

# CABINET

Wednesday, 12 February 2014

<u>Present:</u>	Councillor	P Davies (Chair)	Finance
	Councillors	G Davies	Neighbourhoods, Housing & Engagement
		P Hackett	Economy
		AER Jones	Central and Support Services
		C Jones	Adult Social Care
		B Kenny	Environment and Sustainability
		AR McLachlan	Governance and Improvement
		C Meaden	Health and Wellbeing
		H Smith	Highways and Transportation
		T Smith	Children and Family Services

## 141 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

All Members of the Cabinet declared their personal interest in agenda item 7 – Schools Budget 2014/2015 (see minute 147 post) by virtue of their membership of various schools governing bodies.

## 142 MINUTES

**Resolved – That the minutes of the meeting held on 16 January 2014 be approved**

## 143 REVENUE BUDGET 2014/2017

A report of the Director of Resources presented the proposed Budget for 2014/2015 and the projections for 2015/2016 and 2016/2017. It indicated that Budget Council was scheduled for 25 February 2014 and the Council had to agree a Budget and set the level of Council Tax for 2014/2015 by 10 March 2014. The Budget Projections 2014/2017 report considered by the Cabinet on 10 December 2013 (minute 114 refers) had set the context in which budget decisions were being made and had indicated a forecast net funding available over the three year period of £780m against a current net spend forecast of £863m – a funding deficit of £83m.

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

- **Appendix 1A Savings Agreed 2014/2017 – March 2013**  
Savings approved by the Council in March 2013 as part of the 2013/2014 budget, which impacted into future financial years.

- **Appendix 1B Savings Agreed 2014/2017 – December 2013**  
Savings approved by the Council in December 2013, following the ‘What Really Matters?’ consultation programme.
- **Appendix 2 Growth Submissions 2014/2017**  
Growth bids that had been approved by the Council, where increased demand was placing uncontrollable pressure on safeguarding services for Adult’s and Children’s Services and other services where the Council had a contractual obligation to fulfil.
- **Appendix 3 Fees and Charges**  
A Directory of Fees and Charges, with a recommendation that Delegated Authority be given to the Director of Resources to update the Directory as charges were finalised, prior to publication before 1 April 2014.
- **Appendix 4 Level of General Fund Balances**  
The level of General Fund Balances the Council maintained and the risk based assessment used to determine that the level was sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that was of an unforeseen emergency nature.
- **Appendix 5 Reserves**  
A mid-year review of the amounts held in balances, provisions and reserves, which recommended the release to the General Fund balance of those provisions and reserves no longer required.
- **Appendix 6 Robustness of the Estimates**  
The report, under Section 25 of the Local Government Act 2003, of the Chief Financial Officer (Director of Resources) on the robustness of the estimates made for the purposes of the Council’s Budget calculations and the adequacy of the General Fund balances and reserves.

The report set out the Budget assumptions for growth in the levies, highlighted the increased costs of the Merseyside Pension Fund and indicated that the Council Tax Base for use in 2014/2015 had been agreed by the Cabinet on 10 December 2013 (minute 117 refers) and approved by the Council 16 December 2013 (minute 57 refers). It referred also to the new Local Government Finance System introduced on 1 April 2013, under which billing authorities retained a proportion of locally raised business rates. However, as the complexity and volatility of business rates brought increased risk, any surplus arising from Business Rates from 2013/2014 would be held in a General Fund reserve, which could then be used to meet any potential deficit from the Collection Fund. As the initial year had yet to conclude, a similar approach would be followed for 2014/2015 – any surplus/deficit to be considered as part of the Collection Fund report in January 2015.

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

## **Resolved –**

- (1) That the savings 2014/2017, set out at Appendices A1 and A2 be confirmed.**
- (2) That the Budget Growth 2014/2017, set out in Appendix 2 be agreed and the detail be built into the Budget.**
- (3) That the fees and charges be noted and delegated authority be given to the Director of Resources to update the Council Fees and Charges Directory prior to publication before 1 April 2014.**
- (4) That the level of General Fund balances recommended continues to be based on a locally determined approach to the assessment of the financial risks that the Council may face in the future and that the Council maintains balances at, or above, this level.**
- (5) That the release of Provisions and Reserves by Directorates be agreed and that a Remodelling/Restructure reserve be created from the reserves released together with the amalgamation of the Budget Support 2014/2015 and Equal Pay reserves.**
- (6) That the Chief Financial Officer Statement regarding the robustness of the estimates made for the purpose of the Budget and the adequacy of the General Fund balances and reserves (Appendix 6) be noted.**
- (7) That the following Budget Resolution be agreed and recommended to the Council:**

### **BUDGET RESOLUTION 2014/2015**

#### **National Context**

**Wirral Council continues to face unprecedented cuts in its budget by central government. By the end of 2016 the Council's main revenue grant will have been cut by over 50% since 2010. At the same time, we are facing increasing demand for services such as social care and residents are being hit by the government's decision to cut welfare benefits, introduce iniquitous measures such as the Bedroom Tax, and allow energy companies to impose huge increases in energy prices. To make matters worse, since May 2010 prices have risen faster than wages. As a result, real wages have fallen by £1,600 since the last election. This amounts to a cost of living crisis for people in Wirral and across the country.**

**Whilst it is accepted that measures are required to control the national debt, it cannot be fair or equitable that the government has forced through massive cuts to local government funding in areas with the highest levels of deprivation.**

**A recent, in depth analysis by the Joseph Rowntree Foundation entitled "Austerity" concludes that:**

***“Cuts in spending power and budgeted spend are systematically greater in more deprived local authorities than in more affluent ones, .... cuts are also generally greater in the North and Midlands than in the south of England, and in the west rather than the east of Scotland.***

***Reductions in spending tell only part of the story as authorities also have to cope with rising costs and demands.”***

### **Wirral Challenge**

**Cabinet believes that the scale of cuts required by Wirral Council is not sustainable and reflects no consideration of true need. Authorities with a large proportion of band A to C properties are unfairly disadvantaged by grant reductions as a higher proportion of their income comes from central government compared to those with a high number of band H properties.**

**Wirral is estimated to lose £627 per person by 2017/2018 compared to those in the South East, where Councils lose £305 per person. A disturbing comparator is the reduction in spending power for Wirral compared to the local authority of the Chancellor of the Exchequer, George Osborne – the very person imposing these swingeing cuts. Based on the spending power figures published by DCLG, whilst Wirral lose 4.2 percent in 2014/2015 and 3.3 percent in 2015/2016; Cheshire East lose 1.7 percent and gain 0.8 percent over the same period. It also cannot be fair that Wirral has lost £152 per person compared to just £2 per head in wealthy North Dorset.**

**We will continue to lobby government in the strongest possible terms to reverse these disgraceful policies and deliberate targeting of poorer areas.**

**Our budget gap in the Medium Term Financial Strategy published in March 2013 highlighted a figure of £109 million over the three years to 2016/2017. We are a responsible Administration and have risen to this challenge in the best interests of our residents. To refuse to make the savings forced upon us would be to the longer term disadvantage of our most vulnerable people. Our hard work in identifying savings which protect front-line services as far as possible means this gap is now down to £44.2 million over the next two years following this budget (2015/16 – 17). In December 2013 we agreed a series of savings amounting to £27.5 million to close the gap for 2014/2015. We now have before us the full suite of budget papers to enable us to agree Council Tax and set a balanced budget.**

### **OVERALL COMMENTS**

**Cabinet is proud of the fact that this Administration has progressed from a situation where we inherited an overspend of £17 million, to a stable, achievable in-year budget.**

## **Link to Strategic Priorities**

The 2014/2015 budget has been strongly influenced by the strategic priorities as set out in the new Corporate Plan agreed by Council on 2 December 2013:

- **Attracting investment and jobs**
- **Protecting vulnerable people and communities**
- **Narrowing the gap in inequalities**

## **Guiding Principles**

Our guiding principles for setting the budget have been consistent over the past two years, i.e.

- **We will spend less on the cost of running the Council**
- **Those with the broadest shoulders must bear the greatest burden**
- **Every effort will be made to mitigate the impact of savings on front-line services**

The reports submitted to Cabinet and Council in December 2013 contain the base information for this budget resolution. We agreed the savings in December 2013 and we demonstrated that, despite having to make some difficult decisions, we did listen to the views of the public via the 'What Really Matters' consultation exercise on our budget options, one of the largest consultation exercises in the country.

The key measures we announced in December included the following –

### **Protecting the vulnerable and Reducing Inequality**

- **£7.6 million over the next three years to be spent on a range of measures to support older people, young people with learning disabilities and adopters and special guardians**
- **£1m over the next two years to be spent on enhancing early intervention and prevention services**
- **To progress from being a Living Wage Council to a Living Wage Borough**

### **Responding to the Cost of Living Crisis**

- **The vast majority of our older residents will continue to receive a discount on their Council Tax. This will equate to 5% and will apply to properties falling within bands A, B, C and D where all members of the household are aged 70 and over.**
- **We will mitigate the government's Bedroom Tax by investing £100,000 in providing enhanced information and advice services for people on benefits.**

- We will invest £300,000 to ensure that the poorest members of the community do not have to pay an increased proportion of their Council Tax.

#### **Attracting Investment and Economic Growth**

- We will invest £356,000 on the introduction of a Selective Licensing Scheme for private rented properties to ensure that every landlord is required to bring their properties to a high standard before they reach the market.
- To help unemployed people get back into the labour market we will invest £700,000 in continuing the excellent 'Reach Out' scheme.
- To attract additional investment and jobs to the Borough by investing £200,000 to create an economic development unit.
- We will further invest in our leisure facilities through £2 million of capital to upgrade Europa Pools, Guinea Gap and West Kirby and £200,000 in developing 2 3G football pitches in Seacombe.

#### **Settlement Information**

On 5 February the Government announced the Final Local Government Finance Settlement. This confirmed the Provisional Settlement and the grant reductions reported in December and referred to in the Revenue Budget 2014/2017 report. Also confirmed were the Council Tax Referendum principles. A Referendum is required for increases of 2% and over, which could be held with the European Elections on 22 May. It included a simplifying of the calculation on which the 2% is based – a comparison to Band D Council Tax levels between years. It also specifically confirmed that the freeze grant element was included in the base position.

Cabinet is particularly disappointed by a number of items in the grant settlement:

- Local Welfare Support Funding is ending without consultation or a reduction in the expectation on local authorities.
- Early intervention grant, which is designed to protect the life chances of our young people, has been reduced by £1m per year.
- The cost of providing Council tax support and ensuring this keeps in line with inflation now falls on the local authority
- The timing of announcements by the government, particularly the delay in announcing the referendum level for 2014/2015, makes it inordinately difficult to plan finances in a strategic manner

#### **CONTROL OF THE COUNCIL'S FINANCES**

The Financial Monitoring report prepared by the Council's Section 151 officer, provides further evidence that the Council is managing and in

control of its finances. The projections for 2013/2014 show an under spend approaching £1m which is being used to fund the clean-up and repair works to West Kirby and New Brighton following the storms last December and provide funds to support the future Council restructuring costs. Cabinet is concerned that the Council is having to meet the costs of flooding in Wirral in contrast to other areas in the south of the country which are receiving funding from the government. Cabinet instructs the Chief Executive to write to the government seeking equal and fair treatment for Wirral.

The Revenue Budget 2014/2017 report further demonstrates the Council's desire to address the reductions in Government funding and set a Budget for 2014/2015 which is deliverable and sustainable and take steps to tackle the future years as well.

## **PLANNING FOR THE FUTURE**

The Government has stated that the reductions in funding will continue until at least 2018.

### **Remodelling Reserve**

Given the magnitude of Government funding cuts, the current structure of the Council is not sustainable. In order to plan for the future, work is therefore underway to completely remodel the Council. We know that it is sometimes necessary to invest to save money and for this reason we have reviewed our reserve position to create a remodelling reserve of £9.9 million to provide for the costs of the substantial changes we will need to introduce in order to ensure that the Council can deliver its future priorities within a vastly reduced budget.

### **Waste Development Fund**

Merseyside Recycling and Waste Authority has announced that, subject to the successful conclusion of a contract and the collective agreement of all Merseyside Authorities, a 'one-off' sum worth £6.7 million to Wirral should be available during 2014/2015. This funding is subject to a memorandum of understanding that it should be used to help achieve the principal targets in the overall Recycling and Waste Strategy.

### **Balances**

Clearly, the Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The level of balances is part of this resilience and there is a commitment to maintain balances in line with the local circumstances.

## **REVENUE**

In December 2013, the Council took early decisions on the savings in the Budget for 2014/2015 and beyond. This followed the extensive consultation and the report details savings of £40 million which are being implemented in 2014/2015 and a further £21 million over

**2015/2017. These are summarised in Appendix 1 of the revenue budget report.**

## **CAPITAL**

**Major investment is also proposed to deliver the aims of the Council. The Capital Programme 2014/2017 report includes investment into Extra Care Housing and leisure centres including West Kirby, Guinea Gap and Europa Pool as well as using the successfully bid for Government funds to support businesses and bring investment into Wirral.**

## **NEW PROPOSALS**

### **New House Building Programme (£1.5 million)**

**Local authorities have a proud tradition of investing in physical assets which are essential to improving the quality of life of local residents. We know that we have challenging house building targets over the next five years. We also know that we have huge challenges in those disadvantaged areas of the Borough which lost out on new housing when the current Government axed the Housing Market Renewal programme. Cabinet therefore intends to invest £1.5 million from a combination of capital funding/reserves/loans to kick-start a substantial programme of affordable housing to be targeted at areas with the highest levels of deprivation. This funding should generate around 100 new homes. Cabinet asks for a report on this at the earliest opportunity which will set out how such a programme can be delivered.**

### **Reinstate monthly cleaning of entries (£400,000)**

**In order to address the concerns of many residents that fly-tipping is a significant problem in many parts of the Borough, Cabinet intends to reinstate the monthly cleaning of entries. A two year programme is to be developed to tackle the issue of fly-tipping which is aligned with the work undertaken in taking forward the Recycling and Waste Strategy. This will be funded from the waste development fund.**

### **Further developing Constituency Committees (£200,000)**

**As referred to in December, Cabinet agrees to the allocation of £200,000 for 2014/2015 to be devolved to the Constituency Committees. This is to enable the new approach to Neighbourhood Working to be further developed. This will be funded from reserves.**

**Constituency committees are already in a position to influence budgets and services across Wirral. This includes services which are important priorities for our local residents, such as reducing fly tipping and maintaining local parks in the borough, where committees can influence budgets of approximately £600k. The Council will continue over the next few years to focus on ensuring that the Constituency Committees are able to significantly influence spend on services in Wirral.**



**During the course of the new financial year, Cabinet asks for proposals to be developed to devolve further additional powers and budgets to each of the Constituency Committees.**

**Re-phasing the savings from Williamson Art Gallery (£100,000 of saving re-phased to 2015/2016)**

**The engagement of local people and 'Friends' groups has been welcomed in exploring new models for funding the Williamson Art Gallery in the future. It is acknowledged that more time is required to develop the proposals. Therefore the saving of £400,000 is to be delivered over the next two years, i.e. £150,000 in 2014/2015 and £250,000 in 2015/2016. Cabinet strongly favours keeping the Williamson open. This will be funded from reserves in 2014/2015.**

### **Schools Crossing Patrols**

**Cabinet believes the safety of children is paramount. In December Cabinet agreed to ask schools to take over the funding of school crossing patrols. Given the concerns expressed by a minority of schools, officers are instructed to continue discussions with schools with a guarantee that no funding is removed where agreement cannot be reached.**

### **SCHOOLS**

**The Schools Forum has been instrumental in helping to prepare the Schools Budget for 2014/2015. Difficult decisions have had to be taken, and will continue in future years, to ensure that the young people of Wirral are able to maximise their potential. The budget report details how the £240 million has been allocated and is approved.**

### **COUNCIL TAX**

**Council Tax to be frozen in 2014/2015**

**Our proposals in December 2013 assumed a Council tax increase of 2%. In previous years, in common with many other authorities we have felt unable to accept the freeze grant as this was not built into the Council's base budget and would, if we had accepted it, merely have created a hole in the following year's budget which could only be plugged by even greater cuts.**

**Having lobbied the government hard on this issue, there is a very clear reassurance that the freeze element will be part of the base budget for at least the next 2 years. Cabinet therefore proposes that:**

- This Council accepts the Council tax freeze grant (£1.3 million).**
- The cost of implementing the freeze has been funded from the overall benefit derived from the levy levels versus the budget assumptions in December 2013. This has been achieved as a result of prudent financial management by the Labour controlled joint**

**boards. Table 10 of the report on Revenue funding summarises this position and the funding.**

- **There will be no increase in the Wirral Council element of Council Tax for 2014/2015.**

**Although acceptance of the freeze grant is welcome in that residents will see no increase in the overall Wirral Council element of Council Tax, it is disappointing that the level of grant equates to only a 1% rise and that effectively the government has prevented the income base increasing at a time when such significant savings in the next two years are required.**

**Finally, if the conditions surrounding the Council Tax freeze grant are maintained in 2015/2016 it is the Cabinet's intention to freeze the Council Tax for a further year following 2014/2015.**

### **Conclusion**

**In conclusion, although this has been a difficult budget settlement, Cabinet is pleased to be able to freeze the Council Tax for 2014/2015, and hopefully, also for 2015/2016. This will enable us to help the residents of Wirral, many of whom are struggling to deal with the cost of living crisis.**

### **RECOMMENDATION TO COUNCIL**

- (1) That the proposals as set out in this resolution be agreed by Cabinet and be recommended to Council for approval at its meeting on 25 February 2014.**
- (2) That Council continues to lobby Government to review the way it allocates funding to local Councils with a view to ensuring that any cuts are distributed in a way which is fair and equitable.**

## **144 CAPITAL PROGRAMME AND FINANCING 2014/2017**

The Director of Resources presented for consideration and referral to Council for approval, a draft Capital Programme for 2014/2017, together with the related capital financing requirements based upon the prudential indicators that informed the Treasury Management Strategy. As the Council had to manage demands for investment within the financial constraints that Wirral operated, prioritisation criteria had been developed to assess capital bids to ensure that the Programme was targeted to Council priority areas. The Programme therefore consisted of a combination of –

- (i) Schemes originally approved as part of the 2013/2016 Programme and updated through the Capital Monitoring reports in 2013/2014, with schemes re-profiled into 2014/2015.**
- (ii) New/revised bids for consideration, with details of the schemes and the criteria against which they were scored.**

The Council had also identified a requirement to upgrade the IT and, whilst it was an essential investment, the cost would vary, dependent on the chosen

route of working more closely with others and alternative methods of delivery being investigated. The Director therefore recommended at this stage, that £4m be included in the Capital Programme 2014/2015, which would be refined over the coming months.

Capital receipts generated from the sale of Council assets were an important element of funding the Capital Programme and the assumption for capital receipts for the next three years was partly based upon the work of Lambert, Smith, Hampton who had been commissioned to advise and market a number of major assets, estimated at up to £20m, which were anticipated to be realised from 2015/2016 onwards. However, the Director commented that the usage of capital receipts could only be when the receipt was guaranteed so at this stage the projections were that there would be £6.2m available at 31 March 2014. Over £4m of that sum had provisionally been identified as funding for the 2014/2015 Programme and this would be re-assessed as further information became available in relation to both the Disposals and the Council Remodelling Programme.

The Director advised the Cabinet that, in considering the Capital Programme for 2014/2017, there was a need to fund up to £13.1m of new unsupported borrowing in 2014/2015 which, based upon current interest rates, equated to an increase of £1.2m in revenue borrowing costs. This, and the impact of a £0.5m reduction in investment income, could be accommodated within the £1.7m included for Capital Financing in the Revenue Budget projections for 2014/2015. The Cabinet was also advised that if a decision was taken to spend in excess of the level of identified resources, then this would require increased use of borrowing, which incurred annual revenue costs at the rate of £90,000 per £1m of capital expenditure. In considering the impact upon Council Tax levels, each 1% rise in Council Tax equated to £1.1m of increased expenditure.

#### **Resolved –**

- (1) That the new bids as detailed in Sections 2.7 and 2.8 of the report of the Director of Resources be approved.**
- (2) That the overall Capital Programme 2014/2017, as detailed in Appendix 4 to the report of the Director of Resources be agreed and referred to the Council for approval.**
- (3) That the capital financing requirements be reflected in the revenue budget.**
- (4) That the Prudential Indicators be noted and reported to Cabinet as part of the Treasury Management Strategy.**
- (5) That progress on delivering the Capital Programme be presented in accordance with the agreed Capital Monitoring arrangements.**

#### **145 FINANCIAL MONITORING 2013/2014 (MONTH 9)**

The Director of Resources set out the financial position for Month 9 (ended 31 December 2013) and provided in appendices to her report, separate monitoring reports for Revenue and Capital.

**Resolved –**

**A REVENUE**

- (1) Cabinet notes that at Month 9 (December 2013), the full year forecast projects a gross General Fund under spend of £982,000, net £213,000. Cabinet previously agreed to earmark £519,000 of any forecast under spend against future Council restructuring costs and a further £250,000 to replenish General Fund Balances used for the clean up and repairs to infrastructure from December's exceptional weather events. This would result in a net £213,000 available should the forecast be realised at the end of the financial year. This would be required to contribute further to the restructuring reserve or to assist in raising the level of General Fund Balances depending upon the requirement identified.

**B CAPITAL**

- (2) Cabinet notes –
- (a) the spend to date at Month 9 of £17.9m, with 75% of the financial year having elapsed;
  - (b) the agreed funding from Public Health of £0.484m
- (3) Cabinet agrees –
- (a) the revised Capital Programme of £36.7m;
  - (b) the re-profiling of a number of schemes into 2014/2015, totalling £4.191m

146 **MEDIUM TERM FINANCIAL STRATEGY 2014/2017**

The Director of Resources presented the Medium Term Financial Strategy 2014/2017, which was a strategic, financial document that set out the Council's financial approach for the planning period 2014/2015 to 2016/2017. It also incorporated the Treasury Management and Investment Strategy for 2014/2017 in accordance with the CIPFA Code of Practice for Treasury Management in Public Services.

The Director commented that over the next three years the services the Council provided faced a very challenging financial future with a £44m anticipated funding gap. This had led the Council to consider how the total financial resources of the Council and its partners would need to be maximised, prioritised and channelled to the right areas and activities. The Medium Term Financial Strategy focused on ensuring that resources were matched to priorities as identified in the Corporate Plan, whilst ensuring that statutory functions were provided in the most efficient way.

The Chair noted that the savings introduced in the four year period Spending Review 2010 (SR10) 2011/2012 to 2014/2015 represented the largest reduction in public government spending since the Second World War. In addition, local government would face further funding reductions in real terms and it was anticipated that further reductions due to austerity would continue until at least 2017. The Medium Term Financial Strategy as well as providing

financial background, set out the Councils budget strategy, the aim of which was not to give provisional budget figures, but to provide the Council with a framework with which to support planning considerations for the medium term.

The report stated that the Treasury Management Strategy remained a key area of the financial strategy, especially with low interest rates and limited investment opportunity. It was incorporated in the Medium Term Financial Strategy and was subject to approval by the Council at the same time as the budget. She set out the CIPFA definition of treasury management as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council had endorsed the definition and had acknowledged that effective treasury management would provide support towards the achievement of its business and service objectives. It was, therefore, committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective treasury management.

**Resolved –**

**A That in respect of the Treasury Management Strategy 2014/2017 –**

- (1) The Treasury Management Strategy for 2014/2017 be approved**
- (2) The Prudential Indicators be adopted**
- (3) The Council’s Minimum Revenue Provision policy be approved**
- (4) The Council Officers listed in Appendix G of the Director’s report be authorised to approve payments from the Council’s bank accounts for all treasury management activities.**

**B That in respect of the Medium Term Financial Strategy 2014/2017 –**

- (1) The Medium Term Financial Strategy be approved**
- (2) Regular updates of the Medium Term Financial Strategy be reported to Cabinet**

**147 SCHOOLS BUDGET 2014/2015**

Councillor Tony Smith, Cabinet Member for Children and Family Services, presented the report of the Director of Children’s Services, which recommended the approval of a Schools Budget 2014/2015 of £240,058,000 for early years, maintained schools, academies, colleges and providers in Wirral. The Budget had been considered by the Wirral Schools Forum on 22 January 2014 (minute 269 refers), who had agreed the following recommendations –

- The Dedicated Schools Grant (DSG) funded Schools Budget for maintained schools and academies be approved in the sum of £240,058,000.
- The headroom of £1,215,100 be allocated within the formula to all schools and early years providers.
- The High Needs Contingency totalling £908,900 be agreed.

- A reduction for Planned Programmed Maintenance (PPM) of £200,000 be agreed.
- The use of DSG reserves totalling £732,000 in setting the schools budget be agreed and the remaining balance for Automatic Meter Readers be reclassified as a reserve for installation of defibrillators.

The Schools Funding Allocations were issued by the Department for Education on 18 December 2013 and the basis of the grant continued to be the "Spend Plus" methodology introduced in 2006, with four unringfenced spending blocks for each authority, which indicated the levels of expenditure anticipated for each authority.

In the case of the Schools and the Early Years blocks, they were updated for changes in pupil numbers. Pupil numbers for the Schools Block were those recorded in the October 2013 census, whereas Early Years Funding was a combination of the census in January 2014 and January 2015. The dates for the Early Years Census meant that the exact DSG would not be finalised until June 2015 and the Early Years grant used for the purposes of the 2014/2015 Schools Budget would be the indicative figures (based on January 2013). The High Needs Block provided an allocation for the funding of all High Needs Students aged 0 – 24, including the Hospital School and the Other Block was in respect of Free Education for 2 year olds.

The report outlined significant Budget changes in each area and referred also to the use of reserves and centrally held budgets. A number of budget savings options for 2014/2015 arising from working in partnership with schools had been progressed, in relation to –

- Planned Programme Maintenance
- School Crossing Patrols
- Non Teaching Trade Union Facility Time
- Private Finance Initiative (PFI) Affordability Gap

Councillor Smith referred specifically to funding for the Schools PFI. He commented that the Council currently added £2.6m to the ring fenced schools budget in respect of the PFI funding gap. £2.3m of the funding was an agreed saving in 2015/2016 and the remainder had been protected. However, he proposed that the Council funding for PFI be reduced by £600,000 in 2014/2015 rather than 2015/2016.

He stated that the 2014/2015 Schools Budget had already been submitted to the Education Funding Agency (EFA) and was finalised. However, there was approximately a £1m schools budget carry forward from 2013/2014, which could be used to 'compensate' for the £600,000 funding gap. Schools would therefore receive the same budget for 2014/2015 as planned.

In response to a query in relation to the potential impact on the budget of the outstanding call-ins (i) of the decision to consult upon the proposed closure of Lyndale School (minute 129 (16 January 2014) refers); and (ii) Proposals for Changes to School Top Up Payments for Students with High Needs (minute 140 (16 January 2014) refers), the Head of Legal and Member Services reported that the proposed Schools Budget, included a contingency provision that was considered sufficient to address any financial implications that may

arise as a result of the forthcoming call in hearing. The proposed Schools Budget enabled the Policy and Performance Co-ordinating Committee to consider the call-ins, particularly the one related to the 'Proposals for changes to the School Top Up Payments for Students with High Needs' to be considered. Consideration had been given to the outstanding call-ins; however, the proposed Schools Budget was sufficient to meet any financial implications arising directly from the call-ins and still provide an adequate contingency for other unforeseen events.

**Resolved –**

- (1) That the Dedicated Schools Grant (DSG) funded Schools Budget for maintained schools and academies be approved in the sum of £240,058,000.**
- (2) That the headroom of £1,215,100 be allocated within the formula to all schools and early years providers.**
- (3) That the High Needs Contingency totalling £908,900 be agreed.**
- (4) The use of DSG reserves totalling £732,000 in setting the schools budget be agreed and the remaining balance for Automatic Meter Readers be reclassified as a reserve for installation of defibrillators.**
- (5) That Council regrets that due to its financial challenges, it is unable to fund the full PFI affordability gap in 2014/2015 and will reduce the Council contribution to the Schools Budget by £600,000 to £2m. Officers are instructed to take appropriate actions in respect of the 2014/2015 Schools Budget.**

148 **CARBON BUDGET 2013/2014**

Councillor Brian Kenny, Cabinet Member for Environment and Sustainability, presented the report of the Assistant Chief Executive upon the corporate and departmental progress made against the Carbon Budget 2013/2014 and the revisions that were required to meet Corporate Goals for 2014/2015. The Carbon Budget for 2014/2015 and the Performance Timetable towards the 2013/2014 target was set out in Appendix 1 to the report. The Carbon Budget had been established at the request of the Council (minute 77 (14 December 2009) refers) and the Corporate Plan 2013/2016 stated that we should spend less on ourselves and obtain best value for every penny we spend. In the portion related to Asset Management, the Transformational Projects report (minute 249 (Cabinet 23 May 2013) refers) identified: the lowering of building running costs; carbon output; and associated penalties as measures that would deliver budget savings through reduced running costs.

The Carbon Budget process promoted those aims and although it was not a statutory requirement, it was Wirral's only method of managing CO<sub>2</sub> emissions in order to reduce our carbon footprint and the costs associated with it. Meeting the annual targets of reduced carbon emissions would result in financial savings through reduced energy use and CRCEES charges.

**Resolved –**

- (1) That progress towards the 2013/2014 target be noted.**
- (2) That the Carbon Budget for 2014/2015 be approved.**
- (3) That the current Carbon Budget method be applied until the impacts of: the ongoing simplification of the CRCEES and the Corporate restructuring are assessed and that Officers be instructed to report further to Members to make recommended alterations as a result of these processes.**
- (4) That managers be directed to ensure that Carbon Reduction Implications of projects and initiatives are assessed and reported as required by the standard report template and that impacts are required to be reported to the Building Services and Sustainability Section to support the carbon management process.**

**149 FORMER PACIFIC ROAD ARTS CENTRE AND TAYLOR STREET TRANSPORT MUSEUM AND TRAMWAY, BIRKENHEAD**

With the permission of the Cabinet, this item was withdrawn.

**150 TRAFFIC SIGNALS MAINTENANCE 2014/2015 ONWARDS**

Further to minute 97 (7 November 2013), Councillor Harry Smith, Cabinet Member for Highways and Transportation, presented the report of the Strategic Director for Regeneration and Environment upon the outcome of the procurement exercise for the new Traffic Signal Maintenance Contract, which would replace the current contract that was due to expire on 31 March 2014. The contract, when awarded, would provide a contract mechanism to allow statutory maintenance duties of the traffic control network to be fulfilled and provide for the new installations, funded by capital investment, to be implemented. The tender report contained an evaluation of the tenders submitted, based on quality and price and was included within an exempt appendix, due to the commercially sensitive nature of the information (see minute 152 post).

It was recommended that the contract be awarded to the preferred bidder, as their tender was the most economically advantageous to the Council. The contract would be for a four year term with the potential for a two year extension, subject to satisfactory contract performance and management. The cost was approximately £350,000 per annum, which would cover revenue maintenance and capital investment, although the actual expenditure could vary each year, dependent on the overall maintenance required and the level of new schemes introduced through capital investment.

He commented also that, under the Public Contracts Regulations 2006, there was a statutory ten day 'standstill period' to enable unsuccessful tenderers to obtain feedback on the Council's contract award decision and potentially lodge a legal challenge if they were not satisfied on the legality of the decision.



**Resolved –**

- (1) That the outcome of the procurement exercise be noted.**
- (2) That Cabinet approves the award of the contract, subject to the statutory standstill procedures, for the maintenance, supply and installation of Traffic Control Systems and Associated Equipment for a four year period, with the potential for a two year extension subject to satisfactory performance, to the preferred tenderer listed in the exempt appendix to the report now submitted.**

**151 COMMITTEE REFERRAL  
- MERSEYSIDE FIRE AND RESCUE SERVICE FUNDING**

Further to an earlier Notice of Motion ‘Cuts to Merseyside Fire and Rescue Service’, the Regeneration and Environment Policy and Performance Committee, at its meeting held on 27 January 2014 (minute 30 refers), considered a presentation from the Chief Fire Officer upon the scale of the cuts faced by Merseyside Fire and Rescue Authority and the impact of Government proposals on the residents of Wirral. The Committee requested the Cabinet to support any lobby for additional funding for the Fire and Rescue Service.

The Chair commented that the cuts to the Fire and Rescue Service were making the job of keeping local people safe more difficult and he noted that the options that had been put forward by the Chief Fire Officer were the least worst, none of which would improve safety.

**Resolved – That any lobby for additional funding for the Merseyside Fire and Rescue Service be supported.**

**152 EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

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

**153 EXEMPT APPENDICES**

Cabinet noted the detail of the following appendix, which was exempt in accordance with paragraph 3 by virtue of the commercially sensitive nature of the information it contained.

- **Traffic Signal Maintenance  
(see minute 150 ante)  
Appendix 1 – Tender Report**