows an expenditure of £2.1 million on a programme of £43.5 million.

#### **Budget 2019/20**

- 3.3 In July the Cabinet agreed a new MTFs covering the period 2019/20 – 2022/23 during which the Council will continue to implement the pledges contained in the Wirral Plan whilst operating in a challenging financial environment.

#### **Budget Projections 2019/20-2022/23: Budget Gap Forecast**

PROJECTIONS	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Cumulative Budget Gap	45	62	65	67
Annual increase in the Budget Gap	45	17	3	2

During this period Council continues to face financial constraints and pressures. The medium term financial planning period to 2023 will see continued grant funding reductions and financial pressures as a result of increasing demand. Aligned to this the Council will in 2020, assume full responsibility for the raising and collection of income generated locally that will be used to fund the services accessed by Wirral residents.

3.4 The MTFS from 2019 to 2023 describes the way that Council will address these challenges via a three phased approach:

- The Medium Term Financial Strategy describes what the future financial position of the Council will look like, what our challenges are and how we will allocate our resources to meet our corporate priorities and achieve the outcomes of the Wirral Plan. Working through strategies to resource Council priorities through additional income. Strategies such as the Growth Strategy, Income Strategy, Commercial Strategy will all lead to greater income in the future.
- The Medium Term Financial Plan describes how we are currently financed and future changes to this, our approach to meeting the financial challenges and how we will measure this.
- The Financial Resilience plan describes how we can evidence our financial sustainability over the medium term to provide assurance to local taxpayers that we are providing value for money, our process for decision making is robust and we are safeguarding public funds.

3.5 Over the period the Council will seek to achieve the following to resolve the funding gap:

#### **Short Term**

Growth in income sources will make a limited contribution with the amount of council tax growing through new homes being built. Business rates are also expected to increase along with fees and charges increasing too. Saving proposals will have to make up a significant part of the resolving of the funding gap.

#### **Medium to Long Term**

In the long term the Councils plan is to change approaches so that it can raise or generate more income itself and be less reliant on central government. This will be through:-

- Income and investments. Aiding local economic development so that the area becomes more self-sufficient through economic growth, community involvement and social action.
- Transform how the Council works and operates to improve service and pledge outcomes and reduce costs.
- Working with partners and residents to provide the tools to get people into employment and improve health. Through this route there will be better life outcomes and a reduced need for social care.

### 3.6 Role of Overview and Scrutiny Committees

Each year the Council is legally bound to set an annual budget, agreed by Full Council. The process for budget setting for each year 2019 – 2023 is a continuous one with activities taking place all year round to ensure a balanced annual budget can be set. The development of financial proposals for future years will take place via a Cabinet Portfolio aligned approach to action planning and budgeting. Budget proposals are encouraged organisation wide. Overview and Scrutiny Committees activities focus on the consideration and response to draft budget proposals for the coming financial year as proposed by Cabinet. All Committees are involved and may propose financial proposals, making any comments and recommendations, including in relation to the draft budget considered by Cabinet.

3.7 The Council is currently working on setting a balanced budget and work has commenced on this. The key dates and timeline are as follows:

Event	Date
Cabinet agree draft budget proposals for formal consideration	November/December 2018
Overview and Scrutiny Committees consider and review draft budget proposals	Various dates in December 2018
Comments on draft budget proposals to Cabinet	January 2019
Cabinet approve budget 2019/20 and an updated MTFS to 2023 taking account of Overview and Scrutiny recommendations and make Council Tax recommendations to Council.	18 February 2019
Full Council consider budget and Council Tax	4 March 2019

### 4.0 FINANCIAL IMPLICATIONS

4.1 The Financial implications are contained within the report and appendices. These explain the revenue budget and forecast spend positions and the capital programme budget and spend to date. The budget setting and planning process is integrated with the Wirral Plan. 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 directly from this report.

## 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 There are none directly relating to this report. The monitoring of financial performance is important to ensure robust financial control procedures are in place. This report outlines the MTFs 2019/20-2022/23 considered by Cabinet. The council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

## 8.0 ENGAGEMENT/CONSULTATION

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

## 9.0 EQUALITY IMPLICATIONS

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

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## APPENDICES

Appendix 1 – Revenue Monitoring 2018/19 Quarter 1  
Appendix 2 – Capital Monitoring 2018/19 Quarter 1

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Council	5 March 2018
Cabinet – Revenue Monitoring 2017/18 Quarter 1	16 July 2018
Cabinet – Capital Monitoring 2017/18 Quarter 1	16 July 2018
Cabinet – Medium Term Financial Strategy 2019/20-2022/23	16 July 2018

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**CLLR JANETTE WILLIAMSON****CABINET****16 JULY 2018****REVENUE MONITORING 2018/19****QUARTER 1 (TO JUNE 2018)****Councillor Janette Williamson, Cabinet Member for Finance and Resources, said:**

“The Council set a balanced, sustainable and fair budget in March 2018, despite significant government cuts and increasing demand for costly, specialist children’s social care services. No additional funding from government has been forthcoming to support this national crisis. Setting the budget for 2018/19 under such difficult circumstances was tough but we continued to protect those services most important to our most vulnerable and target our resources to the areas that matters most to our communities.

Already during Quarter 1 we are feeling the extent of our reduced funding with pressures already mounting in some areas as demand continues to rise. We have a robust programme of recovery with intervention and demand management taking shape to ensure we can mitigate pressures in year.

At the end of Quarter 1 we are forecasting an overspend of 0.2% of the net budget. This is early and while cautious it is prudent to ensure we forecast a realistic representation, I am confident that the plans and restrictions we have in place will once again enable us to deliver a balanced budget for the coming year.”

## **REPORT SUMMARY**

This report sets out the projected revenue position for 2018/19 as at the end of Quarter 1 (30 June 2018).

The forecast outturn position as at the end of Quarter 1 is a potential overspend of £0.617m. It is anticipated that mitigating savings can be identified to offset the potential overspend, however as these are yet to be formalised, it is prudent to report an overspend position.

Since the 2018/19 budget was set in March 2018, there are several areas of significant pressure across the Council as a result of increasing demand and there is a robust mitigation programme in place to ensure these pressures do not materialise.

The report provides an update on the achievement of savings proposals for 2018/19, some of which are currently not being realised, however areas to offset these via other means are being explored so that the total savings target can be met by the end of the year.

In addition to formal Quarterly reporting to Cabinet, the budget position is reported monthly at Directorate Management Team meeting and the Strategic Leadership Team. This is to ensure any early warning highlighting pressures can be collectively resolved. The outcome of the quarterly monitoring and any medium to long term effects is fed into the Medium Term Finance Strategy to ensure the impact can be assessed against the council's future financial sustainability

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

## **RECOMMENDATIONS**

- 1 The Quarter 1 forecast to the year-end of a £0.617m overspend which incorporates a number of adverse variances across the range of portfolios, be noted.
- 2 To note that Officers continue to identify actions and take measures to effectively manage the overall budget and reduce the impact of any adverse projected pressures that may result in overspends.

## 1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The Council, having set a Budget at the start of the financial year, needs to ensure the delivery of this Budget is achieved. Consequently there is a requirement to regularly monitor progress so 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 2018/19 Budget was agreed by Council on 5 March 2018. There have not been any changes to the budget since it was agreed. The budget by Portfolio for the year is included below:

**Table 1: 2018/19 Net Budget by Portfolio**

	£000
Adult Care and Health	90,068
Children and Families	80,992
Environment	28,868
Finance and Resources	9,983
Highways and Transport	39,085
Housing and Planning	19,396
Jobs and Growth	1,107
Law and Order	4,398
Leader of the Council	8,891
Leisure and Recreation Services	17,732
<b>Total Net Budget</b>	<b>300,520</b>

- 3.1.2 For this report the budget has been analysed between the new Cabinet Portfolios confirmed at Council on 15 May 2018. Once the new Senior Management structure takes effect from 1 July, the following reports will be structured in this way.

## 3.2 PROJECTIONS AND KEY ISSUES

3.2.1 The projected Outturn position as at the end of June 2018 and Portfolio updates are detailed in the following sections.

**Table 2: 2018/19 Projected Forecast Outturn**

<b>Portfolio</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance £000</b>	<b>Variance %</b>
Adult Care and Health	90,068	90,068	0	0
Children and Families	80,992	80,992	0	0
Environment	28,868	29,243	-375	-1.2
Finance and Resources	9,983	9,895	88	0.9
Highways and Transport	39,085	39,085	0	0
Housing and Planning	19,396	19,396	0	0
Jobs and Growth	1,107	1,107	0	0
Law and Order	4,398	4,398	0	0
Leader of the Council	8,891	8,891	0	0
Leisure and Recreation Services	17,732	18,062	-330	1.9
<b>TOTAL</b>	<b>300,520</b>	<b>301,137</b>	<b>-617</b>	<b>-0.2</b>

## 3.3 PORTFOLIO UPDATES

### 3.3.1 Adult Care and Health – Balanced

- Adult Social Care and Health are currently anticipating a demand pressures of £3m to the year end.
- The pre-agreed 4-year learning disability and mental health savings targets set in April 2017 aim to offset £2m of this pressure and a detailed project plan including arrangements for consultation and engagement where this is required, is being developed. To manage the range of complex projects, a Programme Lead Commissioner has been appointed, on a joint funded basis with the CCG to lead on the coordination and delivery of the efficiencies.
- The remaining £1m will be delivered through Wirral Community Foundation Trust, via a combination of existing packages of care reviews and an offer for appropriate levels of care in the community that will promote independence for service users.

### 3.3.2 Children and Families – Balanced

- The cost of Looked After Children (LAC) continues to present a pressure for the Directorate. The number of LAC has stabilised over the past 6 months with only a small number of new placements agreed. However, the increasing complexity of needs still represents a challenge in reporting a balanced budget.
- The investment provided in the 18/19 budget is taking shape with new practices embedded within the Directorate creating efficiencies and enabling reactive expenditure to be diverted to prevention.

### **3.3.3 Environment – Overspend of £0.375 Million**

- Within the Waste & Environment contract a £0.4 million anticipated saving on establishment costs has not materialised and alternative areas are being explored and recovery plans being developed to offset the saving. The overspend is currently being offset by one-off underspends elsewhere within the Directorate and every effort is being made to mitigate this pressure for 2019/20.

### **3.3.4 Finance and Resources– Underspend of £0.088 Million**

- An underspend of £0.5m is forecast on the cost of borrowing due to a lower than anticipated schedule for financing the capital programme. The programme however is not static and there could be further projects that require capital financing during the year. It is expected that any new projects are self-financing but as there is often a lead in time for benefits to be realised, there is a risk that this underspend could reduce in the event of any new major capital initiatives.
- The underspend is being offset in part by a pressure within the Council contribution to the Coroners Service which is part of a shared service hosted by Liverpool City Council. Dialogue will take place with Liverpool City Council to establish what plans they have for mitigating the pressures. Minor areas of underachievement of income from traded services is also offsetting the overspend.

### **3.3.5 Highways and Transport – Balanced**

- The Portfolio is currently experiencing a pressure as a result of an underachievement of car parking income which is being offset by the management of Commissioning Support budgets to prioritise and streamline highway maintenance works. It is anticipated that this an in-year pressure that will be fully resolved in 2019/10.

### **3.3.6 Housing and Planning – Balanced**

- Within the buildings service a potential overspend on rent and rates and other associated premises costs is currently being offset by efficiencies on plant, property and machinery expenditure and income receivable from Design Consultancy.

### **3.3.7 Law and Order – Balanced**

- Community Safety is currently forecasting expenditure pressures that are anticipated to be offset by future restructuring proposals.

### **3.3.8 The Leader of the Council – Balanced**

- A review of Communication, Marketing Press & PR budgets is being undertaken with a view to 'right-sizing' these budgets to offset historic income pressures. This will be undertaken by Quarter 2 and should alleviate any future pressures in this area.

### 3.3.9 Leisure and Recreation Services– Overspend of £0.33 Million

- The 2018/19 budget was predicated on the expectation that savings options relating to a more flexible work programme at Woodchurch and new football pitches would be fully achieved. However, continuing delays in the implementation of both of these projects will mean that not all these savings will come to fruition in 2018/19. Alternative areas to achieve these income targets are being explored with a view to offsetting the overspend by the end of the year.

## 3.4 IMPLEMENTATION OF SAVINGS

- 3.4.1 As part of the budget setting process for 2018/19 a range of savings options were agreed. These are monitored monthly to ensure their achievement is progressing. A summary of the position of 2018/19 savings at 30 June 2018 is below. It is anticipated that all savings either via the original proposal or via other means will be realised by the end of the year

**Table 3: Savings Implementation 2018/19 (£000's)**

Portfolio	Number of Options	Approved Budget Reduction	Amount Delivered at Q1	Mitigation	Unachivable awaiting mitigation	To be Delivered
Adult Care and Health	1	2,000	0	0	0	2,000
Children and Families	10	5,200	0	0	0	5,200
Environment	4	480	100	25	0	355
Finance and Resources	10	4,996	3,803	0	0	1,193
Highways and Transport	5	457	37	0	100	320
Housing and Planning	4	206	51	0	0	155
Law and Order	1	30	0	0	0	30
Leader of the Council	2	85	50	0	0	35
<b>Total</b>	<b>37</b>	<b>13,454</b>	<b>4,041</b>	<b>25</b>	<b>100</b>	<b>9,288</b>

## 4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2018/19. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Cabinet, the financial position is reported monthly at each Directorate Management Team and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

## 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 / Directorate Teams reviewing the financial position.
- Availability of General Fund Balances.

## **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 on financial performance.

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## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Budget Council	5 March 2018

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**CLLR JANETTE WILLIAMSON**

**CABINET**

**16 JULY 2018**

**CAPITAL MONITORING 2018/19**

**QUARTER 1 (TO JUNE 2018)**

**Councillor Janette Williamson, Cabinet Member for Finance and Resources, said:**

“We are making major investments in Wirral this year – improving infrastructure, the public realm and the local environment which residents are rightly proud of.

This report demonstrates this investment, it provides a helpful summary of our progress, and makes it clear that we are using the resources available to us to their best effect to improve services for local people.”

**REPORT SUMMARY**

This report provides an update on the progress in delivering the Capital Programme 2018/19 at the end of June 2018. It recommends that Cabinet agree the 2018/19 Capital Programme of £86.4 million which takes into account re-profiling identified during the 2017/18 final accounts process together with any additional grant funding notified to the Council. Expenditure to date is £5.0 million.

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

**RECOMMENDATIONS**

- 1 To note the spend at Quarter 1 of £5.0 million, with 25% of the financial year having elapsed.
- 2 To approve additional funding for the 7 schemes referred to in paragraph 3.10.

- 3 To agree and refer to Council the revised Capital Programme of £86.4 million (Table 1).
4. To agree the additional grants detailed in section 3.1.2.

## SUPPORTING INFORMATION

### 1.0 REASONS FOR RECOMMENDATIONS

- 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

#### ORIGINAL AND PROPOSED CAPITAL PROGRAMME FOR 2018/19

- 3.1 The Programme for 2018/19 is subject to change. It presently reflects the following changes which are then detailed in Tables 1 and 2.

	£000
Programme agreed by Cabinet on 19 February 2018	74,561
Year end re-profiling for 2017/18	10,482
Additional grants and contributions	7,740
Additional requirements	1,142
Reduced requirements	(2,700)
Net re-profiling to 2019/20	(4,834)
<b>Revised 2018/19 Programme</b>	<b>86,391</b>

**Table 1: Capital Programme 2018/19 at 30 June 2018**

	Capital Strategy	Revised Programme	Actual Spend June 2018
	£000	£000	£000
Adult Care & Health	7,912	8,543	143
Children & Families	19,099	20,852	2,200
Environment	225	50	0
Finance and Resources	5,213	4,287	130
Highways & Transport	13,787	20,409	1,954
Housing & Planning	7,542	7,791	375
Jobs & Growth	16,785	18,697	0
Law & Order	0	83	38
Leisure & Recreation	3,998	5,679	117
<b>Total expenditure</b>	<b>74,561</b>	<b>86,391</b>	<b>4,957</b>

- 3.2 Followings reviews reported and agreed by the Investment and Change Board and the Technical Design Authority a number of schemes that were previously classed as deferred are now included in the Capital Strategy figure above.

These total £3.7 million. The other significant variances which have arisen since the Budget was set are shown in Table 2.

**Table 2: Significant Variations (> £0.2m) to the 2018/19 Programme**

<b>Scheme</b>	<b>£000</b>
<b>Adult Care &amp; Health</b>	
Pensby Wood - re-profiling from 2017/18 £0.310m; additional requirement £0.172m.	482
<b>Children &amp; Families</b>	
Primary Places - re-profiling from 2017/18	742
Healthy Pupils Fund - additional grant allocation	245
Special Educational Needs and Disabilities (SEND) - additional grant allocation.	206
Improvement Plan funded by the flexible use of capital receipts - re-profiling	1,100
<b>Environment</b>	
Cemetery extensions and improvements - re-profiling from 2017/18	226
<b>Finance and Resources</b>	
Windows 10 rollout - re-profiling - £0.1m carried forward from 2017-18 and £1.0m brought forward from 2019/20	1,100
Data Centre - re-profiling from 2017/18	339
Improvement Plan - originally to be funded from capital receipts but now from revenue	(2,700)
Fund to assist land assembly - re-profiling from 2017/18	246
<b>Highways &amp; Transport</b>	
Bridges - re-profiling from 2017/18 £0.707m and additional grant notification £0.150m.	857
Dock bridges – re-profiling from 2017/18 £0.610m; additional private sector contribution £0.142m	752
Sustainable Transport Enhancement Programme (STEP) schemes - re-profiling from 2017/18	702
Transport for Growth - re-profiling £2.168m and grant confirmation £1.150	3,318
Street lighting and LED replacement - re-profiling from 2017/18	349
Transport Advisory Group feasibility studies - additional grant notification	245
BAMN Commercial settlement	305
<b>Housing &amp; Planning</b>	(1,899)
Aids/adaptations/disabled Facilities Grants- re-profiling into 2019-20 £5.797m; grant confirmation £3.858m	2,011
Housing Zones Marginal Viability Fund (Northbank Wirral Waters) - grant notification	

<b>Jobs &amp; Growth</b>	
Business Investment Fund - re-profiling from 2017/18	551
Investment in properties - re-profiling from 2017/18	1,156
Wirral Waters Investment Fund - re-profiling from 2017/18	205
<b>Leisure &amp; Recreation</b>	
Soft Play Areas Leisure Centres - re-profiling from 2017/18	410
Beechwood Recreation Centre - additional requirement	430
<b>Total</b>	<b>11,378</b>

3.3 Schemes will be subject to an ongoing review to ensure that a deliverable Programme is in place, that they are compatible with the 2020 Vision and to try and identify any savings. Current progress on the more significant areas of spend to date is provided in the following sections.

#### 3.4 **Adult Care & Health**

3.4.1 Work is continuing to remodel Pensby Wood with a further £0.13 million spent in 2018-19. Completion is expected early July.

#### 3.5 **Children & Families**

3.5.1 Meadowside Special School (£0.172 million) - work has recently been completed on the construction of new hydrotherapy pool and changing facilities. The pool will be ready to use in July after having undergone a full commissioning process.

3.5.2 Heygarth Primary School (£0.050 million) - this project is part of the pupil place planning strategy that links to area regeneration. The project is due for completion in October 2018. It provides the school with two additional classrooms, internal re-configuration to two areas within the school, new resource spaces, and improved outdoor space.

3.5.3 Improvement Programme - £6.8 million has been committed in respect of the Children's Services allocation and £0.3 million in respect of HR and Legal. This commitment has been allocated across Children's Social care, Safeguarding, Quality, Performance and Improvement and Children with Disabilities as well as in Corporate Services. The funding will be used to improve social work practices and outcomes for children, reduce numbers of Children Looked After and establish a stable workforce and reduce reliance on agency workers.

### **3.6 Highways and Transport**

- 3.6.1 Dock Bridges - a further of £0.5 million has been incurred in the first quarter in respect of the current replacement scheme. The bridge has now re-opened.
- 3.6.2 Sustainable Transport Enhancement Programme (STEP). Expenditure is focused on 2 significant schemes; Northbank East (£0.320 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.114 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.
- 3.6.3 Transport for Growth - expenditure has been incurred on 4 schemes to date, by far the most significant being the improvements to the junction of the M53 and A554 (£0.112 million).
- 3.6.4 Grant funding of £0.563 million is available to fund pothole repairs. There is a risk-based approach to decisions on maintenance interventions, having regard for both public safety and budget availability. Dangerous potholes are treated as a priority for action. A number of different techniques are applied in an effort not to just to repair individual potholes, but also to prevent them occurring again. These works have either already started or are scheduled to begin in the coming weeks. By the end of October it is estimated that 75% of the budget will have been spent on repairs, with the remainder being spent by March 2019.

### **3.7 Housing & Planning**

- 3.7.1 The largest areas of spend so far this year relate to Aids, Adaptations and Disabled Facilities Grants (£0.2 million) and Home Improvements (£0.12 million). The Council has received a further grant allocation of £3.8 million for 2018/19. The most realistic estimate is that we will process applications of £2 million therefore the balance of £1.8 million together with unused grant at the beginning of the year will be available in 2019/20.

### **3.8 Jobs & Growth**

- 3.8.1 Within the Programme is an allocation of £11.1 million for investment in properties. This is closely linked to the progressing Wirral Growth Company and is intended to fund potential acquisitions which will, in turn, provide a revenue income stream to the Council.

### **3.9 Leisure & Recreation**

- 3.9.1 The various works required at the Transport Museum have been completed this year. These were the creation of a new entrance hall, reception area, shop, café and kitchen alongside improved museum display areas. The facility is also now DDA compliant.



### **3.10 APPROVAL FOR ADDITIONAL FUNDING**

3.10.1 There are seven new schemes to be considered for inclusion in the 2018/19 programme

#### **3.10.2 Pensby Wood fit out costs (£172,000)**

Discussions have previously taken place at the Wirral Evolutions Project Board regarding the need for additional capital investment in the form of specialist equipment to complete the fit out at Pensby Wood. This will enable those individuals with physical and learning disabilities to fully utilise the potential offered by this redesigned facility.

#### **3.10.3 Beechwood Recreation Centre (£430,000)**

In order to ensure that the centre would be fit for purpose a condition survey had previously been undertaken which identified a number of additional works that would be required. These included re-roofing, upgrading the electrical infrastructure, alterations to and renewal of boilers and renewal of the showers.

#### **3.10.4 Frankby Cemetery Extension (£90,000)**

Additional work has been required to renew the access track to the depot and out of the cemetery. Ground conditions and drainage issues have proved to be worse than anticipated. Environmental issues resulted in the need to install over 200 metres of fencing which was not part of the original scheme. This extension is necessary as the current cemetery is running out of capacity.

#### **3.10.5 Floral Pavilion Audio Mixing Desk Replacement (£35,000)**

The current mixing desk is a valued resource for users in order to deliver high quality performances. It enhances the overall offer to potential customers and results in attracting a large market with an income of £2.2 million. The console is 11 years old and displaying potentially critical faults which could result in complete failure resulting in a possible loss of income. The manufacturer will no longer provide a support and repair package after September 2018 and therefore its replacement is the only feasible option.

#### **3.10.6 BAMN Commercial Settlement (£305,000)**

As part of the BAMN commercial settlement, which is currently being negotiated, there are a number of capital costs which will need to be funded. In the main these relate to depot premises, including value of upgrades that BAMN have undertaken, all equipment at the engineering workshop at Cleveland St, street lighting HIAB vehicle and a gully cleansing vehicle.

#### **3.10.7 Floral Pavilion Chiller Unit (£55,000)**

The main chiller unit had failed to the point that unless immediate action was taken with regards to undertaking large scale replacement of major components, the theatre would have to close due to the building becoming too hot, with no air control. Closing the building would cause severe financial loss with potential claims for cancellations, notwithstanding the reputational damage.

### **3.10.8 The Oval Grandstand Structural Works (£55,000)**

Essential health and safety works are required.

## **3.11 NEW GRANT ALLOCATIONS**

3.11.1 Since the budget was agreed a number of additional grants have been made available to the Council. Details are below and Members are asked to note these for inclusion in the capital programme

### **3.11.2 Housing Zones Marginal Viability Fund (£6,004,000)**

The Council has successfully secured £6 million in government funding which will be used for a package of infrastructure works including land remediation, public realm works and utilities provision at Northbank, Wirral Waters. The funding will bring forward 5 housing development parcels within Wirral Waters including the 3 sites at Northbank East and 2 sites at Northbank West. The funding will support the delivery of 1,106 units, for which planning permission has already been secured in 2012. There are delays in the Government finalising the funding offer so it is not possible to give an accurate profile of when the funding will be released. The latest estimate is 2018/19 £2 million, 2019/20 £2.6 million, 2020/21 £1.4 million.

### **3.11.3 Healthy Pupils Capital Fund (£245,000)**

This fund is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.

### **3.11.4 Transport Advisory Group Feasibility Fund (£245,000)**

Funding to undertake transport studies to support the delivery of the Connecting Wirral Transport Strategy and the Wirral Growth Plan. Specifically the grant relates to the A41 corridor, Saughall Massie infrastructure improvements and Wirral Waters Gateways infrastructure.

### **3.11.5 Special Educational Needs and Disabilities (£206,000)**

To enable local authorities to invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.

## **FINANCING OF THE CAPITAL PROGRAMME**

3.12 Table 3 summarises the financing sources for the original and latest Programme.

**Table 3: Revised Capital Programme Financing**

<b>Capital Programme Financing</b>	<b>Capital Strategy</b>	<b>Revised Programme</b>
	<b>£000</b>	<b>£000</b>
Borrowing	33,584	45,306
Capital Receipts	14,162	11,806
Grants	20,815	23,074
Business Rates (Wirral Waters - ring-fenced)	6,000	6,205
<b>Total Financing</b>	<b>74,561</b>	<b>86,391</b>

- 3.13 Any re-profiling that reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2019/20 when the re-profiled expenditure is incurred.

### **PROJECTED LONGER TERM CAPITAL PROGRAMME**

- 3.14 Funding for the 2018/19 to 2020/21 Programme is in Table 4. This reflects the 2018/19 Capital Programme agreed by Cabinet on 19 February 2018 with subsequent amendments for re-profiling, revised grant notifications, approval for previously deferred schemes and additional requirements.

**Table 4: Capital Programme Financing 2018/19 to 2020/21**

<b>Capital Programme Financing</b>	<b>2018/19 Revised Programme</b>	<b>2019/20 Programme</b>	<b>2020/21 Programme</b>	<b>Total Programme</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	45,306	16,515	4,226	66,047
Capital Receipts	11,806	-	-	11,806
Grants	23,074	18,806	5,295	47,175
Business Rates (Wirral Waters - ring-fenced)	6,205	5,000	4,450	15,655
<b>Total Financing</b>	<b>86,391</b>	<b>40,321</b>	<b>13,971</b>	<b>140,683</b>

### **SUPPORTED AND UNSUPPORTED BORROWING AND THE REVENUE CONSEQUENCES OF UNSUPPORTED BORROWING**

- 3.15 Based on current cost, £1 million of Prudential Borrowing would result in additional revenue financing costs of approximately £62,000 per annum in the following year. As part of the Capital Strategy 2018/19 to 2020/21 the Council has included an element of Prudential Borrowing and presently there is £66 million included over the three years, which will result in approximately £4.0 million of additional revenue costs as detailed at Table 5.

**Table 5: Unsupported Borrowing Forecasts & Revenue Costs**

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000
New Unsupported Borrowing	45,306	16,515	4,226	0
Cumulative	45,306	61,821	66,047	66,047
Annual Revenue repayment costs				
Cumulative	500	2,990	3,880	4,095

**CAPITAL RECEIPTS POSITION**

- 3.16 In accord with the Capital Receipts flexibilities introduced by the Government capital receipts generated between 1 April 2016 and 31 March 2022 can be used to support Transformation. This has been reflected in the Capital Programme for 2018/19 and in the associated receipts assumptions for 2018/19.
- 3.17 The Capital Programme is partly reliant on the generation of receipts to finance future schemes. Available receipts at 1 April 2018 were £1.67 million with £0.97 million available to fund the Transformation Programme and £0.7 million to fund the ongoing Capital Programme. The table assumes that the proposed spend, set out at Table 1 is agreed. Receipts and funding assumptions are based upon the latest estimates.

**Table 6: Projected Capital Receipts position**

	2018/19	2019/20
	£000	£000
Capital Receipts Reserve	1,672	2,266
In - Receipts Assumption	12,400	N/A
Out - Funding assumption	-11,806	N/A
Closing Balance	2,266	2,266

- 3.18 The assumption for receipts in 2017/18 is predicated on the fact that the Transformation Programme of £11.1 million (Children's Services) is to be funded from allowable receipts generated between 2017/18 and 2021/22. Critical to this assumption is the disposal of Council assets such as Acre Lane. If the anticipated receipts do not come to fruition, this will cause a subsequent revenue pressure of £9.6 million.

**4.0 FINANCIAL IMPLICATIONS**

- 4.1 The revised 2018/19 Capital Programme is £86.391 million and anticipated capital receipts remaining at the year-end £2.26 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 providing external support to maximise the Council's income and advise on strategy.

## **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 2018/19

Appendix 2 – Capital Receipts 2018/19

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Capital monitoring reports presented to Cabinet	Various
Capital Programme – Council	6 March 2017
Capital Programme – Council	5 March 2018

**Capital Programme and Funding 2018/19**

**APPENDIX 1**

<b>Adult Care &amp; Health</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Heswall Day Centre	350	-	350	-	-	<b>350</b>
Extra Care Housing	3,000	-	2,000	-	1,000	<b>3,000</b>
LD Extra Care Housing	3,000	-	2,000	-	1,000	<b>3,000</b>
Community Intermediate Care	500	-	500	-	-	<b>500</b>
Citizen & Provider Portal/I.T.	352	6	-	-	352	<b>352</b>
Assistive Technology	462	3	230	-	232	<b>462</b>
Pensby Wood re-modelling	707	134	707	-	-	<b>707</b>
Pensby Wood fit out costs	172	-	172	-	-	<b>172</b>
	<b>8,543</b>	<b>143</b>	<b>5,959</b>	-	<b>2,584</b>	<b>8,543</b>
<b>Children &amp; Families</b>						
PFI	85	-	85	-	-	<b>85</b>
Condition/modernisation	4,543	306	-	-	4,543	<b>4,543</b>
Primary Places	2,542	23	2,542	-	-	<b>2,542</b>
Basic Needs	1,577	96	-	-	1,577	<b>1,577</b>
SEN and Disabilities (SEND)	206	-	-	-	206	<b>206</b>
Healthy Pupils Capital Fund	245	-	-	-	245	<b>245</b>
SEND Assisted Travel - replace adult vehicle fleet	250	-	250	-	-	<b>250</b>
Systems Improvements (Liquidlogic)	147	-	147	-	-	<b>147</b>
Family Support	157	-	157	-	-	<b>157</b>
Improvement Programme	11,100	1,775	11,100	-	-	<b>11,100</b>
	<b>20,852</b>	<b>2,200</b>	<b>14,281</b>	-	<b>6,571</b>	<b>20,852</b>

<b>Environment</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Public Toilets Upgrade	50	-	50	-	-	<b>50</b>
	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>
<b>Finance &amp; Resources</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Building refurbishment to increase occupancy	162	47	162	-	-	<b>162</b>
Fund to assist land assembly and re-sale	246	47	246	-	-	<b>246</b>
Demolish former Rock Ferry High	-	20	-	-	-	<b>-</b>
Treasury building	150	16	150	-	-	<b>150</b>
Windows 10 rollout	1,842	-	1,842	-	-	<b>1,842</b>
Digital corporate storage	1,500	-	1,500	-	-	<b>1,500</b>
Data centre	339	-	339	-	-	<b>339</b>
Creative and digital team software/hardware	48	-	48	-	-	<b>48</b>
	<b>4,287</b>	<b>130</b>	<b>4,287</b>	<b>-</b>	<b>-</b>	<b>4,287</b>
<b>Highways &amp; Transport</b>						
Highway maintenance	2,637	158	-	-	2,637	<b>2,637</b>
BAMN Commercial Settlement	305	-	305	-	-	<b>305</b>
Pot hole action fund	563	33	-	-	563	<b>563</b>
Bridges	857	55	707	-	150	<b>857</b>
Dock bridges replacement	1,452	658	1,310	-	142	<b>1,452</b>
Coast protection	255	2	255	-	-	<b>255</b>
Transport for growth	3,318	323	2,168	-	1,150	<b>3,318</b>

<b>Highways &amp; Transport (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Coastal parking pay and display machines	350	-	350	-	-	<b>350</b>
Sustainable transport (STEP)	1,465	564	887	-	578	<b>1,465</b>
Street lighting and LED replacement	1,839	56	1,839	-	-	<b>1,839</b>
Street lighting column upgrade/replacement	2,000	-	2,000	-	-	<b>2,000</b>
Car parking	10	3	10	-	-	<b>10</b>
Illuminated lighting and street signage	250	-	250	-	-	<b>250</b>
New Brighton infrastructure	250	-	250	-	-	<b>250</b>
Thermal mapping	10	47	10	-	-	<b>10</b>
Key Route Network	329	-	33	-	296	<b>329</b>
TAG feasibility studies	245	55	-	-	245	<b>245</b>
Major infrastructure development/forward planning	200	-	200	-	-	<b>200</b>
Tower Rd National Productivity Investment Fund	200	-	-	-	200	<b>200</b>
Highways asset management system	350	-	350	-	-	<b>350</b>
Cleveland St transport depot	330	-	330	-	-	<b>330</b>
Surface water management	160	-	-	-	160	<b>160</b>
West Kirby flood alleviation	3,034	-	84	-	2,950	<b>3,034</b>
	<b>20,409</b>	<b>1,954</b>	<b>11,338</b>	-	<b>9,071</b>	<b>20,409</b>



<b>Housing &amp; Planning</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Industrial estates	44	35	44	-	-	<b>44</b>
Aids, adaptations and DFGs	2,000	204	-	-	2,000	<b>2,000</b>
Restore empty homes	302	15	-	-	302	<b>302</b>
Clearance	1,167	-	632	-	535	<b>1,167</b>
Home improvement	947	121	947	-	-	<b>947</b>
New house building programme	320	-	320	-	-	<b>320</b>
Housing infrastructure fund	1,000	-	1,000	-	-	<b>1,000</b>
Housing Zones Marginal Viability Fund - Northbank Wirral Waters	2,011	-	-	-	2,011	<b>2,011</b>
	<b>7,791</b>	<b>375</b>	<b>2,943</b>	-	<b>4,848</b>	<b>7,791</b>
<b>Jobs &amp; Growth</b>						
Business Investment Fund	1,336	-	1,336	-	-	<b>1,336</b>
Investment in properties	11,156	-	11,156	-	-	<b>11,156</b>
Wirral Waters Investment Fund	6,205	-	-	6,205	-	<b>6,205</b>
	<b>18,697</b>	-	<b>12,492</b>	<b>6,205</b>	-	<b>18,697</b>
<b>Law &amp; Order</b>						
CCTV cameras and other equipment	83	38	83	-	-	<b>83</b>
	<b>83</b>	<b>38</b>	<b>83</b>	-	-	<b>83</b>

<b>Leisure &amp; Recreation</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Eureka	268	20	268	-	-	<b>268</b>
Hand arm vibration equipment	75	-	75	-	-	<b>75</b>
Park depots rationalisation	3	7	3	-	-	<b>3</b>
Transport museum	66	80	66	-	-	<b>66</b>
Soft play areas at leisure centres	410	-	410	-	-	<b>410</b>
West Kirby sailing centre accommodation	564	6	564	-	-	<b>564</b>
Leasowe leisure outdoor 3G	795	-	795	-	-	<b>795</b>
The Oval redevelopment	23	-	23	-	-	<b>23</b>
Beechwood recreation centre	430	4	430	-	-	<b>430</b>
Pool covers	150	-	150	-	-	<b>150</b>
Williamson Art Gallery refresh	250	-	250	-	-	<b>250</b>
Arrowe park machine shed/wash bay	200	-	200	-	-	<b>200</b>
Arrowe park depot resurfacing, bays etc	200	-	200	-	-	<b>200</b>
Birkenhead park depot resurfacing	164	-	164	-	-	<b>164</b>
Play area improvements	240	-	240	-	-	<b>240</b>
West Kirby concourse/Guinea Gap reception upgrade	360	-	360	-	-	<b>360</b>
Wirral Tennis Centre facility upgrade	780	-	780	-	-	<b>780</b>
Floral Pavilion audio desk	35	-	35	-	-	<b>35</b>
Landican Chapel improvements	50	-	50	-	-	<b>50</b>

<b>Leisure &amp; Recreation (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Beach Cleaning - replacement of equipment	175	-	175	-	-	<b>175</b>
Cemetery Extensions and Improvements	316	-	316	-	-	<b>316</b>
Wirral sailing centre boats/equipment	15	-	15	-	-	<b>15</b>
Floral Pavilion chiller units	55	-	55	-	-	<b>55</b>
The Oval grandstand structural works	55	-	55	-	-	<b>55</b>
	<b>5,679</b>	-	<b>5,679</b>	-	-	<b>5,679</b>
<b>Total</b>	<b>86,391</b>	<b>4,957</b>	<b>57,112</b>	<b>6,205</b>	<b>23,074</b>	<b>86,391</b>

## Capital Receipts 2018/19

## APPENDIX 2

<b>Cash Received</b>	<b>£000</b>
Tarran Industrial Estate	30
Glenavon Rd covenant	275
Plot 4 Harrison Estate	81
3 Oaktree Place	13
Saughall Massie fire station deposit	4
Municipal building deposit	50
Renovation loans	61
	<b>514</b>



## **Business Overview and Scrutiny Committee Wednesday, 4 July 2018**

<b>REPORT TITLE:</b>	<b>EARLY IMPACT OF UNIVERSAL CREDIT</b>
<b>REPORT OF:</b>	<b>THE CHAIR OF THE COMMITTEE</b>

### **REPORT SUMMARY**

This report sets out the findings arising from two scrutiny workshops held in February 2018 to consider the early impact of Universal Credit in Wirral. The workshops were commissioned by the Chairs of the four Overview & Scrutiny Committees in the 2017/18 municipal years and were open to all Overview & Scrutiny Members.

This report was originally scheduled to be presented at the Business Overview & Scrutiny Committee meeting on 27<sup>th</sup> March 2018. As this meeting fell in the pre-election period, it was agreed by the Chair that the report would be deferred to the first meeting of the municipal year.

### **RECOMMENDATION/S**

- 1) Members are requested to consider the contents of this report and consider any recommendations arising from it.
- 2) Members are requested to support the proposal to schedule further scrutiny workshops in the municipal year and consider the areas of scrutiny focus.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

For committee to consider the outcomes of the scrutiny workshops as part of the scrutiny work programme.

### **2.0 OTHER OPTIONS CONSIDERED**

Not applicable

### **3.0 BACKGROUND INFORMATION**

At a meeting of the Chairs of the four Overview & Scrutiny Committees in the 2017/18 municipal year, it was agreed to undertake scrutiny of the emerging impact of Universal Credit.

It was also agreed that the impact of Universal Credit would fall under the Business Overview & Scrutiny Committee to ensure that there is no overlap or duplication across Committees.

Two scrutiny workshops were scheduled and were open to all Members sitting on any of the four Overview & Scrutiny committees to ensure inclusivity.

The first workshop was held on February 20<sup>th</sup> 2018 with key senior council officers to get a better understanding of Universal Credit and the impact it has on operational services. The second workshop was held on 27<sup>th</sup> February 2018 and looked at Universal Credit from the perspective of a number of external organisations and Council teams that engage with residents over Universal Credit.

### **4.0 FINANCIAL IMPLICATIONS**

There are none arising from this report.

### **5.0 LEGAL IMPLICATIONS**

There are none arising from this report.

### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

There are none arising from this report.

### **7.0 RELEVANT RISKS**

There are none arising from this report.

## 8.0 ENGAGEMENT/CONSULTATION

The workshops were undertaken with the engagement of key representatives from relevant Council service areas and external organisations.

## 9.0 EQUALITY IMPLICATIONS

There are none arising from this report.

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## APPENDICES

Appendix 1 – Emerging Impact of Universal Credit – Scrutiny Report

## REFERENCE MATERIAL

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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## EARLY IMPACT OF UNIVERSAL CREDIT

### Scrutiny Report of the Business Overview & Scrutiny Committee

July 2018



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## 1. INTRODUCTION

Universal Credit Full Service went live on 15th November 2017 for the majority of Wirral's residents and an introductory report was presented to the Business O&S Committee on 29<sup>th</sup> November 2017 detailing how this would be implemented locally.

Following a meeting of the Chairs of Wirral Council's four Overview & Scrutiny committees, it was agreed to hold two scrutiny workshops for all Overview & Scrutiny Members to look at the early impact and any emerging issues of Universal Credit on residents in Wirral and the impact on operational services.

The workshops were held on 20<sup>th</sup> and 27<sup>th</sup> February 2018. Wirral Council senior officers and representatives from a number of organisations which had responsibility for providing services to residents affected by Universal Credit were in attendance. Members also requested a representative from the Department for Work and Pensions (DWP) to attend but were informed that the Department's Constitution prohibits Officers attending political forums and are therefore unable to be submitted to scrutiny. Members in attendance at the workshops expressed their disappointment at this.

### Workshop 1 – 20<sup>th</sup> February 2018

- Nicky Dixon, Transaction Management - Business Unit Manager
- Tricia Hughes, Benefits Operational Manager, Wirral Council
- Julie Williams, Customer Services Senior Manager, Wirral Council
- Vicki Lungley, One Stop Shop Area Manager
- Jo Rosser, Call Centre Manager
- Sue Hutchison, Council Tax and Business Rates Manager

### Workshop 2 – 27<sup>th</sup> February 2018

- Catherine Chester, Welfare Rights Adviser
- Sheila Jacobs, Supported Housing & Homelessness Senior Manager
- Carol Johnson-Eyre, Chief Executive Officer, Citizens Advice Wirral
- John Roach, Head of Income Management, Magenta Living
- Richard Roberts, Manager, Wirral Foodbank
- Eddie Gowns, Involve Northwest

It was agreed that the approach taken to deliver the workshops would be for senior officers and organisational representatives to deliver an overview of their service area, highlighting their initial observations and emerging issues, before the workshops were opened up for a question and answer session.

## 2. UNIVERSAL CREDIT OVERVIEW

Universal Credit (UC) is a single monthly payment for people of working age, who are looking for work, or to increase the hours they work or on a low income. It aims to help claimants and their families to become more independent and to simplify the benefits system by bringing together a range of working-age benefits into a single payment. It replaces the following legacy benefits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Working Tax Credit

Universal Credit Live Service was introduced in 2013 in certain areas of the North West, and in July 2014 for Wirral. It has since been progressively rolled out to other areas. Legacy benefits are paid fortnightly, whereas Universal Credit will offer families one single monthly payment.

There are two stages to claiming Universal Credit. The first stage is to make an online claim. The second stage is to attend a face-to-face interview (or 'Initial Work Search Interview') at a Jobcentre Plus office. The administration of the claim, including verification of identity, is undertaken prior to the interview. The claim does not start until the ID has been verified. At the time of the scrutiny workshops, it was up to 9 working days to get an ID verification appointment. The interview is conducted by a Work Coach and will include discussions on the conditions of claiming Universal Credit, detailed in a Claimant Commitment, which is to be agreed by the claimant. The Claimant Commitment is a two-way agreement between the claimant and government setting out what claimants will do to find work in return for receipt of Universal Credit. The claimant and Work Coach will decide what goes into the Claimant Commitment.

Universal Credit is paid monthly in arrears and it can take up to five weeks for the first payment to reach a claimant's bank account from the date of the claim. Advance payments can be requested and will be repaid from Universal Credit payments over 12 months.

Alternative Payment Arrangements (APAs) are available for claimants who can't manage the standard Universal Credit payment. There are three types of APA available:

- Direct payment of the housing cost element to landlords (known as managed payments)
- Splitting of payment between members of a couple
- More frequent payment of benefit

Some existing claimants receiving legacy benefits will be migrated over to Universal Credit following any changes in circumstances, when a current benefit ends (prompting a need to claim a new one) or a claimant becomes entitled to a different or new benefit.

The government's plan was to migrate all benefit claimants to Universal Credit by 2022 as part of its 'managed migration'. However, following both scrutiny workshops, the Secretary of State for Works and Pensions made a Written Statement on 7<sup>th</sup> June about Universal Credit. The

statement highlights the “increased pace of Universal Credit rollout” and, importantly, details a number of changes to be made for people that move on to Universal Credit. The statement goes on to say that in order to implement these changes, migration of all claimants to Universal Credit will be complete by March 2023. The changes were notified to all local authorities on 7<sup>th</sup> June and are detailed in **Appendix 1**.

### **3. EMERGING IMPACTS OF UNIVERSAL CREDIT**

#### **3.1 Impact on the vulnerable**

The workshops highlighted a general consensus that one of the more significant issues relating to Universal Credit is those customers who have presented with a wide range of complex and diverse needs when making a claim.

Citizens Advice Wirral, a local charity which delivers the Council’s main information and advice contract, reported that it had advised 141 people in January 2018 regarding Universal Credit following ‘Full Service’. This is a significant increase from the 33 people it had advised in September 2017 and it is expected that the upward trend will increase over the coming months. Citizens Advice Wirral reported that it is mostly the vulnerable clients with complex issues coming to them for information and advice. It was further highlighted that Universal Credit is a complex benefit to understand and these vulnerable claimants who may have a learning disability, or not have the mental capacity, find it harder to go through the required process. Other claimants may not have internet access or the skills needed to apply or manage online claims.

Citizens Advice Wirral summarised the key issues it has identified through its work with clients in relation to those which are more vulnerable. These include:

- Completing an application
- Access – No email and/or no telephone
- Problems remembering the UC user account details
- Travelling to the Job Centre 2-3 times when no money is available
- Lack of understanding of how the advance payment works
- Monthly budgeting

Furthermore, the impact seen by Citizens Advice Wirral has been an increase in financial hardship (food poverty, fuel poverty and an increase in debts) and the deterioration of health through increased anxiety, stress and the impact on mental health and wellbeing. A typical example of the vulnerable clients Citizens Advice Wirral is supporting, and expecting to see more of as claimants are migrated over, is highlighted below:

#### **Case Study – Vulnerable Client**

- Client – Single female who has a learning disability
- Received Disability Living Allowance, low rate mobility. No other benefits in place
- No email
- Had rent arrears – Facing eviction as not claimed housing benefit since January 2016
- Would not be able to meet claimant commitments due to limited understanding
- Did not understand housing element of Universal Credit

Citizens Advice Wirral supported the client to –

- Make the Universal Credit claim (standard allowance and housing element). The client was unable to complete an online application
- Visit the jobcentre. It took 3 visits to make the claim, verify ID and meet the work coach
- Request an advance payment
- Help client understand that the advance payment of £517.75 included a housing element
- Request an advance payment
- Helped client understand the advance payment of £517.75 included a housing element

Wirral Council's One Stop Shops report the same issues highlighted by Citizens Advice Wirral. Across the broad remit of the services One Stop Shops provide, officers reported that there is a high footfall of residents with a number of challenges. These include drug and alcohol abuse and a high number of digitally challenged customers with many still unable to access services online, despite all the support that can be provided to them.

Citizen's Advice Wirral also has concerns with limited advocacy support as the Advocacy Hub in Wirral is focussed around the statutory health and social care. It was stated that a lack of advocacy support would result in a lack of aid for the most vulnerable i.e. no help at medical assessments for benefits to ensure their true situation is assessed and to ensure a wrong decision is not made. It was suggested that other advocacy support would be required to access the job centre and other services, such as housing solicitors.

A common theme identified by all stakeholders is that there is an expectation to see a higher proportion of vulnerable claimants when migration proceeds, and that there is a risk of some falling through the net.

The Feeding Birkenhead network, which is a coalition of churches, foodbanks, community groups and other organisations working to eliminate hunger, has reported that the complexity and confusion associated with applying for Universal Credit has been evidenced in its work and the impact, in particular, to the more vulnerable.

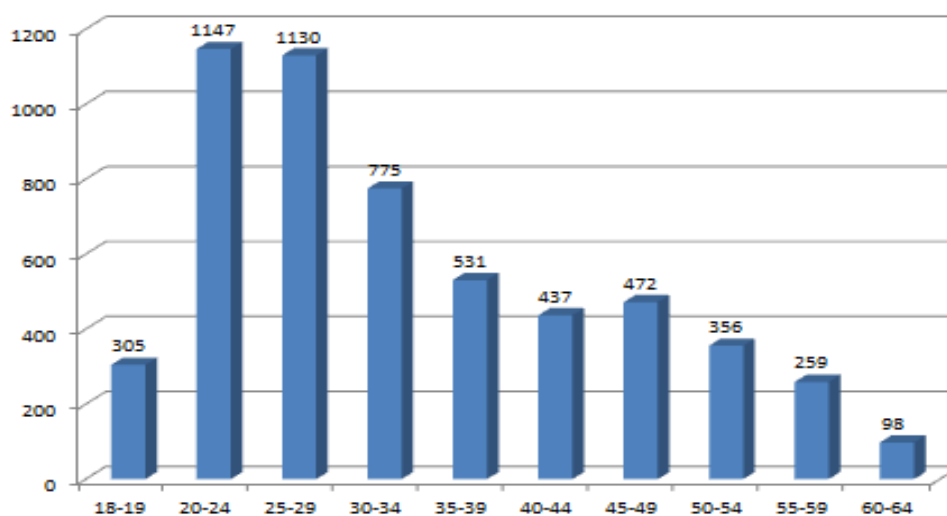
Members were informed that the DWP has responded to feedback on these issues and is now providing mental health training for work coaches and more support for young people. Wirral Council's frontline services, including One Stop Shops, will continue to evaluate the impacts of Universal Credit as more cases become live.

## The Digital Challenge

One of the aims of Universal Credit was to improve the efficiency of the process of claiming benefits using online technology. The roll-out of Universal Credit 'full service' requires claimants to log and manage claims online with an account created using an email address. This presents a challenge to manage a problem of 'digital exclusion' which, Members heard, are generally disadvantaging lower-income groups, older people and those with disabilities or learning difficulties.

As at December 2017, there were 5,511 Universal Credit live claims. The graph below (*Fig. 1*) highlights the demographics of all residents who are claiming Universal Credit.

(Fig. 1 - Universal Credit claimants by age Dec 2017)



The majority of Universal Credit claimants in Wirral fall into the 20-29 age bracket (2,277 claimants as at December 2017) but claimants in the older demographic are now making that transition over (713 claimants in the over 50 to 64 demographic). Members were informed that they now have to manage not only the digital aspect of Universal Credit, but also the prospect of signing up to a claim commitment and assessment regarding how much work searching they can feasibly do. Digital access also impacts the homeless population as is detailed later in the report. The requirement for Universal Credit applications to be managed online was raised as a concern by Members with the resources required to provide digital support.

Members were informed that all Wirral Council Libraries and One Stop Shops provide free access to computers for transactional services, such as Universal Credit, for a rolling two-hour period. It is also understood that an Assisted Digital work stream is in place to ensure a safety net is in place for residents seeking to access digital services. The first phase of this work began in December 2017 and focused on identifying the current 'assisted digital offer' from Wirral Council and benchmarking it against other similar authorities, as well as the Government Digital Service (GDS) design standards. It is understood that this will highlight any gaps in the current offer which will in turn lead to the development of a plan to address those gaps.

Wirral Council and the DWP set up a funded DWP local partnership agreement from July 2014. This is based on the national model and is an arrangement the DWP actively encourages local authorities to support. 'Assisted Digital' is one of the services provided within the agreement and enables One Stop Shops to provide face-to-face support for customers who require help and support with the Universal Credit on-line claim process including using assistance with setting up an email address, ID verification on-line and to create a Universal Credit account. ID verification appointments are supposed to be within three working days but it was reported that it currently stands at nine.

Members acknowledged a concern raised that with an online application now having to be made by claimants, mistakes and failure to properly manage this process can mean incorrect submissions, failed applications, sanctions and ultimately a delay in rent payments.

### **3.2 Housing and Homelessness**

Housing Benefit is now part of Universal Credit and helps pay for rent for residents on a low income or benefits. With the roll-out of Universal Credit, tenants will no longer receive Housing Benefit and will instead receive a rent element in their monthly Universal Credit payment which will be paid directly into their bank, building society or credit union account rather than having their rent paid for them. If a tenant doesn't have a bank, building society or credit union account, their payment can go into a Post Office card account or - in some circumstances - onto a Simple Payment card.

Wirral's Housing & Homelessness Division has responsibility for the Council's Statutory Homelessness Response, commissioning of supported housing services (e.g. homeless hostels, emergency accommodation etc.), liaising with private landlords (accreditation, selective licensing and enforcement action.)

The Council commissions 393 bed spaces for single homelessness in Wirral who may not be able to support tenancies individually. Some of these bed spaces are for families but are limited to teenage parents. Within these tenancies linked to Universal Credit, these bed spaces are classed as "specified accommodation" meaning that the Council's Housing Benefits team will still pay directly to the supported housing provider for the rent cost of that services. It is understood that there is some confusion due to the lack of understanding by the claimant as to whether they are liable for these rental payments.

One of the key emerging issues identified by Wirral's Housing & Homelessness Division and supported housing providers for homeless people, is the requirement to use IT to make a claim - which is leading to difficulties for some homeless people as discussed earlier in this report. The key issues identified from feedback are that:

- Not all homeless people have access to IT technology / email addresses.
- Older homeless people are likely to experience anxiety and confusion with the process.
- Services are spending increased time supporting people to make applications using IT.
- Proof of identification is needed to make a claim – many homeless people will not have any ID which leads to delays.
- Despite having applicant consent, hostel staff are experiencing difficulties in discussing applications with the DWP.



- Many homeless people present with complex behaviours (Substance misuse, mental health etc.) and experience difficulties in retaining information leading to difficulties in remembering log-in / account details.

Other feedback on emerging issues identified that the minimum 5/6 week processing time for new Universal Credit applications was leading to hardship, resulting in some service charge arrears but hostel providers are working to mitigate these and support those homeless clients that are struggling. It was also highlighted that placement in temporary accommodation triggers a migration from legacy benefits to Universal Credit for eligible clients and there have been cases where this has potentially resulted in a reduction in benefits. The case study below was presented at the workshop and highlights a typical example of this.

#### **Case Study – Homeless single parent aged 18 years old**

- Presented at Housing Options with 5 month old baby and attending college. She was sleeping on her sister's couch due to a relationship breakdown and receiving Income Support, Child Tax Credit and Child Benefit. A change of circumstances triggered a migration to Universal Credit, which upon application ceased her legacy benefits.
- Team sourced a Private rented property at her eligible Local Housing Allowance rate of £445.16. Citizens Advice Wirral worker completed an affordability and income maximisation exercise with client. Previous benefit entitlement was Income Support at £73.10 per week, equivalent to £317 per month. As client is aged under-25 years old, the standard allowance on Universal credit is £251 per month. Resultantly, client income has been reduced by £66 per month following migration to Universal Credit.

Other feedback provided by Wirral's Housing & Homelessness Division and supported housing providers is that there are some issues around the reluctance of private landlords in Wirral to rehouse any tenants in receipt of Universal Credit due to a lack of assurance that they will receive the rental payments, especially from those presenting with more complex needs. Members were informed that the DWP was looking at 'Alternate Payments Arrangements' similar to those established with Housing Associations where rental payments can be made direct to the providers.

Council officers reiterated that the full impact of Universal Credit has yet to be realised for the impact on housing related issues and that more data will be needed to form more informed conclusions.

#### Social Housing Sector

Magenta Living is Wirral's largest social housing provider and was also part of the DWP's Trusted Partner Pilot which was developed as a result of concerns raised by social landlords during the development of Universal Credit. The benefit of this is that rent no longer needs to be requested to be paid directly to landlords. Magenta Living can now simply authorise those rent payments it wishes to be paid directly instead of having to make requests to do this. As

part of the full roll out of Universal Credit, it was confirmed that Magenta Living would keep the ability to continue authorising payments.

As at February 2018, it was reported that:

- 833 tenants were claiming Universal Credit out of its 12,900 tenancies;
- Average tenant arrears has reduced from £197 to £178 following the Universal Credit Full Service;
- Rent collection is at 100.4%;
- 38% of tenants are on Alternative Payment Arrangements; and
- There has been an increase in workload but the overall number of tenants in arrears and level of arrears continues to decrease.

A number of early observations provided by Magenta Living did not convey the same message as other representatives at the workshop. In particular, it was reported that there was little evidence of tenants being unable to cope with the digital nature of Universal Credit and that tenants seemed to understand it and their obligations. However, it is noted that Magenta works with a cross section of claimants as other agencies work more closely with the claimants who are struggling for one reason or another.

Magenta Living also has Income Officers who have a high level of understanding of Universal Credit through improved links with the DWP nationally and locally; and are able to provide support and quality advice to its tenants. This includes help with their online claims and the setting up of email accounts. Under Full Service, DWP Work Coaches are in contact with Magenta Living's Income Officers to convey any concerns they have and to see if any help can be provided.

The Income Manager from Magenta Living informed Members that:

- The number of tenants claiming Universal Credit will increase to approximately 4,500 by 2021/22;
- New claims will increase from 24 per week to 40 per week and then higher again during the period while claimants are migrated to Universal Credit from existing benefits;
- There will be a higher proportion of vulnerable claimants when migration proceeds; and
- There are concerns with the capacity of both Magenta Living and the DWP to cope with major increases in workload.

### **3.3 Financial implications**

Officers and representatives at both workshop sessions discussed some of the emerging and potential financial impacts for residents with the roll-out of Universal Credit. These are summarised below.

#### **Waiting period and First Payment**

The early introduction of Universal Credit had an initial seven day waiting period before entitlement began but this was removed from 14<sup>th</sup> February 2018. However, payments for new claims are taking a minimum of five weeks due to the first monthly assessment period and the payment being made seven days after the end of the assessment period. There were concerns from both Members and third representatives at the workshops that this could cause hardship

for many claimants. Although anecdotal evidence was discussed around some particular cases of hardship for Wirral residents, it was too early to understand the full impact this has had without more quantitative and qualitative analysis over a longer period of time.

It is noted that advance payments of Universal Credit can be made by the DWP for new claimants who may struggle to meet essential expenditure. These are only granted when the DWP considers that the Universal Credit claim looks likely to result in an award and claimants can receive an advance of up to 100% of their overall entitlement (recoverable over twelve months). The Council's Local Welfare Assistance Scheme is therefore likely to be relied upon to provide immediate support to those suffering hardship during this time. Those entitled to the rent element of Universal Credit are also still entitled to apply for further assistance with their rent through the Discretionary Housing Payment scheme, which continues to be administered by the Council.

Citizens Advice Wirral reported that up to December 2017, only 52% of their clients took up advance payments. It was stated that Universal Credit claimants would have to choose between managing their expenditure through the initial waiting period until the first payment is made, or take the advance payment but have reduced future Universal Credit payments until repayments are made. Feedback provided from the Feeding Birkenhead Network highlighted a concern that even taking out a small percentage from their payments is leading to hardship. It is also aware of some instances where hardship is being exploited by loan sharks and doorstep lenders which may trigger a spiral of chronic debt.

Following the workshops, Housing Benefit 'run-on' was introduced from 11<sup>th</sup> April and anyone already receiving Housing Benefit who transfers onto Universal Credit will now receive an extra two weeks' pay to help with rent over the first Universal Credit assessment period.

Wirral Council and the DWP set up a funded DWP local partnership agreement from July 2014. This is based on the national model and is an arrangement the DWP actively encourages local authorities to support. 'Assisted Digital' is one of the services provided within the agreement and enables One Stop Shops to provide face-to-face support for customers who require help and support with the Universal Credit on-line claim process including using assistance with setting up an email address, ID verification on-line and to create a Universal Credit account. ID verification appointments are supposed to be within three working days but it was reported that it currently stands at nine.

#### Take up of Personal Budgeting Support

Personal Budgeting Support is another service provided as part of the Council's partnership agreement with the DWP. It supports claimants who need help managing their money and paying their bills on time as they transition onto Universal Credit. However, Members were informed that take up of these services is low and that better promotion, for example at the Job Centre sites, would be required moving forward. Citizens Advice Wirral reported that many claimants do not want to share information with workers at organisations who they may owe money to e.g. council tax arrears and often get people presenting to them who have not wanted to take up the personal budgeting support from the Council.

#### Fluctuations in Universal Credit payments

Universal Credit is reviewed monthly with the previous month's income used as the basis to determine the next award. However, this means that any changes in earnings will result in

fluctuations to Universal Credit amounts being paid, including housing costs. There are concerns that workers doing variable shift work, workers on zero hour contracts and people who are self-employed will have cash flow problems which may lead to instances of hardship. The Welfare Rights Team reported that some clients they have worked with are experiencing difficulty on Universal Credit due to changes to their benefit rate each month.

#### Sanctions / deductions

Members heard that the rules about sanctions under Universal Credit may result in more people being sanctioned than the previous benefits system. All claimants in receipt of Universal Credit can be sanctioned with the level dependent on the conditionality group you are placed in and results in benefit being cut or reduced. Sanctions can be applied for a number of reasons, including failing to turn up for interviews or failing to turn up to work.

The Feeding Birkenhead Network informed members that the application of sanctions is one of the biggest issues it has been dealing with and cited an example of a client with severe disabilities who had an epileptic fit on the way to their Jobcentre appointment. The client was taken to hospital after they collapsed, but was then sanctioned for 106 weeks for failing to turn up to the appointment and continued to struggle on hardship payments.

There are also implications around deductions being applied to Universal Credit payments. Deductions could be made by the DWP for previous benefit and tax credits overpayments and certain third party debts such as council tax and rent arrears. Citizens Advice Wirral, in particular, is concerned that these deductions are not affordable as they can be up to 40% of the standard allowance. Under the legacy benefits, deductions of no more than £5 per week were made.

It was acknowledged that even though the full impact of Universal Credit has yet to be realised, it is anticipated that the number of sanctions applied may increase over time. However, It is also understood that the Job Centre Plus sites appear to be taking a realistic/sympathetic approach to claimant capabilities with claimant commitments not being overly onerous for those who have vulnerabilities.

#### Lack of transitional arrangements

Representatives at the workshop highlighted the lack of transitional arrangements from moving over to Universal Credit from the legacy benefits. Previously, if a claimant moved from one benefit to another (e.g. Job Seekers Allowance to Income Support), there would be a gradual change in the benefit amount paid to the new value. Under Universal Credit, this does not exist and an observation from some representatives is that the severe cut in moving over to Universal Credit has impacted some claimants.

#### Impact on disabled people

A disability premium is an extra amount automatically added to a claimant's Income Support or income-based Jobseeker's Allowance (JSA) if the claimant qualifies. It is understood that under Universal Credit, Severe Disability Premiums will no longer be made to those claimants who were previously in receipt of them and that this will result in a reduction in benefit of £62.45 per week. Enhanced Disability Premium has also been removed and it is reported that claimants would see a reduction in benefit of £69 per month. Support given by Severe Disability Premiums is now provided through Personal Independence Payments (PIP) - which can be

claimed by anyone - and social care from local authorities. The impact of this may result in additional financial hardship to those claimants affected by the changes.

#### Free School Meals

Before the introduction of Universal Credit, children could receive free school meals if their family received any of a number of benefits, such as income support or jobseeker's allowance. From 2013, children in all families moving to Universal Credit have been eligible for free school meals but the government has introduced a new income threshold to replace this from April 2018. It has been suggested by Members that the impact of this new threshold will increase the number of children living in relative poverty in Wirral.

As Universal Credit is a monthly benefit, it is taking 5-6 weeks for applications to be determined. It is only at this point that an automatic check is made to identify if there is entitlement to Free School Meals, but it was explained to Members that the first six weeks is the period when claimants would need the most help. Wirral Council subsequently has made a decision to award Free School Meals where there was evidence that a claim had been made. There was an intention for this to continue into the new financial year but it was explained that Wirral Council is waiting for clarification on new criteria affecting working parents.

Wirral Council has been actively engaged in maximising take-up of Free School Meals with the Councils Press and Public Relations Team and it is positive that there has been an increase in take-up before the end of the financial year deadline. Members are conscious that the impact of the new threshold will need to be monitored.

#### Council Tax Support

Council Tax Support is not included as part of Universal Credit and claimants are responsible for applying for it locally themselves. However, encouraging people to take up Council Tax Support has been challenging. Citizens Advice Wirral reported that some of its claimants are reporting a lack of support to access Council Tax Support separately and there is confusion as it is believed that it is part of Universal Credit (despite the DWP and Wirral Council's continual promotion). Officers acknowledged the ongoing challenge and will continue to deliver targeted Council Tax Support take up campaigns.

#### Use of Foodbanks

Wirral Foodbank, which is part of the Trussell Trust, reported that 4% of its clients accessing the Foodbank are awaiting or are in receipt of Universal Credit. Nationally, in areas of Universal Credit Full Service that have been rolled out for six months or more, there has been a 30% average increase compared to the previous year with approximately 3,387 people requiring foodbank assistance and an additional 30 tonnes of food required. It was reported that Foodbanks are reporting extra pressure on food stocks and several have highlighted concerns about volunteers' time and emotional welfare. For Wirral, the true impact of Universal Credit on the use of foodbanks is yet to be realised but there is an expectation that there will be an increase over time.

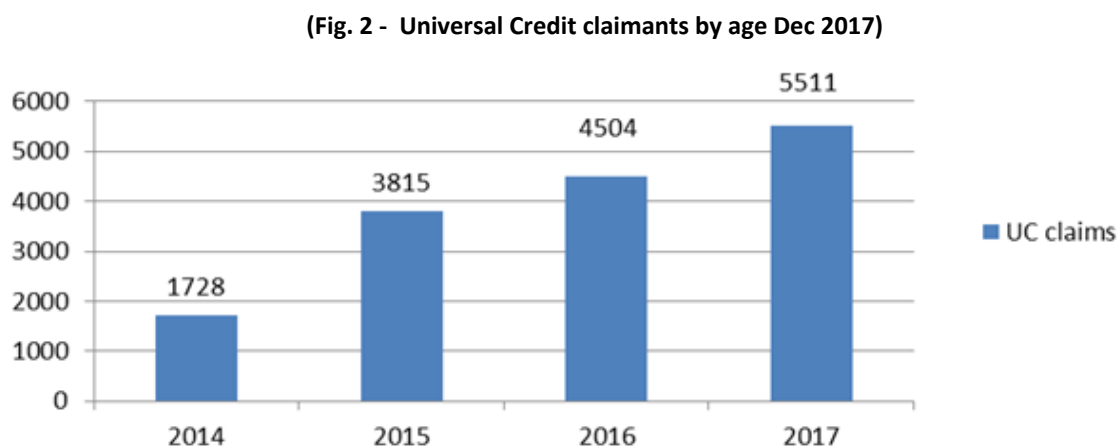
It was explained that Wirral Foodbank took time to speak to those people who were referred to them to learn their circumstances and reasons for needing food, such as debt problems, to provide additional advice and guidance. In partnership with Citizens Advice Wirral, Wirral Foodbank has opened a service called Wirral Food Bank Plus. Funding for two years has been secured to have a Citizens Advice advisor based at the food bank

### 3.4 Impact of Universal Credit on Wirral Council

Senior Council officers highlighted the impact of Universal Credit Full Service for the Council and are summarised below.

#### Increased work volumes

The graph below (*fig. 2*) shows the increase in Universal Credit live claims since 2014 and it is expected that this number will spike with further increases over the next twelve months.



As a result of the increasing Universal Credit live claims; there has been a significant increase in transaction volumes for the Benefits Team for processing. These include ending Housing Benefit claims for new Universal Credit claimants to avoid overpayments being made and having to reclaim them directly from future Universal Credit payments. There is also a demand on recalculating Council Tax Support based on Universal Credit income and maximising its take to reach all claimants in Wirral. It was reported that Universal Credit now equates to 30% of all processes.

The impact has also been felt on an increase in customer contact via the One Stop Shops, Call Centre and email enquiries and there is an increase in the length of interviews which results in fewer appointments being made available. One Stop Shops reported that from April 2017 to November 2017, there were 25 instances of general support being provided relating to Universal Credit but this jumped to 515 for the period of November 2017 to February 2018. To support the Call Centre at busier times, calls are rerouted to the back office after two minutes. This was introduced in the summer of 2017 and it was reported as working well.

Members highlighted the impact that full migration may have for the Council and remained cautious on the ability of both the Council and DWP to ensure there is sustainability to maintain services and support. At the time of the workshops, the full timescale for full migration was unknown and there is some concern at how the DWP would manage the migration of cases from the legacy benefits to Universal Credit.

#### Council Tax Recovery

Officers reported that there has been no immediate increase in Council Tax recovery action since the roll out of Universal Credit. Wirral works with benchmarking groups consisting of 25 other local authorities and meets regularly. Feedback provided indicates that there is no overall impact that can be attributed solely to Universal Credit, but it is acknowledged that it is

possibly too early to analyse any trends. As previously highlighted, officers stressed the importance of promoting Council Tax Support to avoid recovery action being taken. If a claimant is summonsed, a liability order can be imposed by the court and direct deductions can be made from Universal Credit with a maximum amount of £3.85 per week. However, this also depends on a hierarchy of other deductions from Universal Credit as to whether it can be recovered. As at February 2018, it was reported that:

- There were 4557 current liability orders with direct deduction from all benefit types and this is likely to increase;
- 793 of these claim Universal Credit;
- 6926 more liability orders for all benefit types are queued for action;
- Monthly direct deduction collection has dropped from £58K in 2015/16 to £48K in 2017/18 (due to the DWP accepting other deductions and the significant wait to be informed by the DWP that a deductions can either be made or not); and
- Universal Credit has an impact on collection but is not the sole cause.

#### Partnership Working

Members were informed that, despite the challenge of the roll-out of Universal Credit, a major success has been the established partnership working with the DWP since 2014 which was not present before. The key successes have been:

- The clear understanding of the roles and responsibilities to Wirral's customers;
- Co-operation and support in maximising Council Tax Support and Free School Meals acknowledging that both aspects are important to not only the residents of Wirral but also for revenue;
- Named contacts in the DWP service centre for individual case resolution to prevent the impact on the vulnerable and urgent cases; and
- A clear route for more complex cases, such as specified accommodation issues.

#### **4) SUMMARY OF CONCLUSIONS**

The two Universal Credit scrutiny workshops gave Members an understanding of Universal Credit and the early impact it has had and may have following the implementation of Full Service. Each workshop gave Members an opportunity to ask further questions, comment on any particular issues of what was presented to them and to express any concerns moving forward. A summary of these is detailed below:

- 1) The requirement of applying and managing Universal Credit claims online remains a concern for those claimants who are IT illiterate and in particular, the challenge faced when the number of claimants who will be on Universal Credit substantially increases in the future.
- 2) The role of Wirral's libraries to provide free IT access for residents was acknowledged, but Members highlighted the uncertainty of the library service in the future and what these will be delivering.
- 3) As with the digital challenge, Members remained concerned for those more vulnerable in Wirral and the high level of support that will be needed to guide them through the process to ensure that nobody falls through the net.

- 4) Members welcomed the efforts to maximise Free School Meals in schools across Wirral through its promotional activities and the policy to make awards during the waiting period in the Universal Credit application process.
- 5) The relationship with the DWP locally was noted as a positive aspect but there was a concern that this may not be maintained going forward if the DWP undergoes any major changes.
- 6) Members were very appreciative of the work Council officers were doing as part of the roll-out of Universal Credit. However, there was a concern around the potential need for additional resources being required to maintain the administration and support for claimants with no additional budget being made available.
- 7) Although the purpose of sanctions was acknowledged, the impact of any reduction in disposable income from those who have been sanctioned and living under hardship was worrying.
- 8) Members welcomed the close working relationship that existed between all the representatives invited to the workshop, which provided a shared understanding of many of the identified and emerging issues of Universal Credit.

Members acknowledged that the roll-out of Universal Credit Full Service is still in its infancy and that the full impact of it has yet to be realised. Additionally, it was made clear that there may be other factors outside of Universal Credit which may contribute to a number of issues highlighted in the report. Members supported the view that further scrutiny workshops should be held in the new municipal year when the full impact of Universal Credit becomes clearer.

Following the scrutiny workshops, a number of representatives who were in attendance provided a list of 'asks' or issues which the Council could consider to help manage the roll-out of Universal Credit. These are detailed in **Appendix 2**.



## **Appendix 1**

### **Summary of Universal Credit Changes**

*As per a written statement from the Secretary of State for Work and Pensions on 7<sup>th</sup> June 2018, the following changes to Universal Credit have been made*

- Claimants in receipt of Severe Disability Premium will remain on legacy benefits until they move to Universal Credit as part of the managed migration plans, even if they experience a change in circumstances. At this point, they will qualify for transitional protection if their legacy entitlement is more than their Universal Credit payment. Retrospective protection to any cases that have already moved to Universal Credit will be considered.
- Incentives for parents to take up short-term or temporary work will be strengthened by making sure receipt of childcare costs does not erode transitional protection
- Short-term increase in earnings will not end transitional protection. This includes claimants whose pay cycles or wages temporarily lift them out of Universal Credit entitlement. The DWP state it is unfair that people should lose transitional protection, simply because they earn more. Therefore the claimant's transitional protection will be re-awarded if they make a new claim within 3 months of when they received the additional payment.
- Capital over £16,000 to be disregarded for claimants we move from tax credits to Universal Credit for twelve months. After this time, the normal rules will apply and it will be expected claimants with a high level of personal resources to fund themselves.

## Appendix 2

### Post-Scrutiny Workshop Feedback – Suggested Actions

The summary below details a number of suggested actions provided by the representatives of the third sector organisations in attendance at the scrutiny workshops for the Council to consider as Universal Credit is being rolled out.

#### Nationally - Asks of the Government

- Advanced loan to become a payment that claimants do not have to repay.
- Apply the same premiums that were provided in the legacy benefits - Severe disability premium (£62.45 per week), Enhanced Disability Premium (£15.90 per week) and the £65 per month for lone parents under the age of 25.
- If these premiums are not re-introduced; transitional arrangements should be put in place to help those claimants budget for the lower income over a longer period of time.
- The amount that can be taken from the claimant e.g. paying back previous overpayments or fines to be capped at a maximum of £5 per week, not 20% of the standard allowance.

#### DWP locally

- Increase the number of appointments available for ID checks (there is currently a 9 day wait).
- For vulnerable clients - longer appointments to support them to do the ID checks, make the claim, and meet their Work Coach. This would reduce the number of times claimants would have to travel to the jobcentre to make a claim.

#### Council

- Holistic, targeted support put in place for very vulnerable adults who do not have the capacity to navigate the complex system themselves e.g. refugees, people with mental health problems, people with learning disabilities etc.
- Advocacy support needs to be provided to support people at medical assessments for benefits to ensure their true situation is assessed, and the wrong decision is not made.
- Building the councils Welfare Rights capacity given that the number of new UC cases will dramatically increase over the next 18 months.
- Wirral reviews its delivery of Personal Budgeting Support (PBS) to encourage take up of the service. It is possible that the way it is being delivered is dissuading claimants to take up the service. Consideration should be given to determine whether Wirral is securing best value from the £150,000 per year funding supplied by the DWP for the service.
- Support for vulnerable claimants should be increased. When they are identified by the DWP, the referral for personal budgeting support or ICT support should ideally result in a proactive approach from Wirral. When someone who contacts the claimant by phone to discuss their issues, the appropriate support should be arranged in a timely manner.
- Wirral Council should review their current practice of only granting Discretionary Housing Payments to UC claimants for 3 months.

- To avoid duplication and to ensure the claimant is provided with the best level of support, the Council should liaise with social landlords. Links are developing between Magenta and the DWP locally but there is nothing similar developing between Magenta and those in the Council providing personal budgeting support.

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## Business Overview and Scrutiny Committee 18 September 2018

REPORT TITLE	USE OF CONSULTANTS AND INTERIMS
REPORT OF	DIRECTOR OF CHANGE AND ORGANISATIONAL DESIGN

### 1.0 REPORT SUMMARY

1.1 This report was requested by the Chair and Party Spokesperson in relation to the Council's use of interims and consultants in the past two years.

### 2.0 RECOMMENDATION/S

2.1 Business Overview and Scrutiny Committee are recommended to note the contents of the report and the Council's approach to the use of interims and consultants and the work being done to manage costs.

### 3.0 REASON/S FOR RECOMMENDATION/S

3.1 The Committee had requested a report in relation to the Council's use of interims and consultants over the past two years.

### 4.0 BACKGROUND INFORMATION

4.1 It is important to set out the distinctions between different categories of workers:

**Interims:** A temporary member of staff, brought in to either fill a vacancy which isn't needed permanently or has not been possible to fill through conventional means. These arrangements are generally made via the Council's preferred supplier contract. Some interims class themselves as 'consultants' and so the terms can be interchangeable. They are usually on day rates.

**Consultants:** Generally an organisation or an individual who is brought in to deliver a specific programme of work or provide a particular type of advice, bringing short term skills or expertise the Council either doesn't have or doesn't need in its permanent workforce. These arrangements may be made through a procurement process as appropriate. They are usually on day rates or a price for the delivery of the project or piece of work.

**Agency:** A short term appointment to fill an operational vacancy. They would normally be working for 12 weeks or less. These arrangements are generally made via the Council's preferred supplier contract. They are usually on hourly rates.

4.2 The Council use of agency workers is primarily in Children's Services (social care) and is to cover vacant posts and add capacity to meet service delivery and ensure

caseloads are at manageable levels. This is a high risk area. We are recruiting social workers on an ongoing basis through a major recruitment drive.

- 4.3 The focus of this report relates to individuals engaged as interims or consultants in financial years 2016/17 and 2017/18.
- 4.4 The current agency contract is managed through Matrix SCM who operate a 'managed service' on the Council's behalf, acting as a 'broker' with the wider recruitment market to ensure best value and the right candidates are put forward for temporary placements. The contract is the result of a collaborative tender process within the LCR, contracted to March 2021. '
- 4.5 Matrix act in the same way as an insurance broker: the Council provides details of requirements, including rate and role brief for the work required and they automatically circulate those details to all agencies who are signed up to supply workers in the relevant category.
- 4.6 Matrix is able to use their preferred supplier position to negotiate the percentage margins from agencies who want to supply workers to the Council. The Council gets a quarterly rebate from Matrix which is a share of the savings that Matrix has made from negotiating the lower percentage fees.
- 4.7 In some cases, the role covered by the interim or consultant is an established and budgeted role in the staffing structure. In these circumstances, the costs of the interim/consultancy arrangement needs to be offset against the total cost of the Council employing someone directly (including associated on costs for pension etc)
- 4.8 The roles and projects interims and consultants have undertaken in 2016/17 and 2017/18 is attached at Appendix A and Appendix B.
- 4.9 In 2011, Wirral Council employed 5,010 full time staff. In September 2018 it is 3,252. In less than eight years, the Council's workforce has reduced by 35% (1,758). We no longer have spare capacity and resource among our permanent workforce to be able to deliver projects outside of our normal day to day work. A workforce reduction of that scale would bring a major impact on any organisation, in any industry. We are coping with this reduction in permanent staff in part through the targeted use of temporary staff where needed.
- 4.10 When we have a short-term, clearly defined piece of work to deliver which requires specialist skills, it is often not a sensible use of public money to recruit permanent, often highly paid employees to deliver it. It is much more cost-effective to bring in a company or an individual on a shorter-term contract to complete the work, get paid and leave the organisation. Using temporary staff brings much less additional costs such as sickness, holidays, pension and national insurance. We are also not required to continue paying them once their work is complete.
- 4.11 From the Council's perspective, whilst there are agency fees, an interim appointment does not carry pension or other on-costs (approx. 28% for directly employed staff) or any long-term cost to the organisation. There are other benefits to the engagement of interims and consultants. Experienced interims are used to hitting the ground running, able to pick up organisational context quickly and depending on the nature of the role, can add capacity very quickly.

4.12 The number and cost of interims and consultants the Council has engaged over the last two financial years are as follows:

<b>Year</b>	<b>Number</b>	<b>Total Net cost</b>
2016/17	37	£0.807m
2017/18	45	£1.8m

4.13 As at 4 September 2018, the Council currently has 22 interim/consultants, 10 of which are in Children's Services. Five of the roles outside of Children's are covering vacant posts, two of which have now been appointed to and interims will leave when new employee commence employment.

4.14 The Council is a large and complex organisation delivering hundreds of services. Our management and staffing requirements are continually changing. There is a need to meet resource requirements as flexibly as possible with a range of different employment models.

4.15 We will always try to identify the best value, most appropriate way to meet the needs of our services. Sometimes, meeting that need will be best achieved through recruiting permanent staff but at other times the Council will get better value by appointing a person or company on a short term contract to do a specific piece of work.

4.16 The Council has explored the use of fixed term contracts as an alternative but generally there is limited scope at more senior and executive level from candidates on the interim market.

4.17 We have experienced significant challenges within our Children's Services with turnover at management level over a number of years which has meant an increased use of interims. Of the 37 interim appointments the Council had during 16/17, 19 were in Children' Services. In 2017/18, 27 of the 45 appointments were in Children's Services.

4.18 We also needed to add capacity and specialist support required to deliver improvements to the service as part of the improvement plan. Children's Services are currently restructuring at senior management level service and are recruiting to number of senior management posts. However, recruiting and retaining high quality children's social care staff and managers remains challenging and is a regional and national issue.

4.19 As at 4 September 2018, there are current 11 interims/consultants within Children's Services, 10 of which are covering vacant posts and we have a range of management posts being advertised.

4.20 As the Council has developed its capacity over the past two years to deliver its transformation and modernisation programme, this led to the use of interims and consultants to work on various projects at different times.

4.21 We have now built our internal capacity and reduced the number of interims in this area. As at September 2018, there are four interims/consultants supporting transformation work including the development of Wirral Growth Company.

- 4.22 We have also supported the ongoing development of the Growth Company and two major NHS integration projects and we are also reviewing the best models of delivery for a range of services and this has meant we have taken a decision not to fill some posts on a permanent basis at this stage and so have covered them on an interim basis. We have directly recruited to posts where a long term requirement has been established.
- 4.23 In 2016/17 and 2017/18, the Council has also engaged interims/consultants to cover posts vacated at Chief Officer level, either through a restructure or resignation of officers as well as to fill new posts whilst permanent recruitment is undertaken.
- 4.24 Whilst there is a continuing case for the use of interim and consultants to meet business requirements as appropriate, this must be managed carefully and only used where there is an appropriate business case for doing so. It is also key that in circumstances where interims are used to cover for vacant posts and there is a plan to fill the post, the recruitment process is implemented in a timely and cost effective manner.
- 4.25 The Council's Senior Leadership Team discussed the use of interims and consultants (and wider agency use) in August and agreed some changes to the approach to manage use and costs as robustly as possible..
- 4.26 This approach includes the following measures:
- Request for all temporary staff must be made via an online internal request approval system
  - Implementation of a 'cap' on agency placements at 12 weeks – any further extensions would require a robust business case before approving.
  - It is proposed the approvers would be those currently on the vacancy 'freeze' panel(s) with the recommendation to include a representative from Commercial Management Service to support the panel/approval process.
  - Posts approved for over 12 week placements (e.g. maternity cover, Interims Consultants working on specific projects) will be employed on a fixed Agency finders' fee rate.
  - Monthly status report presented to SLT; detailing placements and associated costs
  - Monthly status report to each DMTs, to ensure DMTs take control and that they hold managers to account for managing their temporary workforce
  - Full time resource from Commercial Management dedicated to drive this new approach and model forward, working closely with HR and Finance.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The costs of interims is set out in Para 4.7 of the report

## **6.0 LEGAL IMPLICATIONS**

- 6.1 Interims and consultants are not employees of the Council. However, the agency worker regulations 2010 guarantee equal treatment with regards to basic working and employment conditions for any agency worker after 12 weeks of service in the same job.



**7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

7.1 All interim and consultant arrangements are met within existing resources. The costs of which are set out elsewhere in the report.

**8.0 RELEVANT RISKS**

8.1 N/A

**9.0 ENGAGEMENT/CONSULTATION**

9.1 N/A

**10.0 EQUALITY IMPLICATIONS**

10.1 There are no direct equality implications arising from the report.

**REPORT AUTHOR (S):** Liz Hammond  
Interim Director of Change and Organisational Design

**APPENDICES**

**Appendix A** Interims and consultants in 2016/17

**Appendix B** Interims and consultants in 2017/18

**REFERENCE MATERIAL**

**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date

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**Business Overview and Scrutiny Committee  
18 September 2018**

The Council engaged interims and consultants in 2016/17 in a range of roles and projects as set out below:

	Service Area	Job Title	Start Date	End Date
1	Adult Services	Senior Manager – Integrated Hospital Discharge Team	11/02/2016	12/03/2017
2	Adult Services	Interim Assistant Director: Adult & Disability Services	01/12/2016	10/05/2018
3	Business Services	Operational Consultancy & Support	07/11/2016	30/09/2017
4	Children's Services	Children's Safeguarding Senior Manager	03/01/2017	30/06/2017
5	Children's Services	Interim senior manager	01/09/2015	27/11/2017
6	Children's Services	Development Support Lead	20/03/2017	01/07/2018
7	Children's Services	Interim senior manager	02/11/2015	28/05/2017
8	Children's Services	Quality Assurance and Coaching Auditor	17/10/2016	22/12/2017
9	Children's Services	Safeguarding Quality Assurance Manager	27/02/2017	07/01/2018
10	Children's Services	Quality Assurance and Coaching Auditor	23/01/2017	10/03/2017
11	Children's Services	Quality Assurance and Coaching Auditor	14/11/2016	20/03/2017
12	Children's Services	Interim Head of Services	07/11/2016	30/06/2017
13	Children's Services	Project Co-ordinator.	17/08/2015	01/11/2016
14	Children's Services	Interim senior manager	07/09/2015	30/04/2016
15	Children's Services	Senior Children's Commissioning Manager	15/02/2016	30/04/2017
16	Children's Services	Interim Lead for Social Care Improvement	26/09/2016	01/06/2017
17	Children's Services	Interim Lead for Social Care Improvement	19/09/2016	21/01/2018
18	Children's Services	Interim senior manager	11/08/2015	29/07/2016
19	Children's Services	Interim Revenues and Benefits Development Consultant	06/03/2017	31/01/2018
20	Children's Services	Quality Assurance and Coaching Auditor	24/10/2016	09/11/2016
21	Children's Services	Strategic Improvement Lead	26/05/2016	27/04/2017
22	Children's Services	Safeguarding Manager	30/10/2015	31/03/2017
23	Delivery	Interim Assistant Director	24/10/2016	
24	Finance	Senior Accountancy Assistant	30/06/2015	31/12/2016
25	Finance	Senior Accountancy Assistant	30/06/2015	30/09/2016
26	Transformation Office	Interim Project Manager	10/10/2016	27/10/2017
27	Transformation Office	Programme Manager	08/08/2016	22/12/2017
28	Transformation Office	PMO Manager	01/09/2016	23/12/2016
29	Transformation Office	Interim Project Manager	30/01/2017	01/03/2017
30	Transformation Office	Interim Project Manager	01/02/2017	01/03/2017
31	Transformation Office	Change Programme Manager DASS CYPD	01/02/2016	21/11/2016

## APPENDIX A

32	Transformation Office	Interim Director	01/04/2016	28/09/2017
33	Transformation Office	Interim Project Manager	21/12/2015	30/06/2016
34	Transformation Office	Interim Investment Lead	20/02/2017	
35	Transformation Office	Interim Project Manager	01/08/2016	16/10/2016
36	Transformation Office	Interim Project Manager	08/08/2016	31/05/2018
37	Transformation Office	Interim Project Manager	01/08/2016	28/04/2017

Please note this includes all engagements that commenced or ended within 2016/17 and may in some cases have spanned financial years

## Business Overview and Scrutiny Committee

### 18 September 2018

The Council engaged interims and consultants in 2017/18 in a range of roles and projects as set out below:

	Service area	Job Title	Start Date	End Date
1	Adult Services	Interim Assistant Director: Adult & Disability Services*	01/12/2016	10/05/2018
2	Business Services	Operational Consultancy & Support*	07/11/2016	30/09/2017
3	Business Services	Interim Infrastructure Manager	15/05/2017	
4	Business Services	Communications & Investment Lead	02/01/2018	12/10/2018
5	Business Services	Interim AD: Law & Governance	17/07/2017	30/03/2018
6	Business Services	Interim Strategic Financial Support	17/07/2017	29/06/2018
7	Business Services	Interim Revenues and Benefits Development Consultant*	06/03/2017	31/01/2018
8	Business Services	Interim Finance Adviser	07/02/2018	
9	Business Services	Subject Matter Expert: Assets*	02/01/2018	
10	Children's Services	Fostering Consultant Executive	08/01/2018	
11	Children's Services	Children's Safeguarding Senior Manager*	03/01/2017	30/06/2017
12	Children's Services	Performance Team Development Lead	04/09/2017	24/08/2018
13	Children's Services	Interim senior manager*	01/09/2015	27/11/2017
14	Children's Services	Interim Head of Services	17/07/2017	31/08/2018
15	Children's Services	Safeguarding Quality Assurance Manager	13/07/2017	
16	Children's Services	Development Support Lead*	20/03/2017	01/07/2018
17	Children's Services	Head of Children's Safeguarding	04/01/2018	02/09/2018
18	Children's Services	Interim senior manager*	02/11/2015	28/05/2017
19	Children's Services	Strategy & Transformation	26/02/2018	31/07/2018
20	Children's Services	Quality Assurance and Coaching Auditor*	17/10/2016	22/12/2017
21	Children's Services	Permanence Co-ordinator	14/08/2017	
22	Children's Services	Safeguarding Quality Assurance Manager	27/04/2017	30/07/2017
23	Children's Services	Group Manager	08/06/2017	13/05/2018
24	Children's Services	Service Manager	05/03/2018	04/11/2018
25	Children's Services	Service Manager	02/01/2018	01/07/2018
26	Children's Services	Service Manager	31/01/2018	08/04/2018
27	Children's Services	Service Manager	01/11/2017	11/03/2018
28	Children's Services	Service Manager	04/01/2018	15/04/2018
29	Children's Services	Service Manager	06/11/2017	17/12/2017
30	Children's Services	Commissioning Manager	26/02/2018	29/04/2018

## APPENDIX B

31	Children's Services	Safeguarding Quality Assurance Manager	27/02/2017	07/01/2018
32	Children's Services	Quality Assurance and Coaching Auditor	13/11/2017	10/06/2018
33	Children's Services	Quality Assurance and Coaching Auditor	14/02/2018	
34	Children's Services	Interim Head of Service*	07/11/2016	30/06/2017
35	Children's Services	Interim Lead for Social Care Improvement*	26/09/2016	01/06/2017
36	Children's Services	Interim Lead for Social Care Improvement*	19/09/2016	21/01/2018
37	Delivery	Project Officer	22/08/2017	30/11/2017
38	Transformation Office	Communications Lead	14/08/2017	31/05/2018
39	Transformation Office	Interim Project Manager*	10/10/2016	27/10/2017
40	Transformation Office	Programme Manager*	08/08/2016	22/12/2017
41	Transformation Office	Interim Director*	01/04/2016	28/09/2017
42	Transformation Office	Interim Investment Lead*	20/02/2017	22/12/2017
43	Transformation Office	Commissioning & Modernisation Lead	06/11/2017	23/02/2018
44	Transformation Office	Interim Project Manager*	08/08/2016	31/05/2018
45	Transformation Office	Interim Project Manager*	01/08/2016	28/04/2017

\*Commenced in previous financial year

Please note this includes all engagements that commenced or ended within 2017/18 and may in some cases have spanned financial years.



## **Business Overview & Scrutiny Committee 18<sup>th</sup> September 2018**

<b>REPORT TITLE</b>	<b>UPDATE ON LIVERPOOL CITY REGION DEVELOPMENTS</b>
<b>REPORT OF</b>	<b>ROSE BOYLAN, POLICY &amp; STRATEGY MANAGER</b>

### **REPORT SUMMARY**

This report sets out a brief overview of latest developments at the Liverpool City Region (LCR), including activity underway to implement the City Region devolution deal.

This matter affects all Wards within the Borough.

This is not a key decision.

### **RECOMMENDATION/S**

Committee is requested to note and comment on latest developments.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

Committee have requested regular updates and consideration of City Region developments.

### 2.0 OTHER OPTIONS CONSIDERED

2.1 N/a

### 3.0 LATEST DEVELOPMENTS

A wide range of activity continues, of which the following is just a small extract.

#### 3.1. SUPPORTING YEAR OF ACTION IN THE ENVIRONMENT 2019 ACROSS LCR

LCR partners recently agreed to support a detailed programme of local activity for the 2019 Year of Action in the Environment. The 2019 Year is part of the Government's action plan, published earlier this year; *A Green Future: Our 25 Year Plan to Improve the Environment*. It also coincides with the 70th anniversary of National Parks and the centenary of the Forestry Commission.

The national Plan aims to get more people from all backgrounds to become involved in projects to improve the natural world. The promotional aspects are based on the range of environmental challenges addressed in the 25 Year Plan, including poor air quality, pollution from single use plastics, the protection of water supplies and the risk and challenges associated with climate change. It is likely to begin with a launch event then a year of campaign, activities and research, ultimately leading to longer term commitments with buy-in and pledges from key partners.

At a city regional level, Nature Connected, the Local Nature Partnership, which brings together public, private and community sector organisations, is a strong advocate of the campaign and has sought the Combined Authority's engagement in the process.

LCR partners are keen to get involved in the Year as part of local ambitions for a clean, inclusive, sustainable and low carbon city region. The aim is to raise awareness, encourage community participation and get wider partner buy-in. Input and support by the Combined Authority will be principally be in-kind rather direct financial contributions and is likely to begin with a launch event then a year of campaigns, activities and pledges;

The Environment Agency is also a key partner in the promotion of the event and can support with existing tools, expertise and contributions, including the various environmental programmes taking place across the city region.

The proposed campaign aligns well with Wirral's pro-active approach to environmental improvement, and is a positive opportunity to link with Wirral's Borough of Culture year to promote the year of environment.



### **3.2. LCR DIGITAL INFRASTRUCTURE ACTION PLAN UPDATE**

Ongoing activity is underway across the LCR to produce the Digital Infrastructure Action Plan. The aim of this is to develop world class digital infrastructure to make the City Region the most digitally connected in the UK as part of stimulating and accelerating inclusive economic growth.

The LCR approach reflects national evidence that, just as digital skills are now a form of basic literacy, so too is digital infrastructure a core utility, with the direct causal link between digital infrastructure investment and economic growth and competitiveness.

The UK ranks next to last (27th out of 28) in the EU league table of fibre deployment, with just 2% of premises having a fibre connection compared to 85% in Portugal. In response to this, the UK government has devised the Local Full Fibre Networks (LFFN) programme as part of its £740million National Productivity Investment Fund, in order to stimulate investment in full fibre networks and improve UK competitiveness.

The LCR work to develop a Digital Infrastructure Action Plan (DIAP) is ongoing, led by the Combined Authority (CA) and Local Enterprise Partnership (LEP), and working collaboratively through a Core Group involving officers from each of the six city region districts, Merseytravel, the LEP, and relevant CA Policy Leads. In doing so, officers are ensuring active integration with other major LCR policies and investments, including Energy, Planning, Housing, Skills Strategies and Transport, e.g. the Merseyrail rolling stock replacement programme and Key Route Network upgrades.

The immediate objective of the DIAP is to create a fibre “superspine” to interlink these key assets and all six Local Authority areas, and accelerate the development of more extensive local fibre spines and access networks.

The DIAP also includes a series of Digital Exchanges (DXs), including at least one in each of the six LCR Local Authority areas, to light up the new network and catalyse/enhance digital/creative cluster development.

The Plan is developing a ‘Dig Once’ Policy - installing ducting/fibre whenever the road is being dug up anyway, which saves at least 90% of the average costs of fibre installation, while also enabling rapid deployment and, importantly, minimising disruption to local business/residents. Dig once opportunities include: rail, road, cycleway and bus corridor upgrades, traffic signalling and street lighting replacements, new housing developments, new business parks and premises, plus town centre and other physical regeneration programmes or developments.

Wirral officers continue to be closely involved with the development of the Digital Plan to ensure it complements and enhances our local Growth priorities and ambitions - eg to ensure Birkenhead is included for location of one of the Digital Exchange locations

Work is now underway to produce a detailed Delivery Plan and maximise potential funding opportunities from a variety of sources.

### **3.3. LCR JOINT ACTIVITY TO ASSESS IMPLICATIONS OF BREXIT**

In the absence of a firm Brexit Deal at this point, it is difficult to produce a realistic analysis of the local implications that would not be mostly speculation. However it is still important to have as much information as possible about the potential challenges and opportunities to Councils and our residents.

Wirral is therefore linking in with the work that the Local Government Association (LGA) are leading on this to understand the potential implications for Councils and the LGA continue to liaise with Government to highlight the issues that local Councils may face. In particular, we are looking at the LGA analysis to understand the potential risks and opportunities in relation to:

- The economy, businesses, trading and markets
- Workforce and employment issues
- EU funding programmes
- Wider implications for residents eg food prices

Wirral officers are liaising with LCR partners to try to get some understanding of the potential implications for our region eg future funding programmes and potential opportunities for further devolution to the City Region. Again, this will link in with the LGA national approach, with the aim of holding a Regional Brexit Sounding Board to try to gain a much more localised understanding of the potential implications.

### **3.4. Conclusion**

Further updates on all of the above will be brought back to this Committee as the detail emerges in coming months. As previously stated, the above is just a short snapshot of LCR activity, and further detail on all of the most recent developments can be found here <http://liverpoolcityregion-ca.gov.uk/>

### **4.0 FINANCIAL IMPLICATIONS**

The Devolution arrangements propose the devolution of financial resources to LCR.

### **5.0 LEGAL IMPLICATIONS**

N/a

### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

At this time, no additional cost is expected to be incurred by LCR local authorities as a result of arrangements to deliver the devolution deal.

### **7.0 ENGAGEMENT/CONSULTATION**

Wirral, along with City Region partners, continues to brief members and officers; circulate information and raise awareness of LCR developments through a wide range of approaches and communications.

## 8.0 EQUALITY IMPLICATIONS

There are no direct equality implications associated with this report as it deals with the issue of devolution at a strategic level. Equality analysis will be carried out as part of the detailed implementation as appropriate.

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### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	12 July 2013
Cabinet	8 August 2013
Cabinet and Council	19 September 2013
Cabinet and Council	10 March 2014
Council	19 November 2015
P&P Regeneration & Environment Committee	18 January 2016
P&P Regeneration & Environment Committee	2 March 2016
Council	13 September 2016
Cabinet	14 November 2016
Council	8 December 2016
Business Overview & Scrutiny Committee	6 December 2016
Business Overview & Scrutiny Committee	24 January 2017
Business Overview & Scrutiny Committee	29 March 2017
Business Overview & Scrutiny Committee	4 July 2017
Business Overview & Scrutiny Committee	19 September 2017
Business Overview & Scrutiny Committee	29 November 2017
Business Overview & Scrutiny Committee	23 January 2018
Business Overview & Scrutiny Committee	27 <sup>th</sup> March 2018
Business Overview & Scrutiny Committee	4 <sup>th</sup> July 2018

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## **Business Overview and Scrutiny Committee Tuesday, 18 September 2018**

<b>REPORT TITLE:</b>	<b>2018/19 QUARTER 1 WIRRAL PLAN PERFORMANCE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF ECONOMIC AND HOUSING GROWTH</b>

### **REPORT SUMMARY**

This report provides the 2018/19 Quarter 1 (April - June 2018) performance report for the Wirral Plan pledges under the remit of the Business Overview and Scrutiny Committee. The report, which is included as Appendix 1, provides a description of delivery progress in Quarter 1 and provides available data in relation to a range of outcome indicators and supporting measures.

### **Quarter One Wirral Plan Performance Summary**

- Wirral's employment rate this quarter is 73.6%, the highest recorded figure since reporting started in 2004. This good performance means Wirral has narrowed the gap with England and is now outperforming the North West average for the first time by 0.4%.
- The number of jobs created and safeguarded in Quarter 1 is lower than expected at 46.5 against a target of 140. However Wirral Chamber is currently working with a number of businesses who are looking at phased growth/recruitment expected to commence from Q2 into Q3 and has a pipeline of projects currently underway with a high number of jobs anticipated to be secured following support and intervention.
- There has been a 6.6% average annual increase in the value of tourism and a 5.3% average annual increase in visitor numbers since the start of Wirral Plan
- There has been a reduction in people killed or seriously injured (KSI) in road traffic accidents in Quarter 1 2018/19, 6 people, compared to 25 in the same quarter the previous year. A range of initiatives to improve safety have been developed and delivered including safety engineering schemes and educational/engagement events such as regular motorcycle safety engagements and Bikesafe workshops.
- A comprehensive funding approach has been designed which will enable replacement of 27,000 street lamps with LED technology and the replacement of over 9000 columns. Cabinet will be requested to approve the procurement of this work in July which will enable the commencement of a 3 year replacement programme, meaning all Wirral's street lights will be modern, reliable and efficient, reducing costs and improving energy efficiency.

**RECOMMENDATION/S**

That the Business Overview and Scrutiny Committee note the content of the report and highlight any areas requiring further clarification or action.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To ensure Members of the Business Overview and Scrutiny Committee have the opportunity to scrutinise the performance of the Council and partners in relation to delivering the Wirral Plan.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 This report has been developed in line with the approved performance management framework for the Wirral Plan. As such, no other options were considered.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Wirral Plan is an outcome-focussed, partnership plan which has 18 supporting strategies that set out how each of the 20 pledges will be delivered. For each pledge, a partnership group has been established to drive forward delivery of the action plans set out in each of the supporting strategies.
- 3.2 A Wirral Plan Performance Management Framework has been developed to ensure robust monitoring arrangements are in place. The Wirral Partnership has a robust approach to performance management to ensure all activity is regularly monitored and reviewed.
- 3.3 Data for the identified indicators is released at different times during the year. As a result of this, not all Pledges will have results each quarterly reporting period. Some indicators can be reported quarterly and some only on an annual basis. Annual figures are reported in the quarter they become available against the 2018/19 year end column.
- 3.4 For each of the indicators, a trend is shown (better, same or worse). In most cases, this is determined by comparing the latest data with the previous reporting period i.e. 2017/18 year end. In some cases, i.e. where data accumulates during the year or is subject to seasonal fluctuations, the trend is shown against the same time the previous year. This is indicated in the key at the end of the report.
- 3.5 For some indicators, targets have been set. Where this is the case, a RAGB (red, amber, green, blue) rating is provided against the target and tolerance levels set at the start of the reporting period, with blue indicating performance targets being exceeded.
- 3.6 All Wirral Plan performance reports are published on the performance page of the Council's website. This includes the high level Wirral Plan overview report and the detailed pledge reports which include updates on progress on all activities set out in the supporting strategy action plans. The link to this web page is: <https://www.wirral.gov.uk/about-council/council-performance>

3.7 Each of the Wirral Plan Pledges has a Lead Commissioner responsible for overseeing effective delivery. The Lead Commissioners for the Pledges in the report at Appendix 1 are as follows:

- Greater job opportunities in Wirral – Brian Bailey
- Workforce skills match business needs – Brian Bailey
- Increase Inward Investment – Brian Bailey
- Thriving small businesses – Brian Bailey
- Vibrant Tourism Economy – Brian Bailey
- Transport and technology infrastructure fit for the future – Mark Smith
- Assets and buildings are fit for purpose for Wirral's businesses – Brian Bailey

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no financial implications arising from this report.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are no legal implications arising from this report.

#### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

There are none arising from this report.

#### **7.0 RELEVANT RISKS**

7.1 The performance management framework is aligned to the Council's risk management strategy and both are regularly reviewed as part of corporate management processes.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 The priorities in the Wirral Plan pledges were informed by a range of consultations carried out in 2015 and 2016 including the Wirral resident survey.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 The Wirral Plan equality impact assessment can be found at:  
<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-15/chief>

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#### **APPENDICES**

Appendix 1: Wirral Plan Business Committee 2018/19 Quarter 1 Pledge Reports



## REFERENCE MATERIAL

N/A

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
<b>Business Overview and Scrutiny Committee</b>	<b>13 September 2016</b>
<b>Business Overview and Scrutiny Committee</b>	<b>29 November 2016</b>
<b>Business Overview and Scrutiny Committee</b>	<b>29 March 2017</b>
<b>Business Overview and Scrutiny Committee</b>	<b>4 July 2017</b>
<b>Business Overview and Scrutiny Committee</b>	<b>19 September 2017</b>
<b>Business Overview and Scrutiny Committee</b>	<b>29 November 2017</b>
<b>Business Overview and Scrutiny Committee</b>	<b>27 March 2018</b>
<b>Business Overview and Scrutiny Committee</b>	<b>4 July 2018</b>

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# Appendix 1

## Wirral Plan Business Theme 2018-19 Quarter 1 Reports

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## Growth Plan

### Overview from Lead Cabinet Member

Delivery of the Growth Plan continues to progress well with a full schedule of planned activities to support growth. Highlights on pledge indicators for the quarter include a continued strong employment rate following last year's growth, with Wirral now outperforming the North West average for the first time by 0.4%.

Key activity highlights for Quarter 1 include:

**EMPLOYMENT:** Excellent resident engagement evidenced across our programmes to tackle worklessness in the borough with the Wirral Ways to Work Programme exceeding 4,000 participants; over 5,500 door knocks in the community delivered by the Health Related Worklessness Programme; and 92 individuals already engaged in the new Households into Work Programme.

**WORKFORCE SKILLS:** Over 4,000 young people, teachers, parents and residents attended the Liverpool City Region Skills Show, with an excellent 25% of the share of attendance coming from Wirral.

**INVESTMENT:** Strong Wirral representation and engagement in the 2018 International Business Festival held from 12th to 28th June 2018 this year, the world's biggest business event, hosted every two years in Liverpool and supported by UK government. The Festival hosted more than 50 major global events and conferences, in addition to a core programme of speakers and networking events.

**BUSINESS:** Wirral Chamber has registered 724 businesses into the Business Support Service since its launch in June 2017 and work continues to support town centre businesses via the Love Liscard Town Host initiative, with average footfall this quarter up almost 2% compared to the same quarter last year.

### Greater job opportunities in Wirral

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Increase the number of jobs created and safeguarded (via Wirral Chamber Data Reporting)	Quarterly Higher is better	970.0 (2014-15)		3,122.0 (2015-18)	<b>Red Actual: 46.5 Target: 140.0 (Q1 18-19)</b>					Worse	The first quarter of this year is lower than profiled; however Wirral Chamber is currently working with a number of businesses who are looking at phased growth/recruitment expected to commence from Q2 into Q3. Wirral Chamber has a pipeline of projects currently underway with a high number of jobs created/safeguarded anticipated to be secured following support and intervention.
Increase the employment rate in Wirral	Quarterly Higher is better	66.7 (2014-15)	England: 75.0 (Apr 2017 - Mar 2018) North West: 73.4 (Apr 2017-Mar 2018)	72.6 (Jan 17-Dec 17)	73.8 (Q1 18-19)					Better	73.8% (March 2018) Performance this quarter has improved by 1.2% and Wirral is still at its highest ever performance for this indicator. This good performance means Wirral has narrowed the gap with England and is now outperforming the North West average for the first time by 0.4%.

Supporting Measure	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend	Comment
Percentage of working age people claiming out-of-work benefits (economic in-activity)	Quarterly Lower is better	(n/a)			13.46% (Q1 18-19)					n/a	This proxy figure has been calculated using the latest benefit datasets available. This indicator is still subject to change due to a current DWP consultation on the production of out of work benefit statistics. This consultation closes in July 18 and therefore findings and a new methodology will be released later in the year.

### Workforce skills match business needs

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Reduce the Employer Skills Gap in Wirral	Annual Lower is better	15.0% (2015)								n/a	This indicator shows results from the bi-annual Skills Survey. 2017 survey results will be available later this year.

### Increase inward investment

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Total investment secured into Wirral developments	Annual Higher is better	£38,044,660 (2014-15)		£147,533,345 (2017-18)						n/a	2018/19 data will be available May 2019.
Gross Value Added per head of population	Annual Higher is better	£12,482 (Jan-Dec 2013)	England: £27,060 (Jan - Dec 2016) North West: £22,899 (Jan - Dec 2016)	£15,051 (Jan-Dec 2016)						n/a	2017 data will be available December 2018.

### Thriving small businesses

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Deliver a net additional 250 new businesses over the life of this Plan	Annual Higher is better	7,400 (2014-15)		8,705 (2017-18)						n/a	Data available December.

## Vibrant tourism economy

### Overview from Lead Cabinet Member

Significant progress has been made in Quarter 1 to achieve the Vibrant Tourism Economy pledge, as a key element of the Wirral Growth Plan, through the delivery with partners of the actions within the Wirral Visitor Economy Strategy.

Wirral's visitor economy statistics for 2017 have been confirmed and I am delighted to report that they show an increase in the tourism economy and highlight the importance of a comprehensive programme of events across Wirral in 2017 (including the annual River of Light fireworks event, which attracted 54,000 visitors). There has been a continuous increase, year-on-year, in the borough's tourism economy since 2012, totalling an additional £113million.

Hotel Solutions have submitted their draft report for the Wirral Accommodation & Conference Study. This is currently being reviewed and we look forward to developing an action plan, which will inform and accelerate future hotel investment & development.

The development of a more financially sustainable events model is gaining momentum with the highly successful Tall Ships Regatta event in May, which maximised a number of external funding opportunities. This has provided an excellent platform on which to further develop the model with the Imagine Wirral event programme.

Maintenance of the visitwirral web and social media channels has been transferred to Wirral Chamber, the contracted agent for managing the Wirral Visitor Economy Network (WVEN). Twitter followers are at 12900, up 22% on the previous quarter, Facebook likes are at 1102, up 3%, and Instagram, which is a new visitwirral account, has nearly 500 followers, all showing very encouraging visitor engagement.

Funding and development plans for the proposed new Eureka! attraction at Seacombe Ferry Terminal are moving at pace; updates on the progress can be viewed in the Growth Plan Quarterly Pledge Performance Reports. Visitor Economy is playing a key role in moving these plans forward.

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Increase visitor numbers each year based on the 2014 baseline (m)	Annual Higher is better	7.59 (Jan-Dec 2014)		8.50 (Jan-Dec 2016)					8.79 (Jan-Dec 2017)	Better	Performance for 2017 has confirmed that total visitor numbers have increased in Wirral by an average of 5.3% p.a. since 2014. This data comes from Global Tourism Solutions via the Local Enterprise Partnership. It is based on the STEAM model which quantifies the local economic impact of tourism, from both staying and day visitors using a range of visitor economy measures.
Increase value of tourism economy by at least 5% each year (£m).	Annual Higher is better	£355.00 (Jan-Dec 2014)		£402.40 (Jan-Dec 2016)					<b>Green</b> Actual: £426.35 Target: £411.49 (Jan-Dec 2017)	Better	Performance for 2017 has confirmed an average increase of 6.6% p.a. since 2014. This data comes from Global Tourism Solutions via the Local Enterprise Partnership. It is based on the STEAM model which quantifies the local economic impact of tourism, from both staying and day visitors using a range of visitor economy measures.

Supporting Measure	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend	Comment
Increase overnight stays & hotel occupancy by 5% by 2020 based on the 2016 baseline	Annual Higher is better	77.75% (Jan-Dec 2016)	Liverpool City Region: 78.30% (2017)	77.62% (2017)						n/a	Due January 2019
Increase the numbers of Wirral Visitor Economy Network members	Annual Higher is better	85 (Jan-Dec 2016)		73 (2017)						n/a	Due January 2019

## Transport and technology infrastructure fit for the future

### Overview from Lead Cabinet Member

I am delighted to report that the Docks Bridges replacement project has been completed, and at the end of June, Tower Road was reopened to all traffic. Although the project experienced some delays in the final few months, the A bridge was successfully moved into place in April and during the last quarter, contractors put the structure through a rigorous testing and commissioning process to ensure that the new bridge is operating safely and effectively. C bridge was replaced during the previous financial year and this significant investment in these two pieces of our key infrastructure will ensure our highway in this key regeneration area is fit for the future.

I am also proud to present the Wirral Road Safety Plan "Shared Roads, Shared Responsibility", which aims to protect the vulnerable members of our community, support economic growth and protect our environment. The plan sets out how we all need to work together to address the challenges and measures needed to ensure the risks to all road users are reduced, and I would ask for support from all Members of the Council, our residents, visitors and businesses to assist in this area.

I am also delighted to confirm the approval of funding from SALIX, which along with our previously approved capital investment will enable replacement of 27,000 street lamps with LED technology and the replacement of over 9000 columns. Cabinet will be requested to approve the procurement of this work in July which will enable the commencement of a 3 year replacement programme, meaning all Wirral's street lights will be modern, reliable and efficient, reducing costs and improving energy efficiency.

In June we held our first Electric Vehicle event at Birkenhead Town Hall. In support of Clean Air Day the event saw over 50 people attending to find out more about the technology and support available to travel sustainably. I would like to thank partners from local businesses, the Chamber of Commerce and local schools who helped make the event a great success and we look forward to continuing to work together on this important agenda.

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
Increased the volume percentage of people cycling	Annual Higher is better	0% (index for 2013-14)		11% (2016-17)						n/a	2017-18 data will be published in January 2019.
Reduce the number of people killed or seriously injured in road traffic accidents	Quarterly Lower is better	140 (2014-15)	English Metropolitan Authorities: 107 (2013-15) North West: 90 (2013-15)	127 (2017-18)	6 (Q1 18-19)					Better	We have continued to develop and implement a wide range of initiatives including the progression of safety engineering schemes together with educational/engagement events such as regular motorcycle safety engagements and Bikesafe workshops. Using an additional grant from the Road Safety Trust we are developing new road safety initiatives aimed at improving safety for taxi use and also aimed at small businesses that utilise vans. There have been some issues with police systems passing collision data to the Council, these are known and measures being taken to address the issue.
Maintain the condition of Wirral's strategic network – Principal Roads	Annual Lower is better	1.40% (2014-15)	English Metropolitan Authorities: 4.00% (2015-16) North West: 4.00% (2015-16)	1.30% (2016-17)						n/a	Next data available October 2018.
Maintain the condition of Wirral's strategic network – Non-principal Roads	Annual Lower is better	2.20% (2014-15)	English Metropolitan Authorities: 5.00% (2015-16) North West: 6.00% (2015-16)	1.30% (2016-17)						n/a	Next data available October 2018.

Supporting Measure	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend	Comment
% levels of satisfaction overall with transport and highway services.	Annual Higher is better	56.7% (2015)	National Highways and Transport Survey: 54.0% (2017)	56.0% (2017)						n/a	Next data available December 2018.
Increase levels of public satisfaction with public transport	Annual Higher is better	64% (2015)	National Highways and Transport Survey: 61% (2017)	63% (2017)						n/a	Next data available December 2018.
Increase levels of public satisfaction with walking/cycling facilities	Annual Higher is better	56% (2015)	National Highways and Transport Survey: 55% (2017)	55% (2017)						n/a	Data available end of academic year.
Travel Training – Number of successfully travel trained young people (Integrated Transport)	Annual Higher is better	26 (2014-15 Acad Year)		23 (2017-18 Acad Year)						n/a	Data available end of academic year.

## Assets and buildings are fit for purpose for Wirral's businesses

### Overview from Lead Cabinet Member

2018/19 is a significant year for the Wirral Partnership with strong asset management being key to the future financial stability of the Borough as a whole. Many significant growth projects are in the pipe-line for development and delivery and these must be robustly progressed.

Wirral Growth Company is providing key scheduling parameters for many of the Asset Strategy priorities:

- asset disposals as a result of the emerging Birkenhead Commercial District
- acquisition of assets to assemble the wider Commercial District
- performance monitoring of the Commercial Portfolio

Increased dialogue with Partner Organisations is being improved continuously to align individual Asset Strategies which must support the individual service delivery requirements but also to enable Wirral Growth plans to emerge.

Wirral Plan Indicator	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend (See Key)	Comment
£m Income generation from investment properties and underperforming space	Annual Higher is better	£1.6 (2015-16)		£1.6 (2017-18)						n/a	This is an annual indicator that will report at year end.
£m Capital Receipts generated by the disposal of Wirral Council's surplus assets	Annual Higher is better	£1.28 (2015-16)		£2.82 (2017-18)						n/a	This is an annual indicator that will report at year end.
Commercial asset space available for release (m2)	Annual Higher is better	5,711 (2015-16)		31,203 (2017-18)						n/a	This is an annual indicator that will report at year end.

Supporting Measure	Indicator	Wirral Plan Start	Benchmark Data	Year End 2017-18	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	Year End 2018-19	Trend	Comment
Reduction in Wirral Council's corporate emissions of carbon dioxide (CO2) due to energy use (tonnes)	Annual Lower is better	31,999 (2013-14)		28,106 (2016-17)						n/a	The next annual update is due in September 2018.
Number of multi-use of assets through shared / alternative use	Annual Higher is better	4 (as at April 2016)		12 (as at March 2018)						n/a	This is an annual measure that will report at year end.

### Report Key

**Trend** - Performance is shown as Better, Same or Worse compared with the last reporting period. The exceptions to this are: Increase the number of jobs created and safeguarded and Reduce the Employer Skills Gap in Wirral which compare to the previous year, and Reduce the number of people killed or seriously injured in road traffic accidents which compares to the same period in the previous year.

**Target** - Where targets apply, these are shown as either Blue, Green, Amber, Red based on the agreed tolerance range for individual measures.

**Action** - These are shown as either:

- Green (on track to deliver on time)
- Amber (off track but action being taken to deliver on time)
- Red (off track and won't deliver on time)



## EXECUTIVE MEMBER DECISION FORM

DECISION TO BE TAKEN BY: Cllr Phil Davies

KEY DECISION NO

PORTFOLIO AREA: Leader

PORTFOLIOS AFFECTED: LEADER

WARDS AFFECTED: All

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**SUBJECT: CODE OF PRACTICE FOR GOVERNANCE OF COUNCIL  
INTERESTS IN COMPANIES**


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**1. RECOMMENDATION:**

1.1 The Cabinet Member is requested to:

- (a) consider the Draft Council Code of Practice for the Governance of Council Interests in Companies as attached at Appendix A and agree the Terms of Reference of the Shareholder Board;
- (b) Refer the Draft Code to
  - the Business Overview and Scrutiny Committee
  - the Audit and Risk Committee
 and request that the committees note the role of the Code of Practice, and the principles within it, in relation to the Council's own Code of Corporate Governance
- (c) Request a subsequent report in order to adopt the Draft Code by the Cabinet Member with portfolio or full Cabinet as desired

**2. REASONS FOR THE DECISION**

2.1. The intention of such a code of practice is to provide a reference point to the Council and interested parties (Councillors, officers, company representatives, etc.) in understanding the requirements of the Council in setting up a local authority company, and a local authority trading company (LATC) in particular, and how the governance arrangements for those companies are expected to work once set up.

**3. STATEMENT OF COMPLIANCE**

3.1 The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been completed. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

**4. DECLARATION OF INTEREST**

<p><b>Signed:</b> P.L. <i>Davies</i> .</p> <p><b>Executive Member:</b> CLERK PHIL DAVIES</p> <p><b>Date:</b> 5.9.18 .</p> <p><b>Also present:</b></p>	<p><b>Signed:</b> <i>ADaw</i></p> <p><b>Chief Officer:</b> Deputy Monitoring officer</p> <p><b>Date:</b> 5/9/18</p>
<p><b>Date of Senior Policy Team Meeting(s):</b></p>	

**A list of background papers on this issue is held with:**

Contact Officer:

Date:

**Date of Publication:**

**Date of Expiry of Call-In Period:**

**EXECUTIVE MEMBER DECISION**  
**Shareholder Board 29<sup>th</sup> August 2018**

SUBJECT:	<b>CODE OF PRACTICE FOR GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES</b>
WARD AFFECTED:	All
REPORT OF:	Director of Governance and Assurance
RESPONSIBLE PORTFOLIO HOLDER:	Cllr P Davies
KEY DECISION?	No

**1. REPORT SUMMARY**

- 1.1 This report invites the Cabinet Member with portfolio as shareholder representative to consider the approach to the governance of the Council's subsidiary companies and, in particular, the part that the introduction of a *Council Code of Practice for the Governance of Council Interests in Companies* has in promoting and ensuring good governance in relation to those company interests.

**2. RECOMMENDATION/S**

- 2.1 The Cabinet Member is requested to:
- (a) consider the Draft Council Code of Practice for the Governance of Council Interests in Companies as attached at Appendix A and agree the Terms of Reference of the Shareholder Board;
  - (b) Refer the Draft Code to
    - the Business Overview and Scrutiny Committee
    - the Audit and Risk Committee
 and request that the committees note the role of the Code of Practice, and the principles within it, in relation to the Council's own Code of Corporate Governance
  - (c) Request a subsequent report in order to adopt the Draft Code by the Cabinet Member with portfolio or full Cabinet as desired

## SUPPORTING INFORMATION

### 3. BACKGROUND AND KEY ISSUES

- 3.1 Wirral Borough Council and other local authorities have long had an interest in several kinds of corporate bodies and companies. Never before, however, has there been such an interest in establishing companies and in particular, in this age of austerity and self-reliance, interest in the local authority trading company.
- 3.2 In establishing their company interests, local authorities have had to wrestle with the means by which their company interests are to be governed and how the distinct company commercial activities are to meld with the local authority and public body activities.
- 3.3 In establishing their approach to governance for their authorities, local authority lawyers and their advisors recognised that, to be successful, local authority trading companies will need to obtain from the authority the right balance between their needs as new ventures for freedom (for example, to excel in the open market, to have specialist tools and to develop a culture that enables success), whilst also acknowledging the need for democratic accountability, a commitment to the sponsoring organisation's goals, and compliance with that organisation in systems and data terms. Above all, there was recognised by each authority that, however ambitious and worthy the ventures might be, those ventures, be they jointly or by the local authority alone, involve the expenditure of public money and the stewardship of public resources. The result was a recommendation that a code of practice for the governance of council interests in companies be produced.
- 3.4 Consideration was therefore given to how to organise the establishment and continuing governance of these company ventures, not just individually but on a more planned and co-ordinated basis. Whether pertaining to just one company or several companies distinctly or in a group structure, it was acknowledged that this debate should lead to a model for all such companies, to explain the status of such companies to stakeholders and to provide a 'blue-print' for future company ventures.
- 3.5 Once established in a few councils, it quickly became apparent that there was a commonality in approach and a need amongst local authorities and a project providing a common approach was sponsored by Lawyers in Local Government (LLG) and produced by Philip McCourt (then of Weightmans LLP).
- 3.6 The intention of such a code of practice is to provide a reference point to the Council and interested parties (Councillors, officers, company representatives, etc.) in understanding the requirements of the Council in setting up a local authority company, and a local authority trading company (LATC) in particular, and how the governance arrangements for those companies are expected to work once set up.

- 3.7 The resulting example Codes of Practice for the Governance of Council Interests in Companies has now been adopted by LLG
- 3.8 Attached is that LLG common Code as adapted for Wirral Borough Council. As explained in it, this and the examples it follows adopt the approach of the code of corporate governance of this and most local authorities, which in turn follow the CIPFA/Solace model in which LLG was a part.
- 3.9 The Code sets out
- the law and guidance which govern how local authority companies are to be established and run;
  - the way in which a local authority might wish to organise its company interests;
  - how those interests may be best governed according to a set of principles;
  - how decisions will be taken as shareholder;
  - how scrutiny is to be conducted, where there is a scrutiny function and where there is not; and
  - how regulatory matters and conflicts of interest may be best managed.
- 3.10 The key relationship between the company, the executive decisions (in whatever form) to hold the company to account and as shareholder, the scrutiny or committee function in holding that decision making to account in turn is handled through the medium of a suggested shareholder board.

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

- 4.1 Drafting a different Code
- 4.2 Not operating under a common governance code

#### **5. BACKGROUND INFORMATION**

- 5.1 The Council is currently a shareholder and sole member of two local authority companies, one active and one dormant, is a member of a co-owned company and is a member of several others alongside various partner bodies.
- 5.2 The Council plans, as part of its commercial approach, to establish or buy shares in several further companies.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 The adoption of a common approach has no direct financial implications.

#### **7. LEGAL**

- 7.1 The Council, in order to exercise its powers to do something for a commercial purpose, is required to do so through the medium of a company. A local

authority is empowered to be a member of a company under the provisions of the Local Government and Housing Act 1989.

## **8. RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

8.1 None directly. Wider resource implications are dealt with in the Code.

## **9. RELEVANT RISKS**

9.1 There are no risks arising directly from this report, although a number of opportunities and risks do arise out of the Council's approach to local authority trading companies, which are dealt with elsewhere.

## **10. ENGAGEMENT / CONSULTATION**

10.1 The example Code on which this was based was the subject of consultation at two Lawyers in Local Government (LLG) conferences over a period of eighteen months and discussion with partner authorities, involving Bristol City Council in particular. Consultation and discussion was held with LLG's corporate partner law firms, including Bevan Brittan, Eversheds Sutherland, Trowers and Hamlins and Weightmans.

## **11. Relationship to Overview and Scrutiny Committee(s)**

11.1 The Code itself refers to Overview and Scrutiny in the following manner at section 7, which is reflected in the recommended terms of reference and membership of the Shareholder Board. The summary excerpt is that:

"The key role of overview and scrutiny is then to advise the executive and hold it to account on behalf of the wider public interest and its role within the Council...

"Overview and Scrutiny, to fulfil its role, requires a means of access to the sensitive information and debate that inform the Shareholder Group and the Leader's decision making, without either oppressing that process or endangering its own strictly non-executive role.

"To this end it is considered that the Chair of the appropriate Overview and Scrutiny Committee is best placed to be involved, use his/her knowledge of this committee and its remit to sift the information and be alert to those matters that need to be brought to the overview and scrutiny committees' attention and be investigated further. Accordingly, the Chair will be invited to the forum created to handle this crucial information flow, the Shareholder Board. To retain the independence required of the O&S Chair, this is not membership as direct advisor as part of the decision making, but as an informed observer."

## **12. Relationship to Audit Committee**

11.2 In a similar manner to the Council's wider Code of Corporate Governance, it is envisaged that the operation of the Code of Practice, and the authority's performance against the principles contained within it, will be included in the Annual Governance Statement and be subject to periodic review by the authority's Audit Committee and recommendations to Cabinet.

11.2 The Code itself refers to audit in three places

- At para 3.5 "The Council itself has adopted a Bristol City Council Code of Corporate Governance and the approach of this Code of Practice will fall to be associated with the provisions of that Code.
- At para 10.5 "The Bristol Holding Limited Bristol Holding Limited's will have two standing committees, which will be as follows: ... The Audit Committee, which will fulfil the same role and function as the Council's Audit Committee, the outputs of which will feed into the holding company board, the company business plans and the Council's own statement of accounts and Annual Governance Statement.
- The terms of reference of the Shareholder Group, which provides that the Shareholder Group may: "make reports to and consult the Audit Committee, in relation to that Committee's particular functions"

## **13. EQUALITY IMPLICATIONS**

13.1 None necessary for this report

**REPORT AUTHOR: Philip McCourt,**  
**Director of Governance and Assurance**

## **APPENDICES**

**Appendix A:** Draft Governance of Council Interests in Companies - A Code of Practice

**Appendix B:** Explanatory conference slides

## **REFERENCE MATERIAL**

LLG Guidance Note for England & Wales February 2018

# WIRRAL BOROUGH COUNCIL

**DRAFT**

## **GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES** **A CODE OF PRACTICE**

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## **1. Introduction**

- 1.1 The purpose of this Code of Practice is to provide a reference point to the Council and interested parties (councillors, officers, company representatives and contractors) in understanding the requirements of the Council in setting up a local authority company, and in particular a local authority trading company (LATC), and how the governance arrangements for that company will work once set up.
- 1.2 The OECD/G20 helps define corporate governance by saying that it:
- *“involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders; and*
  - *“provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined”*.<sup>1</sup>
- 1.3 This Code of Practice therefore sets out how the Council will normally go about managing those relationships and ensuring that a company will go on to deliver the objectives established for it by the Council. It also briefly explains and makes reference to the law and basic requirements placed upon a local authority in establishing or owning companies.
- 1.4 The Code of Practice is set out as:
- an explanatory background;
  - a set of guiding principles; and then
  - a set of working expectations.
- 1.5 Attached, as appendices, are also key documents used in this process.

## **2. Background**

### **(a) Local authority trading and the local authority trading company <sup>2</sup>**

- 2.1 There are long-established powers for councils to trade. Among the most important is the Local Authorities (Goods and Services) Act 1970, which authorises councils to enter into agreements with other local authorities and other designated public bodies, for the provision of goods, materials and administrative, professional and technical services, for the use of vehicles, plant and apparatus and associated staff, and for the carrying out of maintenance. Payment terms are set out in an agreement. These are not limited to cost recovery. The 1970 Act is the bedrock of trading within the public sector and there is substantial experience of its operation. But the Act is limited in scope. For example, it does not allow trading with the private sector or the public at large. Other established trading powers are specific in nature,

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<sup>1</sup> “G20/OECD Principles of Corporate Governance - OECD Report to G20 Finance Ministers and Central Bank Governors” - September 2015

<sup>2</sup> Source: Local Government Association Briefing

such as the Local Government (Miscellaneous Provisions) Act 1976, which enables councils to enter into agreements with anyone for the use of spare computer capacity.

- 2.2 The Local Government Act 2003 added new possibilities to charge for services, to both provide extra services at cost and to trade with the private sector. Under the 2003 Act, the Government authorizes trading by means of a trading order. The Trading Order currently in force was made in 2009<sup>3</sup>, which permits all councils in England to trade or "to do for a commercial purpose", anything which they are authorised to do for the purpose of carrying on their ordinary functions, which includes use of the granted general power of competence.
- 2.3 Under that 2003 Act and Trading Order, as augmented by the Localism Act 2011, for a local authority to exercise the power to do things for a commercial purpose (which the authority couldn't otherwise do), then it must be done through a company. Councils are thus enabled to establish a company by which they can trade with the private sector for a profit - that is to enter into commercial contracts. The profits may then go back to the council through dividends or service charges.
- 2.4 The reason given for this legislative requirement is that:

*"local authorities and their trading arms have to be on a level playing field with the private and commercial sector in both a positive and negative way. They should not be at a disadvantage, but they should not have an outstanding advantage. Taxation is a particular issue. It is right to carry forward the requirement that such bodies should be companies and trading as such."*
- 2.5 To exercise the power to establish a company and trade, a local authority must first approve a business case ('a comprehensive statement') covering:
  - the objectives of the business;
  - the investment and other resources required to achieve those objectives;
  - any risks the business might face and how significant these risks are; and
  - the expected financial results of the business, together with any other relevant outcomes that the business is expected to achieve.
- 2.6 That business case is then implemented and refreshed by way of a business plan, which should be updated and submitted for approval each year, to guide the company in carrying out its continuing activities.
- 2.7 The local authority must also recover the costs of any accommodation, goods, services, staff and anything else they supply to the company under any agreement or arrangement. This is an absolute requirement and distinct from the various rules on procurement or providing state aid.
- 2.8 Other important legal, commercial and financial considerations for councils or

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<sup>3</sup> The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009

fire and rescue authorities setting up a trading company include company law issues, the cost of bidding for contracts, tax liability (corporation tax and VAT), EU procurement law and state aid rules and employment law (TUPE and pensions).

### **(b) The Local Authority Company**

- 2.9 The kind of company that must be utilized to enable the Council to trade in this way is defined in Part V of the Local Government and Housing Act 1989 ('LGHA 89'). That lists:
- a company limited by shares;
  - a company limited by guarantee and not having a share capital;
  - a company limited by guarantee and having a share capital;
  - an unlimited company;
  - a society registered or deemed to be registered under the Industrial and Provident Societies Act 1965.
- 2.10 The LGHA 89, and the current Order<sup>4</sup> made under it, places local authority companies into one of three categories, being controlled or influenced by the local authority (a regulated company) or a company in which the local authority has a minority interest. It then goes on to set out a number of additional restrictions and requirements to which the local authority and the companies must adhere.
- 2.11 The reasons for these limitations were described by the Government of the day, when setting out the reasons for the LGHA 89, as being that:
- "when a company is effectively under the control of a local authority... the most significant controls that Parliament has laid down for the conduct of local authorities should apply to that company."*
- 2.12 A regulated local authority company and any subsidiary of it, for example, is required to state on all correspondence that it is "**a local authority controlled company**" or "**a local authority influenced company**" (as the case may be) and name the relevant authority or authorities and is subject to rules concerning access by the Council's auditors and for delivery of information to the authority and its members.

### **(c) Other Local Authority Entities**

- 2.13 If it isn't needed as a means by which it can trade, a local authority is free to involve itself in any one of a number of different forms of sole and joint ventures to best assist it in achieving its goals and aims, which may or may not involve establishing an entity that has a separate legal personality. These may also be as above, companies as defined by the Companies Act and which can include an industrial or provident society or a community interest company. They may alternatively be established as a distinct trust, with the council or appointees as trustee. They may be embodied as limited liability partnerships. They may also exist simply as unincorporated partnerships, with

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<sup>4</sup> *The Local Authorities (Companies) Order 1995*

other public bodies or private persons (that can often act as if they were a distinct entity), such as the Local Economic Partnership.

- 2.14 There are certain rules yet to be brought into force, and the Secretary of State holds reserve powers, that may require, prohibit or regulate the taking of specified actions by entities connected with a local authority and those appointed to or representing the local authority at them<sup>5</sup>. In this respect:
- “entity” means any entity, whether or not a legal person, and
  - an entity is stated to be “connected with” a local authority if financial information about that entity must be included in the local authority’s statement of accounts.
- 2.15 Whilst this Code of Practice will apply to all companies in which the Council has an interest, it may not be as appropriate for the governance of the Council’s relationship with other entities which it is connected to, is a member of or has an interest in. In these instances, regard will be had to this Code but its application will be determined on a case by case basis.

### **3. Guidance**

- 3.1 In exercising the power to establish a local authority trading company (LATC), local authorities were obliged under the 2003 Act to have regard to Statutory Guidance. The “*General Power for Local Authorities to Trade in Function Related Activities Through a Company*”<sup>6</sup> was issued and it is to this document that this and other councils in establishing the companies have had regard to.
- 3.2 That Statutory Guidance is now out of date, however, and was withdrawn as of 17<sup>th</sup> June 2014. Whilst new guidance is awaited, the withdrawn guidance nevertheless remains useful and largely very relevant. Where it is still relevant, this Code has had regard to it and, where associated with the principles of this Code, accompanying direct quotes from the Government Guidance are included throughout.
- 3.3 All listed companies are subject to the *UK Corporate Governance Code*<sup>7</sup>. The Council will expect all of its companies and their subsidiaries, and indeed any company with which it is associated, to adopt the “comply or explain” approach of the UK Corporate Governance Code as a demonstration of best practice in corporate governance.
- 3.4 The *Corporate Governance Guidance and Principles for Unlisted Companies in the UK*<sup>8</sup> and also the *Corporate Governance Handbook*<sup>9</sup> have additionally

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<sup>5</sup> s.212 *Local Government and Public Involvement in Health Act 2007*

<sup>6</sup> First published: 29 July 2004: UK Govt Archive

<sup>7</sup> September 2014: Financial Reporting Council

<sup>8</sup> First edition: November 2010: Institute of Directors (IoD) and European Confederation of Directors’ Associations (ecoDa)

<sup>9</sup> Third edition 2013: Institute of Chartered Secretaries and Administrators (ICSA)

been utilised in the compiling of this Code of Practice.

- 3.5 The Council itself has adopted a Code of Corporate Governance and the approach of this Code of Practice will fall to be associated with the provisions of that Code.

#### **4. Principles of Governance of Council Companies**

- 4.1 In setting out the governance relationship between the Council and its companies, group of companies and organisations it has invested in, this Code has three key underpinning principles. These are as follows, preceded by a relevant quote on the subject from the Government Guidance.

##### **I. Controls and Freedoms**

The Guidance:

- 4.2 *“A successful company will be one that works alongside the authority in delivering joint objectives. The authority will have to consider how to balance the need to assist the company to achieve its trading objectives with the principles of transparency, accountability and probity.”*

The Principles

- 4.3 It is recognised that, whilst appreciating this should not be unfettered, a trading company needs to be given commercial freedoms to enable it to succeed.
- 4.4 Accordingly, governance arrangements will seek to ensure that:
- the company will be provided with sufficient freedoms to achieve its objectives; and
  - the Council will retain sufficient controls to ensure that its investment is protected, that appropriate social and financial returns on investment can be obtained and that the trading activities of the companies are conducted in accordance with the values of the Council.

##### **II. Relationship, Integrity and Accountability**

The Guidance:

- 4.5 *“It is important that trading companies can operate on an equal footing with their competitors, but it is equally important that they are not used as a device for inhibiting legitimate public access to information about local government and local government services.”*

The Principles

4.6 It is recognised that, whilst appreciating its procedures operate in a way that protects the company's commercial interests, those procedures should ensure that the Council can carry out its functions as an investor, as a trustee of public funds and a local authority committed to both due responsibility for the exercise of its functions and for providing a vision for the City.

4.7 Accordingly, governance arrangements will seek to ensure that:

- the executive can make investment decisions based upon complete and accurate consideration of business cases and business plans;
- the executive can evaluate social and financial benefits and returns on investment; and
- the Council's overview and scrutiny committees are able to exercise their powers in relation to the executive's decision making

in a manner that ensures the companies can provide full and frank financial and business reporting against their business plans and be open to an appropriate level of scrutiny without fear of commercial confidentiality being breached.

### **III. Understanding of role**

#### The Guidance:

4.8 *"A trading company will be a separate legal entity from a local authority. It will derive its legal authority from its Memorandum of Association and the Companies Acts. Its directors and officers will derive their authority from the articles of association and the law relating to companies.*

...

*"Those "who are appointed directors will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so.*

...

*"Local authority members and officers should be aware of potential conflicts of interest when carrying out their roles for their authorities, or when acting as directors of trading companies."*

#### The Principles

4.9 It is recognised that, as company ventures have a separate legal personality to the local authority, the success and good governance of the company venture depends upon those involved understanding their role and responsibilities collectively and individually.

4.10 Accordingly, governance arrangements will seek to ensure that there is sufficient induction, training and other materials in place so that:

- their legal duties;
  - stewardship of assets;
  - the provisions of the governing documents;
  - the external environment; and
  - the total structure of the organizations and the venture
- are appropriately understood by Members of the Council in their role as part of the executive or of overview and scrutiny, by officers of the Council associated with these duties and by the directors of the companies.

## **5. Ownership and control of the company**

- 5.1 Wirral Borough Council, the local authority as a corporate body, will be a member of the company. The membership will be as guarantor if a company limited by guarantee or, as will be the norm if a LATC, the holder of shares (perhaps the only share) in a company limited by shares.
- 5.2 The rights and duties as a member of the company will, however, almost always fall to be exercised as an executive responsibility. This means that, at the Council, decisions to be taken as a member of the company (as shareholder) fall to be decided on by the Leader. In the normal way, therefore, these functions may be delegated by the Leader to the Cabinet, a member of the Cabinet or to an officer and will be subject to key decision and access to information rules, call-in and review by overview and scrutiny committee.
- 5.3 For ease of use, where decisions are to be taken by the local authority as a member of a company, those decisions are referred to in this Code as being taken by 'the executive'.
- 5.4 The authority of the shareholder is exercised where decisions of the company are reserved for approval of the executive before they can be implemented, but also directly in the form of a shareholder's written resolution or at the company's general meetings.
- 5.5 At the company general meetings the executive will be present and voting as a member of the company, where this presence and voting will be in the form of a single person known as the 'shareholder representative'.
- 5.6 Decisions to be made by the executive, rather than left to the company itself, are known as 'reserved matters'. Reserved matters cover such things as the approval of the company's annual business plan or mid-year amendments to it, the appointment of directors, certain key financing decisions and so forth. These are established either through agreement with the company, known as a shareholders' agreement, or as set out in the company's governing articles of association.
- 5.7 The relationship between the local authority (and the companies it is a member of) is governed by these and other key documents that are required

to establish a local authority company, and a trading company in particular. In establishing the local authority's company and then in governing the relationship with what is now a separate legal personality, the executive will need to put in place the following documents:

- The **business case** which assesses the risk involved in the proposed trading enterprise and decides whether or not it should be established and proceed to trade. It starts the process of business planning.
- The **articles of association**, or the memorandum and articles of association as it used to be called, which is the constitution of the company. This is the legal documents required to set up a limited company and give details of its name, aims and authorised share capital, conduct of meetings, appointment of directors and registered office.
- The **shareholders agreement**, or management agreement, which sets out the rights of the Council as the sole or co-shareholder and how it can exercise those rights. It details the powers of the board of the company and how and when the shareholder might influence those powers. It is important to note that the shareholder agreement is capable of being developed and added to as the company develops.
- The **financial agreements** which are the commercial agreements that set out what assistance is to be provided and on what terms. This may be purely financial, such as a direct loan or a facility such as a parental guarantee, and made on commercial terms. It may also be in the form of goods, services or staff to be provided and set out in a resourcing agreement or a service level agreement, which is likely to be on a service charge or cost recovery basis. The agreements may require regular and detailed access to information and financial reporting to the Council and/or holding company.
- The **business plan** which sets out the objectives of the business, how they are to be achieved and standards met adjusted in the light of experience and changing circumstances. It is a comprehensive analysis of the business situation at a particular point in time. It is often referred to as the annual business plan because it is expected to be submitted for shareholder approval annually.

5.8 A model shareholder agreement for use with the holding company, setting out the principal decisions reserved for the executive's approval, including subsidiaries of the company as a group, is outlined at Appendix 2.

## **6. Shareholder (Advisory) Board**

6.1 The structure described above creates a governance process whereby, so far as appropriate under this Code's Principles, the company is left to get on with its business. Following the UK Corporate Governance Code, the companies will utilise a unified board, with appropriate non-executive directors providing outside expert help and with board committees (such as an audit committee) to provide oversight and ensure delivery.



- 6.2 The Leader and cabinet, in turn, will seek to inform the executive decisions and holding the company to account utilising a reflection of the company board structure in the form of a Shareholder Board, including external expertise and sub-groups. The role of this group is to provide the necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that the executive as the shareholder has established for the company are being adhered to. In it, the Leader or the appointed member of Cabinet with portfolio remains the decision maker but the Shareholder Board act as advisors in the making of those executive decisions.
- 6.3 Such a Shareholder Board is considered to be an effective means of governance of the companies. This is because it allows for decision making and discussion in an informed atmosphere, which also provides the executive with:
- a mechanism to communicate the shareholders' views to the company; and
  - a means to evaluate the effectiveness of the company board and the delivery of the company performance against strategic objectives.
- 6.4 It is intended that the Leader, or the appointed member of Cabinet with portfolio, will make most decisions concerning the executive's role in respect of company interests at meetings of the Shareholder Board. It is envisaged that key decisions concerning the companies will, however, still normally be made at meetings of the Cabinet.
- 6.5 The Terms of Reference for the Shareholder Board are set out at Appendix 1.

## **7. Scrutiny**

- 7.1 The overview and scrutiny committees have a significant role to play to ensure that the company is able, and the executive has properly required the company, to make sufficient returns for the investment to be worthwhile and, indeed, ensure that the social objects set for it are not lost in the drive towards the overriding and essential requirement for the company to be economically successful.
- 7.2 It is the executive, the Leader and Cabinet, who is responsible for approving the business case to establish a company, of setting the right balance between the economic, social and environmental objects of a company when it is established and of subsequently exercising the Council's powers as shareholder.
- 7.3 Once established, the company must then get on with the business of delivering the objectives with which it has been tasked, within the parameters set for it. It must be otherwise free, however, to operate in its own best interests and to compete on an even basis with its competitors in the marketplace.
- 7.4 Again, it is the executive, either generally or when considering reserved

matters, to whom the company must answer and by whom it is held to account for its success, or failure, in achieving the objectives set for it.

7.5 The key role of overview and scrutiny is then to advise the executive and hold it to account on behalf of the wider public interest and its role within the Council.

7.6 This creates a flow of information and accountability, in which

- the company needs to get on with the business of delivery;
- the executive needs to make the company decisions reserved to it and to hold the company to account for performing against them; and
- Members as part of overview and scrutiny need to advise on or scrutinise the decisions of the executive.

This needs to be done in a trading environment that requires them all to make speedy and reactive commercial decisions and to handle often highly valuable and commercially sensitive information.

7.7 Overview and Scrutiny, to fulfil its role, requires a means of access to the sensitive information and debate that inform the Shareholder Group and the Leader's decision making, without either oppressing that process or endangering its own strictly non-executive role.

7.8 To this end it is considered that the Chair of the appropriate Overview and Scrutiny Committee is best placed to be involved, use his/her knowledge of this committee and its remit to sift the information and be alert to those matters that need to be brought to the overview and scrutiny committees' attention and be investigated further. Accordingly, the Chair will be invited to the forum created to handle this crucial information flow, the Shareholder Board. To retain the independence required of the O&S Chair, this is not membership as direct advisor as part of the decision making, but as an informed observer.

7.9 Overview and Scrutiny committees may then review any matter concerning the Council's companies and make proper use of its full powers and function, having had these matters drawn to its attention by, and with the benefit of, a fully informed Chair.

7.10 In carrying out any such review, the Government Guidance states that:

*"The local authority should ensure that its overview and scrutiny committees are able to exercise their powers in relation to the discharge of local authority functions under the relevant legislation.*

7.11 To this end, the legal framework for local authority companies includes an express requirement concerning the provision of information to Members of the Council, which reflects the similar provision in relation to local authorities generally. This states that a local authority regulated company "*shall provide to a Member of the Council such information about the affairs of the company*

*as the member reasonably requires for the proper discharge of his duties.”<sup>10</sup>*

- 7.12 The exception here is that the company cannot be required to provide information in breach of any enactment, or of an obligation owed to any person.
- 7.13 It is also worth noting that, where a Member or an officer has become a member or director of a local authority company, the local authority must make arrangements for them to be open to questioning about the company’s activities by Members of the Council at a meeting of the authority, or a committee or sub-committee, or by cabinet members in the course of proceedings of the cabinet or a committee of the cabinet. Importantly, the Member or officer is not required to disclose confidential information about the company.

## **8. Investment and Finance**

- 8.1 The balance of how each company venture may be financed will be assessed and set out in the business case, required at the very beginning of the venture and the incorporation of the company as described above, and in business plans as made or amended and agreed by the executive. Each decision will take into account state aid implications and such matters as where legislative and regulatory requirements demand full cost recovery or standard commercial terms to be applied.
- 8.2 Where the purpose of a company is to better utilise assets owned by the Council, for example, the principal investment in the company is likely to be those assets. The assets may then be made use of by the company through their being transferred in their entirety from the Council to the company or by being provided to the company by the Council under a lease, loan or use agreement.
- 8.3 Investment at the initial stage of a trading company will normally be by way of purchase of share capital, often together with a loan or loan facility on commercial terms. This is to fund those costs which arise at the start of the company or company joint venture, including the holding company and its subsidiaries, to cover initial set up costs, working capital costs and collateral costs. For purchased company interests, share value should reflect the fair value of the going concern.
- 8.4 Direct investment may well also be by various other forms of agreement. This may be for the supply of monies, directly as a loan or under a parental guarantee, credit agreement, facility and so forth, which should be on standard commercial terms. It may also be for the supply of goods, property or staff, as described above and at section 12 below.

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<sup>10</sup> Article 7, Local Authorities (Companies) Order 1995

## **9. Companies Structure**

- 9.1 Wherever advantageous and reasonably practicable to do so, the Council's companies and any subsidiary companies will be expected to adopt a common 'group' approach. Especially where a Teckal company, this will involve the companies using existing Council policies and strategies where appropriate and, in particular, the Council will require the company and its subsidiaries to adopt a common approach across the group on branding and its finance, ethics and procurement policies and practices wherever practicable. For example, the Council will require a Teckal and potentially other companies owned by the Council to approve the procurement and authorisation of spend levels set by each company for its directors and staff.
- 9.2 More detailed matters may also be set as a common approach by the Council, where it considers that that will increase effectiveness, efficiency and engender common understanding. This is likely to include such things as group financial procedure rules, fraud and whistle-blowing policies, decision making levels and procedures, capability and disciplinary procedures, health and safety practices and so forth.
- 9.3 The Council and any holding company may similarly provide a natural home and conduit for support and control roles that will be common across the group, such as company secretarial services, procurement, finance and human resources. These fall into two groups. The first is those services that would be better employed directly by the company within any group structure, such as financial and payroll systems for example. The other are those provided as managed services to the companies by the Council, under a resourcing agreement (or service level agreement), because this is more cost effective, appropriate or is a demand of the shareholder, such as HR or company secretarial and legal services. (This is described further at section 12 below).
- 9.4 The secondary purpose is financial, in that a range of company activities can share VAT registration where appropriate and more than one company, one arranged as a subsidiary to another, can be treated as holding group accounts. The latter means that reporting is as one set of accounts and that profit and loss can be distributed across the group, setting one off against another, as might be desired to meet the aims and values set for the group.
- 9.5 The executive will approve the appointment of auditors for any company and its accounts may be required to appear as part of the Council's financial statements.

## **10. The Company's Board**

- 10.1 The Government Guidance advised that a local authority company will be run by its board of directors answerable to the shareholders, in accordance with the articles of association, and goes on to suggest that a board of between 3 and 8 directors is most likely to be practical (although this will be dependent

on the circumstances of each company). The participating Local Authority should be represented on the board of its company.

- 10.2 The representatives who are appointed directors by the executive will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so. Accordingly, the Government Guidance goes on to suggest that this requirement in a trading company and the accompanying conflict of interests that may arise means that officers are better placed to fulfil this role.
- 10.4 Specific arrangements may be required outside of the norm in certain circumstances. For example, the Council may require that it appoints the Chair of the board of directors and that the Chair will have a deciding say to be exercised through means of a 'golden vote' procedure on the board. This approach may be needed in a specific kind of company, for instance, to ensure that the Council's officers will always be able to out-vote the directly appointed directors on the holding company. Such matters as the quorum requirement for board meetings of the company and the like will be expected to reflect that objective.
- 10.5 A Council owned company will normally be required to have two standing committees, which will be as follows:
  - The Remuneration Committee, which will conduct appointments and remuneration decisions and recommendations to the Council (where an appointment is not wholly reserved to the Council).
  - The Audit Committee, which will fulfil the same role and function as the Council's Audit Committee, the outputs of which will feed into the holding company board, the company business plans and the Council's own statement of accounts and Annual Governance Statement.
- 10.6 In respect of the individual wholly owned trading companies, non-trading (Teckal) companies and joint ventures, the appointment of directors of the company will be as are considered best to meet the requirements of the subsidiary or venture concerned.
- 10.7 Where an officer is placed on a company board, he or she will be provided with an indemnity for their actions in that role. This is provided for under the Local Authorities (Indemnities for Members and Officers) Order 2004. It should be noted, however, that any such indemnity only covers actions taken honestly and in good faith.
- 10.8 Appointments to company director will be of the relevant post or office of the Council, not as an individual. This will be reflected within each of the companies' articles in that if any one of the Council appointed directors ceases to be an employee or office holder of the Council, then they automatically also cease to be a director of the company.
- 10.9 The remuneration of Council appointed directors to a company controlled or influenced by the Council, other than permitted expenses, will be met by the

Council and not the company. This is because, whilst that director's overriding duty is to the company, that person's role as director on the company board is only because of, and in fulfilment of, their employment as an officer of the Council, for which they are remunerated by the Council under that contract of employment. The position on the company is an inherent part of their job, for which payment is not to be made twice, directly or by different persons, for the same work

- 10.10 That is not to say that the Council would fail to recognise that the position of an officer appointed as a company director or company officer will include distinct and potentially onerous additional responsibilities. Rather, it is that it is the Council that needs to recognise the value of those responsibilities, through a job evaluation process or other means by which the Council sets salaries, in considering any review of an officer's remuneration. To do otherwise risks a future action against the officer or the Council and, if a payment were made to a Council officer by the company that was considered to be a fee or reward accepted under the colour of his or her office or employment other than his proper remuneration, that officer may also have committed a criminal offence<sup>11</sup>.
- 10.11 For the purposes of completeness, where a Member of the Council is a director of a regulated company the law only permits such a Member to receive payment for that directorship up to the amount payable for that role under the authority's Special Responsibility Allowance (SRA)<sup>12</sup>, set as a result of the recommendation of the Independent Remuneration Panel<sup>13</sup>. These payments may be made by the company directly or, more normally and as would be the case here, by the Council for reasons of simplicity, accounting and accountability.
- 10.12 The view behind this is that the regulated company is, in fact, simply a part of the Council. In the same way that there is a bar on Members of the Council being employees, the philosophy runs akin to that for officers in that the Council may not pay a councillor for any other activities they may carry out as a Member of the Council other than through their SRA.

## **11. Conflicts of interest**

- 11.1 The Government Guidance states that "*Local authority members and officers should be aware of potential conflicts of interest when carrying out their roles for their authorities, or when acting as directors of trading companies.*"
- 11.2 There will always arise a point where, in matters of reporting, contractual discussion, investment requests or resourcing agreements, there is potential

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<sup>11</sup> s117(2) of the Local Government Act 1972

<sup>12</sup> Article 5 of the Local Authorities (Companies) Order 1995

<sup>13</sup> Reg 21 of the Local Authorities (Members' Allowances) (England) Regulations 2003.

for the same person to be a decision maker or advisor both for the Council and the company.

- 11.3 This is a reflection of the position of each company as a separate legal entity and that the directors of each company are subject to. As the Corporate Governance Guidance and Principles puts it:

*'An important principle of Company Law is that directors have a duty to promote the success of the company as a whole. They are specifically prohibited from directing the activities of the company in favour of themselves or particular shareholders and/ or stakeholders'.*

- 11.4 Appendix 3 sets out a briefing for directors' duties.

- 11.5 An essential element of this in terms of this Code is that, whilst changes to the Companies Act and current articles of association allow for appropriate provisions dealing with conflicts of interest and the ability of company directors to authorise them, an officer of the Council or a Member can never waive their duty to act in the public interest in exercising their responsibility for functions of the Authority. This will, on occasion therefore, create an inescapable conflict of interest between someone's role as a Member or, more likely, as an officer of the Council and as a director of a company, of which those involved need to be aware.

- 11.6 There are also natural points where it is expected that the Council and one of its trading companies will take a different approach. In this respect, the Government Guidance states that:

*"The local authority should consider appointing a 'contract officer' and/or 'contract member' with primary responsibility for liaison between the company and the authority, and for access to information about it. It might wish to place limitations on these individuals to ensure that they are fully accountable to the authority as a whole and to ensure that the Section 151 Officer/Monitoring Officer countersigns major decisions about the company's operations."*

- 11.7 This is the role of the Shareholder Board. In support of that function, the Council will appoint a lead authority and client-side officer to lead on managing contractual arrangements with the companies and in holding of the companies to account.

- 11.8 A certain form of wholly owned local authority also exist to provide services directly to or for the Council (known as a 'Teckal' company). The relationship between the authority and the company are set out in a contract for services. In this scenario, clear separation is required between commissioner and provider and there will be a requirement for further support to be provided, beyond the position of lead authority and client officer.

- 11.9 Officers placed into any of these roles are, at some point, likely to find themselves in a position where they are, or are negatively seen to be, acting against the interest of their own authority and also challenging the Council as

their employers or senior managers to whom they might normally answer to. As a result of such activities, their performance in the company or actions they feel are required of them by the company, some of those officers may even find themselves in a position where it is no longer felt tenable that they can be appointed by the authority as a director of a company. The Council as an employer, from the viewpoint of both the executive and overview and scrutiny, wholly recognises these unusual positions that such officers may find themselves. The Council therefore undertakes that no officer will suffer any ill affect to his or her employment or career with the authority for fulfilling these activities to the best of their ability or in undertaking these actions asked of them.

## **12. Managed Services, Support Arrangements and Employees**

- 12.1 The authority is required under the 2009 regulations to recover the costs of any accommodation, goods, services, staff or any other thing it supplies to a company in pursuance of any agreement, or arrangement in place. It cannot subsidise the operation of the company in this way.
- 12.2 The Government Guidance in addition clarifies that
- “Because the power to trade is subject to a restriction requiring it to be exercised through a company, it follows that the authority has the requisite power to enter into arrangements with a company in order for the trading power ... to be exercised. It is not necessary therefore, for the company to be expressly designated as a public body under the Local Authorities (Goods and Services) Act 1970, in order for the authority to be able to provide it with staff, goods etc, for the purpose of exercising the power to trade.”*
- 12.3 This means that the authority may enter into an agreement with the companies to provide services at cost or as a surplus service charge and that staff time and resources utilized for company purposes should be carefully accounted for. Where this is done at cost, which shall be the norm, it is helpfully stated in the Guidance that the approach should be in accordance with the CIPFA definition of ‘whole cost’.
- 12.4 Referred to above as the ‘managed services’, those areas of the authority’s resources so utilized might include project management, initial set-up staff, human resources, audit, business continuity, communications, procurement, legal or finance and so on. It is for the company and the executive to agree what is the appropriate level of authority led resource that is appropriate, should or can be delivered to the company in each case. The parameters of those services can be agreed through a Resourcing Agreement or what is known as a Service Level Agreement (SLA).
- 12.5 The authority as shareholder, however, does need to be assured that there are effective and robust support services in place in certain areas. This is to satisfy itself that sufficient standards of operational governance, legal and company secretarial compliance and effective financial management within



the company are adhered to. The authority will reserve to itself the ability under the Shareholder Agreement to insist on supplying these services to a controlled company, at cost, if it feels that these standards are not otherwise being met or are not in its opinion likely to be met.

- 12.6 In particular, the Company Secretary role should have a consistent approach across all of the Council owned companies or group of companies. This is to ensure consistent interpretation of the compliance standards across the companies and of the governance relationship between the companies and between the companies and the Council. In addition, it ensures that appropriate and proper intelligence is shared across the companies and the authority. In relation to all authority-controlled companies and their subsidiaries, therefore, the position of company secretary as an officer (not a director) of each company in the group is to be fulfilled by the Council's Monitoring Officer, being the equivalent corporate governance, assurance and general counsel position for the Council. All company secretarial and general counsel duties for the companies will then be carried out through that office, either directly or through the position of an assistant company secretary, with the exception of where a conflict of interest is identified and is acknowledged by that officer.
- 12.7 In relation to company staffing, it is expected that staff of the local authority trading companies will be directly recruited and employed by the companies themselves, with the exception of those support staff supplied by or seconded from the authority as described above. Where the business case includes that staff are transferred, however, this will be subject to full reporting and then consultation and requirements under TUPE legislation and guidance.

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Draft

*(Based on the LLG Guidance Note for England & Wales February 2018)*

**WIRRAL BOROUGH COUNCIL**  
**SHAREHOLDER BOARD - TERMS OF REFERENCE**

**1. Overview**

The purpose of the Shareholder Board is to advise the Cabinet Member in the exercise of his/her responsibility for the Council's functions as corporate shareholder of a company or group of companies and in their role to represent the interests of the Council as Shareholder Representative at meetings of a company.

**2. Decision making**

The Cabinet Member may make decisions concerning companies in which the Council is or is proposed to become a shareholder, either:

- (a) within Cabinet; or
- (b) in the presence of the Shareholder Board.

**3. Membership and Arrangements**

The Shareholder Board shall consist of the Cabinet Member with relevant portfolio (or other Cabinet Member as may be appointed by the Leader for this purpose) in the presence of:

- (a) at least one relevant senior officer of the Council as are appointed by the head of paid service (or their deputies);
- (b) such other Members of the Cabinet as may be invited by the Cabinet Member;
- (c) up to two co-opted members, who may be appointed from time to time, who will be independent persons providing relevant expertise and appointed on merit (but which process may be carried out in association with the Audit Committee's arrangements for co-opted appointments); together with
- (d) a Chair (or representative) of a relevant Overview and Scrutiny Committee, who may be invited by the Cabinet Member to act in the capacity of Observer.

The s.151 officer and the monitoring officer, or their deputies, will be advisors to the Shareholder Board to provide open and strong advice.

**4. Restrictions on Membership**

As the Shareholder Board is to advise on the discharge of executive functions in relation to company matters and the role of the Shareholder Representative, only executive members may be members of the Shareholder Board and, only then, where there is no conflict of interest between the role of the Shareholder Board in advising the Shareholder Representative on behalf of the Council's corporate interest and that member's role as portfolio holder or company director.

## 5. Meetings

The Shareholder Board shall meet on a basis agreed by itself and normally in private.

The quorum of Shareholder Board Meetings must include the elected member of the Cabinet together with at least one officer of the Council to give advice on the matters to be discussed.

Where an invitation to attend is made to the Chair of Overview and Scrutiny Committee (or their nominated deputy) it should be made at least three clear days in advance of the meeting taking place. This notice period may be waived if the Chair of Overview and Scrutiny Committee (or their nominated deputy) so agrees.

An invitation to attend must also have been provided to the section 151 officer and the monitoring officer (or their nominated deputies), which will normally be at least three clear days in advance of the meeting taking place.

The Cabinet Member will chair the Shareholder Board and is the sole decision maker.

## 6. Functions

The purpose of the Shareholder Board is to provide strategic direction to a Council regulated company which shall, in particular, include to:

- (a) Oversee the performance of a company in relation to its Business Plan, including but not limited to monitoring the company's performance:
  - (i) in financial matters;
  - (ii) against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and
  - (iii) against the values of the Council.
  
- (b) Evaluate and monitor:
  - (i) the financial and social returns on investment (be that shareholding, loans or direct investment); and
  - (ii) risks and opportunities including those arising from joint ventures or new opportunities.
  
- (c) Consider matters reserved to the Council for shareholder approval, such as:
  - (i) Varying Articles of Association
  - (ii) Varying ownership and structure
  - (iii) Variations to shares (number of, rights, etc.
  - (iv) Appointment, removal and the remuneration of directors (members of the Company Board);
  - (v) Entering contracts that:
    - (1) have a material effect on Council business (including other companies or partnerships within which the Council holds an interest);

- (2) are outside of the Company's Business Plan or do not relate to the business of the Company; or
  - (3) are significant in relation to the size of the business of the Company, the Business Plan, etc.;
  - (vi) Acquiring or disposing of any material assets of the Company (as may be defined in the Annual Business Plan) (whether by one transaction or a series of transactions);
  - (vii) Material legal proceedings outside of ordinary business;
  - (viii) Adopting and amending business plans each year and strategic plans (3 years);
  - (ix) Appointment of auditors
  - (x) Issue of dividends
- as may be more particularly set out in a Company's Articles of Association or Shareholder Agreement.

## **7. Relationship**

The Shareholder Board as it considers appropriate in accordance with its functions described above, may:

- (a) report and make formal recommendations to the Leader, directly or to the wider Cabinet;
- (b) make reports to and consult Overview and Scrutiny (including full Council) or
- (c) make reports to and consult the Audit Committee, in relation to that Committee's particular functions.

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OUTLINE OF THE  
SHAREHOLDER AND COMPANY AGREEMENT

1. DEFINITIONS AND INTERPRETATION
2. FINANCING THE COMPANY
3. DIVIDEND POLICY
4. SUBSIDIARIES
5. MANAGEMENT OF THE COMPANY
6. SHAREHOLDER GROUP
7. THE BUSINESS PLAN AND COMPLIANCE WITH THE BUSINESS PLAN
8. REPORTING AND ACCOUNTING MATTERS
9. BANKING ARRANGEMENTS
10. TERMINATION
11. UNLAWFUL FETTER ON THE COMPANY'S POWERS
12. ASSIGNMENT AND SUB-CONTRACTING
13. FURTHER ASSURANCE
14. REMEDIES AND WAIVERS
15. ENTIRE AGREEMENT
16. VARIATION
17. CONFLICT WITH THE ARTICLES
18. SEVERANCE
19. CONFIDENTIALITY
20. NOTICES
21. NO PARTNERSHIP OR AGENCY
21. COUNTERPARTS
22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999
23. GOVERNING LAW AND JURISDICTION

Guidance Note to Council Members and Officers when acting as  
Directors of Council Companies

*To be inserted*

# Council Interests in Companies

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GUIDANCE NOTE & EXAMPLE CODES OF GOVERNANCE



LLG | Legal training

LLG  
Lawyers in Local Government

## Where the Code is from

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AND OTHERS



With thanks to

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Those who attended the consultation sessions and discussions

- LLG Monitoring Officer Conference & LLG Commercialisation Conference

The partner firms who discussed it with us

- ***Trowers and Hamlins***
- ***Bevan Brittan***
- ***Weightmans***
- ***Eversheds***



## WHY?

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### GOVERNANCE AND CONFLICTS OF INTEREST

- Ownership and accountability
- Company control: directors, officers, Members and scrutiny
- Having a Code of Practice & Principles of Governance of Council Companies

# Councils will have shares in several companies

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To make money or to trade - *why we're here*

- Except where expressly authorised, a council can only do something for a commercial purpose (ie trading) through a company

Some are for community reasons

- As part of community interest company (CIC) or charity and interest is limited by guarantee

Some are for project reasons

- Council holds an interest in a special purpose vehicle for build projects (e.g., PFI deal with a builder)

For alternative delivery

- In-sourcing of contract of 'half-way' Teckal company

# Question of Why

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Knowing when there is an opportunity or a need to enter or create markets



## Question of How

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Council is permitted to own interests in companies, but the establishment and structure and financing is tightly regulated

Plus lots of ideas, from lots of directions, each re-inventing or copying the previous (linked?) wheel



## Question of Governance

---

In separate legal entities, each acting in their own best interests, how to best manage the interface between

- the proper governance of democratic body, the Council, investing public money and having regulatory stewardship over a separate commercial entity and
- the proper internal governance that commercial, fast moving, 'for profit' trading company

leading to a potential list of conflict of interests, cultures and approach!



## Internal Problems?

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Clash of ignorance

Clash of culture

- Politics
- Information

Re-inventing the wheel



Answer

Was to develop a blueprint and guide

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# GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES CODE OF PRACTICE

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# GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES

---

**What's what:** to explain the law and what things are:

- local authority trading
- the local authority company
- other local authority entities (including Limited Liability Partnerships)

**What guidance** is there out there for this:

- Generic plus old but still useful

**Principles** to be adopted and guide relationships:

- Like the Code of Corporate Governance generally - important

**Likely structure:**

- Suggestion here, but most adaptable for own purposes



## CODE: Principles of Governance of Council Companies

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### I. Controls and freedoms

“It is recognised that, whilst appreciating this should not be unfettered, a trading company needs to be given commercial freedoms to enable it to succeed. / Accordingly

the company will be provided with sufficient freedoms to achieve its objectives; and

the Council will retain sufficient controls to ensure that its investment is protected, that appropriate social and financial returns on investment can be obtained and that the trading activities of the companies are conducted in accordance with the values of the Council.”



## CODE: Principles of Governance of Council Companies

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### II. Relationship, integrity and accountability

“It is recognised that, whilst appreciating its procedures operate in a way that protects the company’s commercial interests, those procedures should ensure that the Council can carry out its functions as an investor, as a trustee of public funds and a local authority committed to both due responsibility for the exercise of its functions and for providing a vision for the [Council area].

“Accordingly ...



## CODE: Principles of Governance of Council Companies

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“... governance arrangements will seek to ensure that:  
the executive can make investment decisions based upon complete and accurate consideration of business cases and business plans;  
the executive can evaluate social and financial benefits and returns on investment; and  
the Council’s overview and scrutiny committees are able to exercise their powers in relation to the executive’s decision making  
in a manner that ensures the companies can provide full and frank financial and business reporting against their business plans and be open to an appropriate level of scrutiny without fear of commercial confidentiality being breached.



## CODE: Principles of Governance of Council Companies

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### III. Understanding of roles

“It is recognised that, as company ventures have a separate legal personality to the local authority, the success and good governance of the company venture depends upon those involved understanding their role and responsibilities collectively and individually.

“Accordingly ...



## CODE: Principles of Governance of Council Companies

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... governance arrangements will seek to ensure that there is sufficient induction, training and other materials in place so that:

their legal duties;

stewardship of assets;

the provisions of the governing documents;

the external environment; and

the total structure of the organizations and the venture

are appropriately understood by Members of the Council in their role as part of the executive or of overview and scrutiny, by officers of the Council associated with these duties and by the directors of the companies.



## Suggested Structure

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Sections follow on the content, role and purpose of

5. Ownership and Control of the Company
6. Shareholder Group
7. Scrutiny
8. Investment and Finance
9. Companies Structure
10. The Company's Board
11. Conflicts of Interest
12. Managed Services, Support Arrangements and Employees
  - A1. Shareholder Group Terms of Reference
  - A2. Shareholder Agreement Outline
  - A3. Director's duties briefing note

LOCAL AUTHORITY

Holding Company

Trading Company

Teckal Company

Joint venture Teckal Company

Joint venture Trading Company

- Secondment per hour
- Pro-rata licence
  - Premises
  - Equipment
  - Services



# Relationships

**Audit Committee**

**Overview and scrutiny Committee**

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**Scrutiny Function**  
O&S scrutinising decisions of the Executive

**Executive**  
One decision-maker (Leader\*) as Shareholder Representative

**Shareholder Function**  
Decisions reserved to shareholder  
Approval and scrutiny of viability, priorities and business plans

**Funder Function**  
Approval of loans  
Approval of investment  
Funder perspective

**Service Delivery Contract Function**  
Devolve Council Functions and delivery priorities  
Agree service delivery agreement  
Performance & contract monitoring

**Managed Service/Group Function**  
Required corporate support (business information and influence)  
Buy back services from council  
*[must be at cost (at least)].*

**LA Co. Board**

Subsidiary Co.

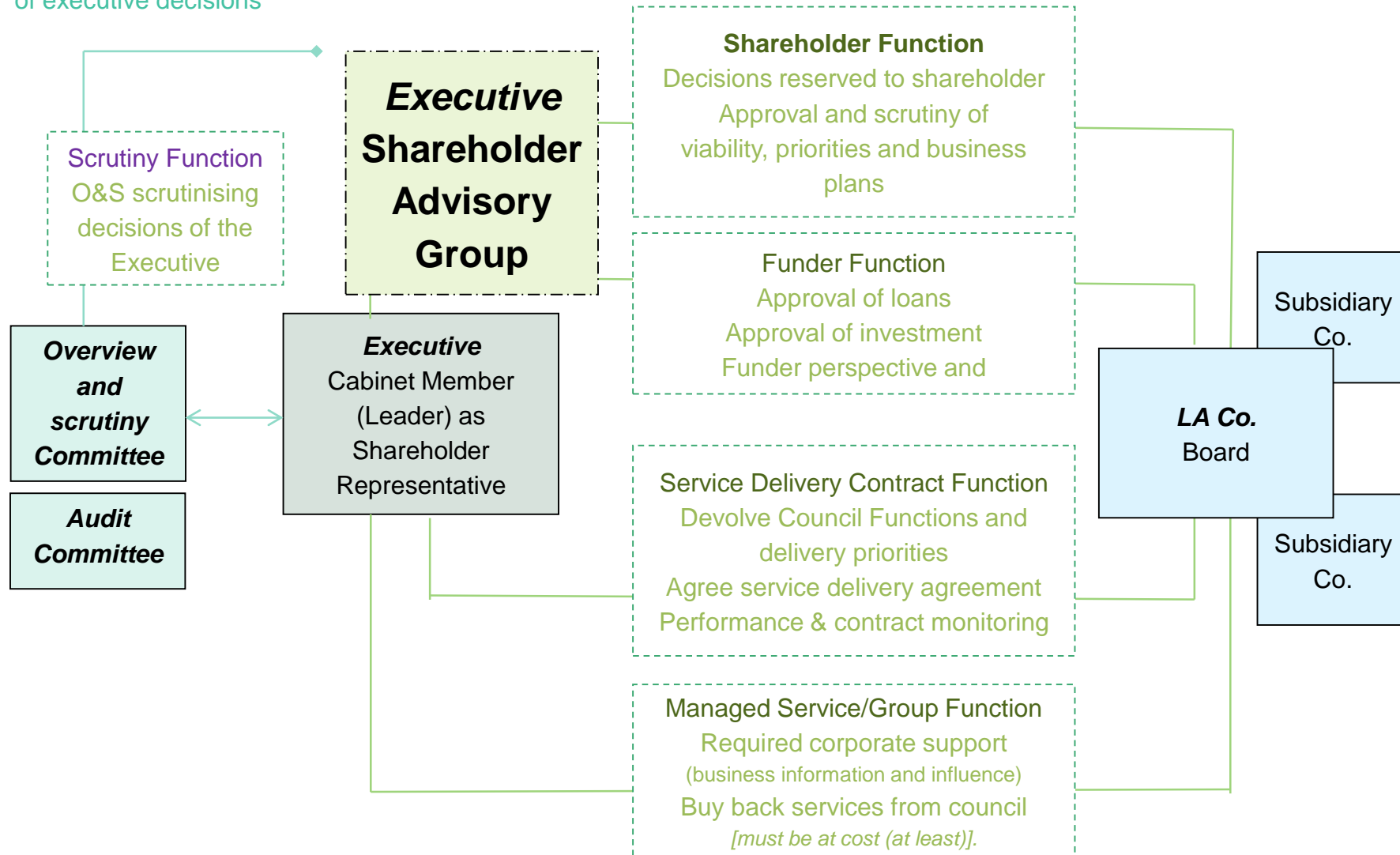
Subsidiary Co.

# Conflicts

Act in the interests of Council in scrutiny and review of executive decisions

Act in the interests of Council as Executive in role in role as shareholder and scrutiny of companies.

Act in the interests of the company



# Decision making

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The Cabinet [Committee] meeting takes key decisions on companies

The Cabinet Member [Committee] holds company and trading companies to account and takes other decisions, which whilst private meeting must be in the presence of

- the Shareholder Group, which includes Cabinet Member [Committee], officers and independent advisors; and
- the Chair of Overview & Scrutiny Management Board as ‘informed observer’



## Decision making

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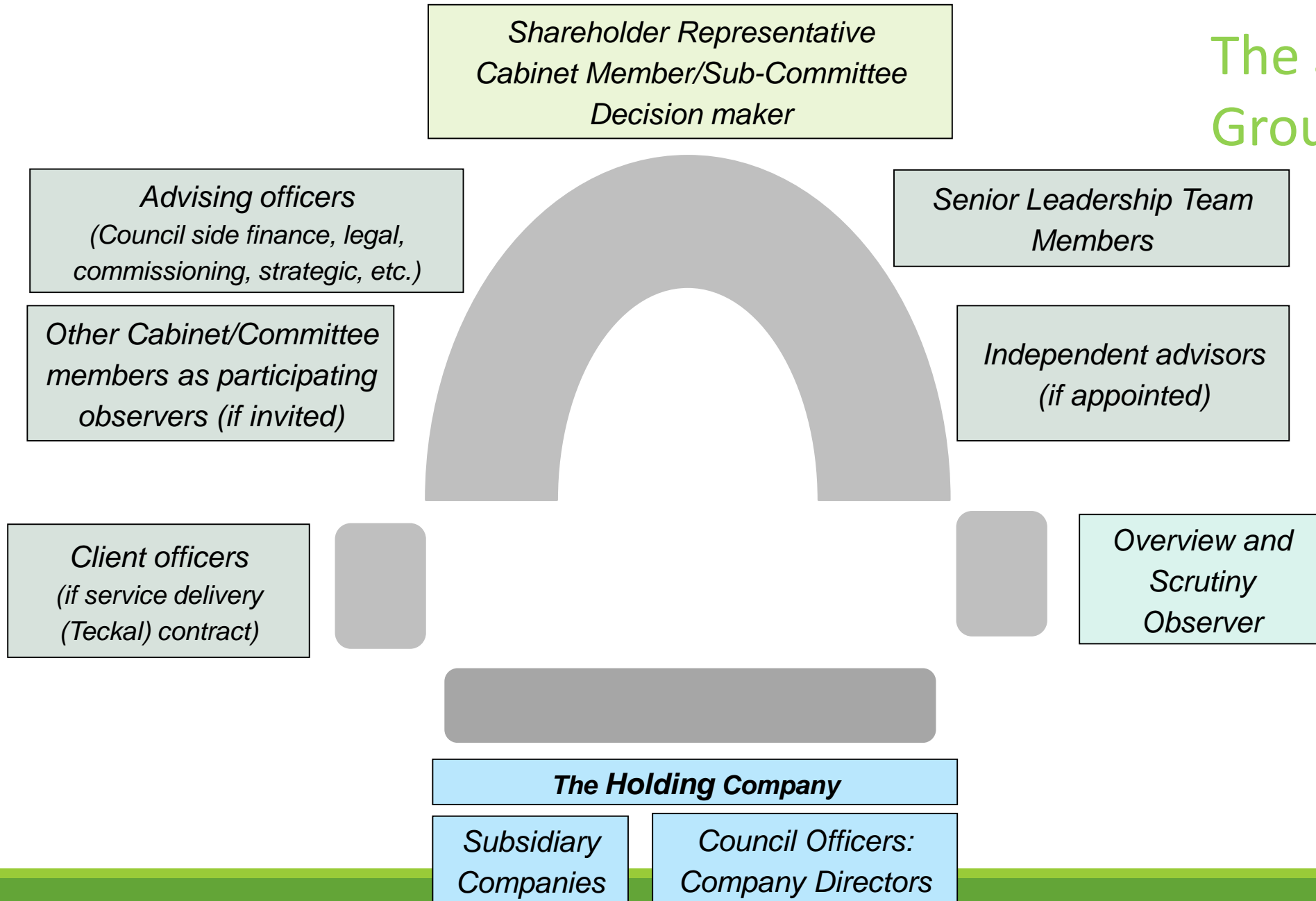
The Cabinet [Committee\*] meeting takes key decisions on companies

The Cabinet Member [Officer\*] with portfolio holds company and trading companies to account and takes other decisions, which whilst a private meeting must be in the presence of

- the Shareholder Board/Group, which includes the Cabinet Member [officer\*], other Members (as invited & non-conflicted), advising officers and independent advisors; and
- the Chair of Overview & Scrutiny Management Board as ‘informed observer’

\* *committee structure*

# The Shareholder Group or Board



# The Shareholder Group or Board

Shareholder Representative  
Cabinet Member/Sub-Committee  
Decision maker

Advising officers  
(Council side finance, legal,  
commissioning, strategic, etc.)

Senior Leadership Team  
Members

Other Cabinet/Committee  
members as participating  
observers (if invited)

Independent advisors  
(if appointed)

Business Plan  
approvals ✓

Reserved  
decisions ✓

Funding approvals ✓

Accountability & viability ✓

Client officers  
(if service delivery  
(Teckal) contract)

Overview and  
Scrutiny  
Observer

The Holding Company

Subsidiary  
Companies

Council Officers:  
Company Directors



**Business Overview and Scrutiny Committee  
18<sup>th</sup> September 2018**

<b>REPORT TITLE:</b>	<b>BUSINESS OVERVIEW &amp; SCRUTINY COMMITTEE - WORK PROGRAMME UPDATE</b>
<b>REPORT OF:</b>	<b>THE CHAIR OF THE COMMITTEE</b>

**REPORT SUMMARY**

This report explains the process of developing and managing the scrutiny work programme for the municipal year. The Business Overview & Scrutiny Committee, in cooperation with the other three Overview & Scrutiny Committees, is responsible for proposing and delivering an annual scrutiny work programme. This work programme should align with the corporate priorities of the Council, in particular the delivery of the Wirral Plan pledges which are within the remit of the Committee.

It is envisaged that the work programme will be formed from a combination of scrutiny reviews, standing items on committee agendas and requested officer reports. This report provides the committee with an opportunity to plan and regularly review its work across the municipal year.

**RECOMMENDATION/S**

Members are requested to:

Approve the proposed Business Overview & Scrutiny Committee work programme for 2018/19, making any required amendments.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

To ensure members of the Business Overview & Scrutiny Committee have the opportunity to contribute to the delivery of the annual work programme.

### 2.0 OTHER OPTIONS CONSIDERED

Not Applicable

### 3.0 BACKGROUND INFORMATION

#### 3.1 THE SCRUTINY WORK PROGRAMME AND THE WIRRAL PLAN

The work programme should align with the priorities of the Council and its partners. The programme will be informed by:

- The Wirral Plan pledges
- The Council's transformation programme
- The Council's Forward Plan
- Service performance information
- Risk management information
- Public or service user feedback
- Referrals from Cabinet / Council

The Wirral Plan pledges and strategies of particular relevance to the Business Overview & Scrutiny Committee are:

<b>Pledge</b>	<b>Plans &amp; Strategies</b>
Greater job opportunities in Wirral	Wirral Growth Plan
Workforce skills match business need	Wirral Growth Plan Skills Strategy (In development)
Increase inward investment	Wirral Growth Plan
Thriving small Businesses	Wirral Growth Plan
Vibrant tourism economy	Growth Plan Wirral Visitor Economy Strategy
Transport & technology infrastructure fit for the future	Transport Strategy Digital Strategy



### 3.2 PRINCIPLES FOR PRIORITISATION

Good practice suggests that, in order to maximise the impact of scrutiny, it is necessary to prioritise proposed topics within the work programme. Members may find the following criteria helpful in providing a guideline towards ensuring that the most significant topics are prioritised:

<b>Principles for Prioritisation</b>	
Wirral Plan	Does the topic have a direct link with one of the 2020 pledges?
	Will the review lead to improved outcomes for Wirral residents?
Public Interest	Does the topic have particular importance for Wirral Residents?
Transformation	Will the review support the transformation of the Council?
Financial Significance	Is the subject matter an area of significant spend or potential saving?
	Will the review support the Council in achieving its savings targets?
Timeliness / Effectiveness	Is this the most appropriate time for this topic to be scrutinised?
	Will the review be a good use of Council resources?

By assessing prospective topics using these criteria, the Committee can prioritise an effective work programme that ensures relevance and the highest potential to enhance outcomes for residents.

### 3.3 DELIVERING THE WORK PROGRAMME

It is anticipated that the work programme will be delivered through a combination of:

- Scrutiny reviews undertaken by task & finish groups
- Evidence days and workshops
- Committee reports provided by officers
- Standing committee agenda items, for example, performance monitoring and financial monitoring
- Spotlight sessions
- Standing panels (where deemed necessary)

As some of the selected topics may cut across the Wirral Plan themes, it is anticipated they may be of interest to members of more than one committee. In these circumstances, opportunities for members of more than one committee to work jointly on an item of scrutiny will be explored.

Regular work programme update reports will provide the committee with an opportunity to plan and review its work across the municipal year.

### **3.4 SCRUTINY WORK PROGRAMME ITEMS**

#### Commercial Strategy Workshop

A scrutiny workshop to undertake pre-decision scrutiny of the Council's Commercial Strategy before it is approved by Cabinet was held on Monday 20<sup>th</sup> August. The workshop was open to all Overview & Scrutiny Members and a report of the key findings and recommendations is elsewhere on this committee's agenda.

#### Wirral Waters

As part of the Committee's work programme, it was agreed to undertake scrutiny of the latest developments of Wirral Waters. It is anticipated that a workshop will be scheduled in October and representatives from Peel Holdings will be in attendance along with relevant senior Council officers. An invitation to the workshop will be sent to all Members to confirm attendance.

#### Risk Awareness Workshop

A Risk Awareness workshop session for Members has been arranged for Tuesday 2<sup>nd</sup> October. Although this is a scrutiny session, all Members have been invited. The objectives are to raise the profile of risk and to develop Members' understanding of risk and risk management to help strengthen the scrutiny function.

### **3.5 LIVERPOOL CITY REGION COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE - UPDATE**

The Liverpool City Region Combined Authority Overview & Scrutiny Committee met on 5<sup>th</sup> September, 2018 and the minutes of this meeting will be circulated when approved. The key outcomes from this meeting are detailed below.

#### Approval of the Chair and Vice-Chair

- A nomination was received for a Member who was not present at the Committee meeting to be appointed as Chair of the Committee. This could not be ratified. It is expected that an appointment will be made at the next Committee meeting.
- Cllr. Kevan Wainright (Halton) and Cllr. Paula Murphy (Sefton) were appointed Vice-Chairs.

#### Presentation

The Metro Mayor provided Members with an update of his work from May 2018. A link to the published agenda with the Metro Mayor's briefing can be found on the link below:

[http://liverpoolcityregion-ca.gov.uk/uploadedfiles/meetings/LCRCA\\_OSC\\_AGENDA\\_050918.pdf](http://liverpoolcityregion-ca.gov.uk/uploadedfiles/meetings/LCRCA_OSC_AGENDA_050918.pdf)

## Work Programme

Members agreed to establish three scrutiny workshops on the following areas:

- LEP Accountability and Structure - Scrutiny of the outcome of Government's review of LEPs
- Energy & Renewables – Natural Sources of energy (Scrutiny of the developing Liverpool City Region Energy Strategy)
- Development Plans/Social Housing (Scrutiny of the developing Housing Strategy).

The final reports from these workshops will be circulated to Members of the Business O&S Committee upon completion.

### **4.0 FINANCIAL IMPLICATIONS**

Not Applicable

### **5.0 LEGAL IMPLICATIONS**

Not Applicable

### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

The delivery of the scrutiny work programme will be met from within existing resources.

### **7.0 RELEVANT RISKS**

Not Applicable

### **8.0 ENGAGEMENT/CONSULTATION**

Not Applicable

### **9.0 EQUALITY IMPLICATIONS**

This report is for information to Members and there are no direct equality implications.

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### **APPENDICES:**

**Appendix 1:** Business Overview & Scrutiny Committee – Work programme

**REFERENCE MATERIAL**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>

**BUSINESS OVERVIEW & SCRUTINY COMMITTEE  
WORK PROGRAMME**

**(As at 30/08/2018)**

**AGENDA ITEMS – Tuesday 18<sup>th</sup> September 2018**

Item	Format	Officer / Councillor
2018/19 Quarterly Finance Monitoring Report – Quarter 1	Report / Presentation	Finance to present report
Universal Credit Workshops Scrutiny Report	Report	Chair of the Committee
Council's use of Consultants and Interims	Report	Tony Williams, Senior HR Manager / Liz Hammond, Director of Change and Organisation Design
Commercial Strategy Scrutiny Report	Report	Chair of the Committee
Liverpool City Region Combined Authority Update	Officer Report / Presentation	Rosemary Boylan, Policy and Strategy Manager (External)
2018/19 Quarter 1 Wirral Plan Performance Report	Report	David Armstrong, Assistant Chief Executive.
Code of Practice for Governance of Council Interests in Companies	Report	Phil McCourt, Director of Governance and Assurance
Scrutiny Work Programme Update	Report	Report of the Chair of the Committee

## STANDING AGENDA ITEMS

Item	Format	Officer / Councillor
2018/19 Quarterly Finance Monitoring Report	Report / Presentation	Finance to present report
2018/19 Quarterly Wirral Plan Performance Report	Report	David Armstrong, Corporate Director Delivery Services / Assistant Chief Executive
Liverpool City Region Combined Authority Update	Report / Presentation	Rosemary Boylan, Policy and Strategy Manager (External)
Liverpool City Region Combined Authority Overview & Scrutiny Update	Verbal Update	LCRCA O&S Link Member to be confirmed

## ADDITIONAL AGENDA ITEMS – WAITING TO BE SCHEDULED

Item	Format	Approximate timescale	Lead Departmental Officer
Disaster Recovery Scrutiny Review – Follow-up report	Committee Report / Presentation	TBC	TBC
Tourism Scrutiny Review – Follow-up report	Committee Report / Presentation	TBC	TBC
Delivery of Wirral Growth Company	Committee Report	TBC	TBC
Digital Strategy	Committee Report	TBC	TBC
Assets Strategy and Action Plans update	Committee Report	TBC	TBC
Car Parking charges at Country Parks – Impact report	Committee Report	TBC	TBC
Resident Parking Policy – Impact Report	Committee Report	TBC	TBC

## WORK PROGRAMME ACTIVITIES OUTSIDE COMMITTEE

Item	Format	Timescale	Lead Departmental Officer	Progress / Comments
Risk Awareness Session	Presentation / Workshop	October	Mike Lane	Session arranged for 2 <sup>nd</sup> October 2018
Impact of Universal Credit	Workshops	November	Lisa Jamieson	
Wirral Waters	Workshop	October	Alan Evans	
Transforming Wirral – further business cases	Workshop	TBC	TBC	
Reality Check Visits	Site Visits	TBC	TBC	
Budget Scrutiny	TBC	TBC	TBC	
Camper Vans Scrutiny Review	Task & Finish	2018/19	TBC	Panel to be confirmed and scoping meeting to be arranged

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