

## **WIRRAL COUNCIL**

**CABINET  
23 FEBRUARY 2009**

**COUNCIL  
2 MARCH 2009**

### **COUNCIL BUDGET 2009/10**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **1. EXECUTIVE SUMMARY**

- 1.1 This report and appendices forms part of the financial planning process in that it provides Members with the information upon which to consider the Council budget for 2008/10. Members are asked to agree the Council budget and Council Tax levels for 2009/10.

##### **2. BACKGROUND**

- 2.1 The annual Council budget is an integral part of the overall financial management of the Council. The Medium Term Financial Strategy for 2009/12 was agreed by Cabinet on 23 July 2008 and considers issues at a strategic, rather than a departmental or operational, level. Covering a three year period it is subject to an annual review. Cabinet receive throughout the year regular updates on issues affecting the financial projections contained within the Strategy and by the 10 March each year the Council has to agree a budget and set Council Tax levels for the following financial year.
- 2.2 Under Section 25 of the Local Government Act 2003 I must present a written report on each budget proposal which addresses the robustness of the proposed budget with particular reference to :-
- a) The adequacy of General Fund balances and reserves.
  - b) The achievability of any savings included within the budget.
  - c) The impact upon any future years' budget.

##### **3. INTRODUCTION**

- 3.1 The financial projections for the period 2009/11 have been regularly updated and reported to Cabinet throughout the current financial year and Members are now requested to agree the budget for 2009/10. The Government Comprehensive Spending Review and the Local Government Finance Settlement now cover three years and Cabinet will shortly be asked to consider indicative budgets for future financial years.

- 3.2 The Base Estimate for 2009/10 consolidates the budgets of individual services and the savings considered by Cabinet and the Overview & Scrutiny Committees. Where formal notification has been received regarding the proposed levies these have also been incorporated. More detailed information on outstanding precepts should be available for the meeting.
- 3.3 The budgets have again been prepared at out-turn prices. Inflation for general prices and contracts has been included at 2%. Pay awards due to be settled for 2009/10 have been included at 2% for all employees with 3% included for income.
- 3.4 Collection of outstanding Council Tax is continuing. Having taken into account previous experience and current collection rates the irrecoverable position has been estimated at 1.5% for 2009/10 which is the same as for 2008/09. Consequently the tax base has been adjusted by the estimated collection rate of 98.5%.
- 3.5 Regular reports have been presented to Cabinet throughout the financial year highlighting the projected financial position for 2009/10 with the most recent being submitted to Cabinet on 5 February 2009. The present position as detailed in the Summary of General Fund Estimates is:-

	<b>£000</b>
Budget Requirement	311.0
Income before any Council Tax rise	306.3
Difference between requirement and income	4.7

- 3.6 The Government has again stated that it does not expect to see Council Tax increases exceed 5% and this was re-affirmed on the announcement of the Local Government Finance Settlement with increases expected to be substantially below 5%. A rise of this level would produce income of £6 million for 2009/10.
- 3.7 Estimated General Fund balances at 31 March 2010 are £6.8 million and the Council will be expected to set a budget for 2009/10 leaving a minimum of £6 million in balances. This figure being the minimum level deemed necessary having regard to the financial position of, and the pressures facing, the Council as highlighted in the Medium Term Financial Strategy.

#### **4. FINANCIAL YEAR 2008/09**

- 4.1 Since setting the budget for 2008/09 Cabinet has agreed to increase the revenue spend to reflect the reduction in the amount of highways maintenance that can be capitalised, the impact of the energy and fuel contracts for 2008/09. Otherwise the changes in departmental budgets reflect the transfers between departments which include the re-allocation of capital, buildings and support services charges, primarily for IT, to ensure compliance with the Statement of Recommended Practice all of which do not impact upon the overall level of Council spend.

- 4.2 The latest projections for the current financial year, based upon the position at 31 January 2009, are included within the Summary of General Fund Estimates. Efforts continue to contain spend within the departmental budgets as detailed in Appendix A. No adjustments have been agreed in respect of the following potential variations which, if they do occur reduce balances by £1.4 million:-

<b>Department / potential variation</b>	<b>£million</b>
Adult Social Services	+3.5
Essentially pressures on community care services	
Regeneration	+0.8
Savings not achieved but partially offset by release of reserves	
Technical Services	+0.7
Income shortfalls and cost of winter maintenance	
Treasury Management	-2.8
Management of cash flow and increased interest receipts	
Finance	-0.8
Improvements in Housing Benefit maximising grant	

## **5. FINANCIAL YEAR 2009/10**

- 5.1 A summary of the main changes from the Base Estimate for 2008/09 to the Base Estimate for 2009/10 are:-

Details	£million	£million
Budget Requirement 2008/09		298.5
Adjustments for		
One-off use of bridging finance	+1.9	
One-off other contributions	+2.2	
Policy Options 2008/09	<u>-1.1</u>	<u>+3.0</u>
Revised Budget Requirement		301.5
Increased requirements		
Inflation	6.3	
Inflation - energy contracts	3.5	
Capital financing	3.2	
Efficiency Investment Budget	2.9	
Increased requirements	2.8	
Specific grants to Area Based Grant	2.7	
Waste Disposal Authority levy	2.2	
Highways maintenance not to capital	1.7	
Merseytravel levy	<u>1.0</u>	+26.3
Reduced requirements		
Efficiencies / savings agreed		-12.8
Use of Bridging Finance / balances		-2.4
Additional income from LABGI / LAA Grants		-1.6
Budget requirement 2009/10		311.0

5.2 The Estimate 2009/10 includes £6.1 million of spend and income within Adult Social Services being the initial assessment of the transfer of responsibilities from NHS Wirral to the Council for the provision of Learning Disability Services. The final figure has to be agreed prior to the start of the financial year and funding for these services is provided from NHS Wirral.

## 6. LOCAL GOVERNMENT FINANCE SETTLEMENT

6.1 Whilst the Government Comprehensive Spending Review 2007 set out their intentions at a high level for the next three years the Local Government Finance Settlement identifies the Government grant support over this period for individual authorities. The Department for Communities and Local Government (DCLG) announced the three year Local Government Finance Settlement on 24 January 2008.

6.2 The Provisional Settlement for 2009/10 was announced by the DCLG on 26 November 2008 and the Final Settlement on 21 January 2009. With 2009/10 being the second year of the three year programme this essentially re-affirmed the grant allocations notified to authorities in January 2008.

6.3 The allocation of the grant (Formula Grant) is through a 'four block model':-

- Relative Needs Block – This is based upon formulae that cover seven areas and seek to reflect the relative needs of individual authorities in providing services.
- Relative Resources Block – This is a negative figure as areas that can raise more income locally require less Government support. It aims to recognise differences in the amount of local income that individual Councils have the potential to raise.
- Central Allocation – After the Relative Needs and Relative Resources have been assessed the balance of the grant is distributed on a per capita basis.
- Floor Damping Block – The mechanism for damping grant changes seeks to provide authorities with a minimum year on year grant increase.

6.4 As detailed in the report to Cabinet on 10 December 2008 the Local Government Finance Settlement included for Wirral:-

Components	2008/09	2009/10	2010/11
	£ million	£ million	£ million
Relative Needs	122.2	125.4	128.5
Relative Resources	-25.4	-25.3	-25.1
Central Allocation	58.6	60.2	61.8
Floor Damping	-8.0	-7.6	-7.3
Final Grant	147.4	152.7	157.9

- 6.5 The Government incorporate a notional adjustment to the previous year's Formula Grant to reflect any new burdens and transfers of functions applicable to local authorities. There were no significant changes for 2009/10. The annual increase for 2009/10 represents an increase in grant of 3.6%. As previously reported this grant increase compares favourably with the national average and resulted in Wirral, for many years in receipt of additional support to reach the minimum floor increase now being above the floor and contributing to ensure that others received the floor increase.
- 6.6 The Government confirmed that it will apply capping for those authorities that impose a Council Tax increase greater than 5% and also that the 3% efficiencies target applied to all authorities who must demonstrate that the efficiencies have been identified and re-invested into services.
- 6.7 The continuing commitment to reduce the number of grants allocated for specific purposes saw the Government introduce the Area Based Grant from 2008/09. As with the Formula Grant authorities are able to use the resource as they deem appropriate although the Government have indicated which grants have been incorporated. For Wirral this grant is worth £31 million for 2009/10 and will rise in subsequent years when Supporting People grant is included. Cabinet on 16 October 2008 agreed that the 2009/10 grant be allocated on the basis indicated by the Government.

## **7. COLLECTION FUND**

- 7.1 The Collection Fund is a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates. The anticipated collection rate is 98.5% and collection above this rate generates a surplus for distribution whilst any under-performance has to be recovered from the Council and precepting authorities.
- 7.2 The Collection Fund is estimated to be in deficit at 31 March 2009 as reported to Cabinet on 15 January 2009. This relates to the position reported at 31 March 2008 when the deficit was £1.4 million mainly as a result of the effect of past reductions in Council Tax Benefit receipts to the Fund arising from the treatment of single person discounts. The Council Tax base calculation now reflects these changes.
- 7.3 Of the £1.4 million Wirral was required to contribute £508,674 during 2008/09 and £687,440 will be recovered as planned during 2008/09. Provision was made in the 2007/08 Accounts with a Collection Fund Reserve to fund the Council share of the deficit.
- 7.4 The Authority has in previous years reported surpluses on the Fund. The collection rate is currently ahead of 2007/08 performance and I continue to monitor this in light of the economic situation but performance remains strong.

## 8. TAX BASE

- 8.1 The tax base is the number of properties in Bands A-H in the Borough expressed as an equivalent number of Band D units. The distribution of the Formula Grant takes into account the council tax base of an authority.
- 8.2 The tax base used in the calculation was reported to Cabinet on 27 November 2008. The tax base of 105,863.4 is adjusted by the estimated collection rate of 98.5% to give an adjusted tax base of 104,276 and it is this figure that is used in calculating the Council Tax.

## 9. BALANCES

- 9.1 The budget for 2008/09 was set leaving £5 million in balances and the anticipated balances at 31 March 2009 can be summarised below: -

	<b>£000</b>
Actual Balances at 1 April 2008	11,115
Contributions from	
Housing Benefit Reserve / Provision	3,300
Insurance Fund	2,975
Other Reserves / Provisions	868
Contributions to	
Supporting Services	(7,851)
Bridging Finance	(1,900)
Projected Balances at 31 March 2009	8,507

- 9.2 Of the projected balances Cabinet have agreed to use £2.413 million as a provision to support the implementation of the Strategic Asset Review. This includes £1.863 million for libraries, sports centres and museums plus £0.550 million for community centres.
- 9.3 Having regard to the statutory guidance and the management, control and risks associated with Council finances the general balance should be set at 2% of the net revenue budget. Whilst £5 million was deemed appropriate for 2008/09 the sum of £6 million is the acceptable level of balance for 2009/10 reflecting the changes to Government funding. Other resources are set aside for specific purposes as provisions and reserves and these are established and used in accordance with the purposes intended. All provisions and reserves are reviewed at least twice a year.

## 10. BUDGET SUSTAINABILITY AND PROJECTED BUDGETS

- 10.1 When setting previous budgets reference has been made to the pressures faced in respect of the demands from an ageing population and in meeting the waste and recycling agenda. These are now over-shadowed by the changing national and global economic situation and in the Pre-Budget Statement the Chancellor of the Exchequer outlined the forecast economic projections which promise to put further pressure upon the financial position of the Council.

- 10.2 With efficiencies and savings identified throughout the year that have required difficult decisions given the service pressures the Council is now better placed financially. The Government has set the public sector a target of achieving 3% efficiencies over the period of the Comprehensive Spending Review 2008/11. These must all be cash savings and authorities are able to re-invest any savings so this cash remains with the authorities who must demonstrate that the efficiencies have been identified and re-invested. The economic situation will require authorities to find substantially greater efficiencies in future years. The overall position, and actions required, will form part of the next Medium Term Financial Strategy and Cabinet will continue to be updated on a regular basis as these actions are developed.
- 10.3 As referred to previously the Government has introduced three year Settlements with authorities expected to follow the same timescales. The Council Corporate Plan and underpinning strategies already reflect this period and a projected budget for the life of the Settlement period has been presented since the start of the current financial year. These projections will be revised once the budget for 2009/10 has been agreed.

## **11. CORPORATE, DEPARTMENTAL AND FINANCIAL PLANS**

- 11.1 The Corporate Plan is a key element in delivering the broader objectives for the area and set out in the Vision for Wirral which was approved by Council on 17 December 2007. This set out the strategic objectives, medium term aims and the immediate priorities for improvement.
- 11.2 The Vision provides the focus for departmental planning. This continues the further integration of Service and Financial Plans and alignment with other resource, including risk, strategies as contained in the report on the Medium Term Financial Strategy that was presented to Cabinet on 23 July 2008.
- 11.3 The Corporate Plan priorities for 2009/10 were confirmed by Cabinet and these informed the updated Corporate Plan and Departmental Service Plans that were reported to Cabinet on 5 February 2009.

## 12. RISK ASSESSMENT

12.1 The management of risk helps in the achievement of the Council objectives, improves services and delivers value for money. In considering the annual budget the main financial risks are:-

Risk	Actions	Category
Efficiencies not delivered	Appraisal of issues at start Regular monitoring Use of balances	High
Service spend under-estimated (impact of demand lead areas)	Regular monitoring of the volatile budget areas Use of balances	Medium
Balances are insufficient	Set at recommended level Regular monitoring and twice yearly review	Medium
Government grant funding is not as expected	Lobbying of Government Three year Settlements	Low
Inflation levels vary from those projected	Pay awards predicted Regular review Use of balances	Low
Income from Council Tax below expected levels	Annual review of tax base Monitoring of collection rates	Low

12.2 The economic situation referred to within this report has been identified as a risk to the delivery of a number of the Council's objectives as set out in the Vision for Wirral and the Corporate Plan. In terms of the budget the following have been considered:-

Risk	Actions	Category
Increase in worklessness	Awareness of Housing Benefit, and budget, increased	Medium
Investment returns not realised	Treasury management income projections reduced	Medium
Impact on health and well-being	Fees and charges policies reviewed to remain affordable	Medium
Asset sales not realised	Capital programme projections for capital receipts reviewed	Medium
Income projections not realised	Further use of Direct Debit Review of provisions for potential bad debts	Medium

## 13. REVENUE ESTIMATES

13.1 This Budget report identifies the latest position regarding the draft Budget for 2009/10 including the implications of the Local Government Finance Settlement, agreed growth and savings. The position is reflected in the Summary of General Fund Estimates - Gold Sheet.



13.2 Appendix A contains the departmental revenue estimates that show the main departmental variations together with an analysis of the budget by activity and by type of expenditure and income.

13.3 The Schools Budget is a separate report to this Cabinet.

#### **14. CAPITAL PROGRAMME 2009/12 to 2011/12**

14.1 Appendix B provides details of the Capital Programme presented to Cabinet on 10 December 2008 and subsequently approved by Council on 15 December 2008. Also included is updated information relating to confirmation of government grant funding relating to the Local Transport Plan and Regional Housing Pot.

#### **15. INSURANCE FUND 2009/10**

15.1 Appendix C provides details of the Insurance Fund budget that was agreed by Cabinet on 27 November 2008. Also included is the subsequent adjustment to reflect the charging of full insurance costs to the Schools.Budget.

#### **16. BACKGROUND PAPERS**

16.1 These are the reports to Cabinet that are referred to within this report.

#### **17. RECOMMENDATION**

17.1 That Members consider the Council budget for 2009/10 and determine the levels of Council Tax for 2009/10.

IAN COLEMAN  
DIRECTOR OF FINANCE



## WIRRAL COUNCIL

### SUMMARY OF GENERAL FUND ESTIMATES

	BASE ESTIMATE 2008/09 £	CURRENT ESTIMATE 2008/09 £	BASE ESTIMATE 2009/10 £
<b>EXPENDITURE</b>			
Adult Social Services	86,671,200	91,205,500	86,097,900
Children and Young People	69,563,300	74,748,800	76,279,900
Schools	997,000	997,000	663,700
Corporate Services	5,096,700	5,920,600	5,339,400
Finance	21,047,700	16,076,500	20,717,300
Law, HR and Asset Management	803,400	3,156,300	2,479,500
Regeneration	41,229,100	43,883,100	46,461,700
Technical Services	35,608,900	39,201,700	41,721,500
Treasury Management	11,754,800	3,848,400	7,756,500
<b>Departmental budgets</b>	<b>272,772,100</b>	<b>279,037,900</b>	<b>287,517,400</b>
Potential Overspending	0	1,400,000	0
Merseytravel	25,311,000	25,311,000	26,305,000
Local Pay Review	4,545,000	4,545,000	1,177,100
Bridging Finance	(1,900,000)	(1,900,000)	0
Contribution to / (from) balances	(2,201,300)	(7,851,200)	(2,413,000)
LABGI grant	0	(1,300,000)	(200,000)
LAA grant	0	0	(1,400,000)
<b>BUDGET REQUIREMENT</b>	<b>298,526,800</b>	<b>299,242,700</b>	<b>310,986,500</b>
<b>INCOME</b>			
Revenue Support Grant	18,015,300	18,015,300	28,643,000
National Non Domestic Rate	129,412,900	129,412,900	124,094,400
Area Based Grant	28,390,000	29,105,900	31,038,000
Council Tax Income	123,217,200	123,217,200	123,217,200
Collection Fund Surplus	(508,600)	(508,600)	(687,400)
<b>TOTAL INCOME</b>	<b>298,526,800</b>	<b>299,242,700</b>	<b>306,305,200</b>
<b>STATEMENT OF GENERAL BALANCE</b>			
General Balance at 1 April	8,593,200	11,115,000	8,507,400
Budgeted contribution	(2,201,300)	(7,851,200)	(2,413,000)
Contribution from Reserves	508,600	4,168,600	687,400
Contribution from Insurance Fund	0	2,975,000	0
Contributions to Bridging Finance	(1,900,000)	(1,900,000)	0
<b>GENERAL BALANCE AT 31 MARCH</b>	<b>5,000,500</b>	<b>8,507,400</b>	<b>6,781,800</b>



# **APPENDIX A**

## **WIRRAL COUNCIL**

### **DRAFT REVENUE ESTIMATES**

**2009/10**

## WIRRAL COUNCIL

### REVENUE ESTIMATES 2009-10

#### INTRODUCTION

The following pages have been prepared to enable Members to consider the formulation of the Current Estimate for 2008/09 and the Base Estimate for 2009-10. They provide, for each General Fund Service, a revision of the 2008/09 Base Estimate to the Current Estimate, a summary of the Base Estimate 2009/10 and a subjective and objective analysis.

The estimates have been prepared at out-turn prices with pay awards due to be settled for 2009/10 included at 2% for all employees. A similar provision has been included for inflation on general prices and contracts whilst 3% is included for income.

The table below includes the decisions of Council up to, and including, 9 February 2009.

<b>DEPARTMENT</b>	<b>Base Estimate 2008-09 £</b>	<b>Current Estimate 2008-09 £</b>	<b>Base Estimate 2009-10 £</b>
EXPENDITURE			
Adult Social Services	86,671,200	91,205,500	86,097,900
Children & Young People	69,563,300	74,748,800	76,279,900
Education - Schools	997,000	997,000	663,700
Corporate Services	5,096,700	5,920,600	5,339,400
Finance	21,047,700	16,076,500	20,717,300
Law, HR and Asset Management	803,400	3,156,300	2,479,500
Regeneration	41,229,100	43,883,100	46,461,700
Technical Services	35,608,900	39,201,700	41,721,500
Treasury Management	11,754,800	3,848,400	7,756,500
	<b>272,772,100</b>	<b>279,037,900</b>	<b>287,517,400</b>

## WIRRAL COUNCIL

### AGREED EFFICIENCIES / SAVINGS 2009/10

The following efficiencies / savings were agreed by Cabinet on 16 October, 6 November, 27 November, 10 December 2008 and 15 January 2009.

<b>Department and savings</b>	<b>£</b>
<b>Adult Social Services</b>	
Transport Serviced out to tender	180,000
In House Supported Living out to tender	347,000
Fair Price model of Supported Living	650,000
Funding cost of individual budgets from Reform Grant	1,500,000
Review of administrative support	100,000
Reduction in residential and nursing fees	1,000,000
	<b>3,777,000</b>
<b>Children and Young People</b>	
Residential Care, including reducing out of borough placements	650,000
Increase tuition fees for the Instrumental Service	45,000
Facilities management	25,000
Charge the full cost of schools insurance to the schools	400,000
Reconfiguration of the Youth Service	150,000
Delete posts held vacant for more than 12 months	80,000
Cease the provision of uniform grants	30,000
	<b>1,380,000</b>
<b>Finance</b>	
Information technology services	100,000
I.T.S. hardware review	50,000
Housing and Council Tax Benefit – improved use of technology	600,000
Student awards no longer processed in One Stop Shops	50,000
Review of cash handling	10,000
Corporate procurement efficiencies	1,500,000
Additional income from Wirral Partnership Homes	140,000
	<b>2,450,000</b>
<b>Law, Human Resources and Asset Management</b>	
Reduction in costs as a result of the new pay structure	40,000
Reorganisation of EAT, RAT and payroll	85,000
Second phase of Legal and Democratic Services	40,000
Increased income from Registrars	47,000
	<b>212,000</b>

**Regeneration**

Conference and seminar attendance	10,000
Reduction in training	28,000
Maximise external grant	107,000
Reduction in advertising	10,000
Review of administration	138,000
Improve mobile cleaning of toilets	70,000
Strategic Asset Review	3,101,000
	<b>3,464,000</b>

**Technical Services**

Introduce charging for the ERIC service	515,000
Source alternative funding for Christmas lights	30,000
Delete consultancy budget not required for HESPE exercise	26,000
Align School Crossing Patrols with DfT guidelines	50,000
Delete publicity budget for waste control	45,000
HESPE exercise	320,000
	<b>986,000</b>

**Treasury Management**

Reduction in Temporary Borrowing	<b>500,000</b>
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**Total Savings****12,769,000**



## WIRRAL COUNCIL

### EFFICIENCY INVESTMENT BUDGET

The Efficiency Investment Budget was established from 2008/09 and is allocated by Cabinet towards those schemes that will assist in the delivery of efficiencies.

<b>Department and scheme</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
<b>Adult Social Services</b>		
HART Scheme Reform Team	1,500,000	-
Reform Team	360,000	518,000
<b>Children and Young People</b>		
Accommodation Strategy	250,000	-
Multi Systemic Therapy	-	46,000
<b>Corporate</b>		
Tourism and Marketing	149,000	-
Equality	-	68,000
<b>Finance</b>		
Change, Procurement and Customer Services Development Teams	1,840,000	1,840,000
Government Connect	-	29,000
Voice Risk Analysis	249,000	249,000
<b>Law, HR and Asset Management</b>		
Asset Review - Consultants	100,000	-
Asset Review - Decommissioning	200,000	-
Skills Audit Tool	40,000	40,000
Sustainability	-	80,000
Harmonisation	-	95,000
<b>Regeneration</b>		
Former Somerville School	25,000	-
Combined Heat and Power Scheme	10,000	-
Parks/Countryside Gateway Review	40,000	-
CCTV Control Room	97,000	-
<b>Technical</b>		
S106 Officer	40,000	40,000
Energy Efficiency Street Lighting	355,000	-
<b>Unallocated</b>	<b>45,000</b>	<b>5,195,000</b>
<b>Total Budget</b>	<b>5,300,000</b>	<b>8,200,000</b>

## WIRRAL COUNCIL

### POLICY OPTIONS 2008/09

The following were agreed in setting the 2008/09 and have been deleted from the Base Estimate 2009/10.

<b>Department and scheme</b>	<b>£</b>
<b>Adult Social Services</b>	
Older Peoples Parliament	20,000
<b>Children and Young People</b>	
Youth Parliament	20,000
<b>Corporate Services</b>	
Assistance for Remploy	6,000
You Decide	220,000
Delivering the Local Area Agreement	200,000
Wirral Veterans	15,000
<b>Law, Human Resources and Asset Management</b>	
Microregeneration	115,000
<b>Regeneration</b>	
Tackling dog fouling	40,000
Allotment sustainability (allocation covers 2008/09 and 2009/10)	40,000
Get Into Reading (allocation covers 2008/09 to 2010/11)	75,000
Improve access pathways	30,000
Clean up play areas	20,000
Heritage issues	20,000
<b>Technical Services</b>	
Graffiti removal	30,000
<b>Treasury Management</b>	
Match funding for investment into Wirral	200,000

<b>ADULT SOCIAL SERVICES</b>	<b>Current Estimate 2008/09</b>	<b>Base Estimate 2009/10</b>	
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>BASE ESTIMATE 2008/09</b>		<b>86,671.2</b>	<b>86,671.2</b>
<u>Adjustments to Base</u>			
Wirral Veterans - Option 2008/09	(15.0)	(15.0)	
HR, Law & Asset Mgt- Asset Management	-	(191.8)	
Technical Services- Health and Safety	-	(34.5)	
		<b>(15.0)</b>	<b>(241.3)</b>
<u>Transfers between Departments</u>			
HR, Law & Asset Mgt - EAT Posts	(33.0)	(81.1)	
Technical Services- Energy Efficiency Phase 2	(14.5)	(14.5)	
		<b>(47.5)</b>	<b>(95.6)</b>
<u>Inflation</u>			
Pay	-	762.5	
Price and Income	-	958.0	
		-	<b>1,720.5</b>
<u>Increased Expenditure</u>			
Disability Care Services from NHS Wirral	-	6,100.0	
Reform Team from Social Care Grant	651.0	-	
Energy Contracts	442.0	638.2	
Efficiency Investment Budget Reallocation	1,860.0	518.0	
Learning Disabilities	-	1,600.0	
Local Pay Review	1,826.3	1,862.8	
Area Based Grant	-	69.1	
Capital charges	603.2	603.2	
Support Services	225.3	442.7	
		<b>5,607.8</b>	<b>11,834.0</b>
<u>Reduced Expenditure</u>			
Residential & Nursing Fees	-	(900.0)	
Invest to Save on Care Homes	-	(400.0)	
Reform Team from Efficiency Budget	(360.0)	-	
Insurance	-	(65.9)	
Older Peoples Parliament Option 2008/09	-	(20.0)	
		<b>(360.0)</b>	<b>(1,385.9)</b>

Increased Income

Disability Care Services from NHS Wirral	-	(6,100.0)	
Learning Disabilities	-	(1,600.0)	
Fairer Charging policy (2008/09)	-	(928.0)	
Social Care Reform Grant	(651.0)	-	
	<b>(651.0)</b>		<b>(8,628.0)</b>
Savings agreed by Cabinet		-	<b>(3,777.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>	<b>91,205.5</b>		<b>86,097.9</b>

<b>ADULT SOCIAL SERVICES</b>	<b>Base</b>	<b>Current</b>	<b>Base</b>
<b>SUBJECTIVE SUMMARY</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>2008/09</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<u>Expenditure</u>			
Employees	30,467,500	33,962,100	30,902,300
Premises	1,286,600	1,709,900	1,941,800
Transport	2,758,700	2,709,600	2,568,300
Supplies and Services	76,906,400	78,684,900	81,925,100
Third Party Payments	3,026,700	3,549,600	3,460,600
Transfer Payments	102,500	102,500	104,500
Support Services	13,657,800	14,817,300	15,228,700
Financing Costs	1,320,500	1,902,500	1,902,500
	<b>129,526,700</b>	<b>137,438,400</b>	<b>138,033,800</b>
<u>LESS Income</u>			
Government Grants	(409,000)	(692,000)	(41,000)
Customer and Client Receipts	(19,144,600)	(19,142,600)	(20,646,600)
Other Grants and Reimbursements	(3,234,200)	(3,378,700)	(9,478,700)
Recharge to Other Revenue Accounts	(20,067,700)	(23,019,600)	(21,769,600)
	<b>(42,855,500)</b>	<b>(46,232,900)</b>	<b>(51,935,900)</b>
<b>ADULT SOCIAL SERVICES TOTAL</b>	<b>86,671,200</b>	<b>91,205,500</b>	<b>86,097,900</b>

<b>ADULT SOCIAL SERVICES</b>	<b>Base</b>	<b>Current</b>	<b>Base</b>
<b>OBJECTIVE SUMMARY</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>2008/09</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>MENTAL HEALTH AND LEARNING DIFFICULTIES</u></b>			
Assessment and Care Management	2,997,100	3,443,600	3,520,600
Community Care	14,354,000	14,095,900	13,054,400
Customer Access Services	109,500	123,400	129,700
Service Manager	55,000	-	-
<b><u>OLDER PEOPLE AND PHYSICAL SENSORY DISABILITIES</u></b>			
Assessment and Care Management	9,069,200	9,806,100	9,955,500
Community Care	41,855,900	44,782,000	42,033,600
Service Manager	54,900	-	-
Equipment and Adaptations	1,423,400	1,403,300	1,428,200
<b><u>CARE SERVICES</u></b>			
Day Care	5,433,100	5,652,300	5,680,900
Home Care	-	-	-
Residential Homes	8,700,500	9,685,000	9,603,500
Service Manager	(1,550,000)	-	-
Supported Employment	1,300,600	1,297,300	1,322,300
Supported Living	2,178,100	2,361,300	2,101,400
Transport	-	-	-
<b><u>FINANCIAL &amp; SUPPORT SERVICES</u></b>			
Management	822,400	776,500	986,100
Property Management	18,000	43,900	52,500
Savings	(1,295,100)	(2,265,100)	(3,770,800)
Support	1,144,600	-	-
Westminster House	-	-	-
<b>ADULT SOCIAL SERVICES TOTAL</b>	<b>86,671,200</b>	<b>91,205,500</b>	<b>86,097,900</b>

**CHILDREN AND YOUNG PEOPLE'S  
DEPARTMENT**

	<b>Current Estimate 2008/09 £000</b>	<b>Base Estimate 2009/10 £000</b>	<b>£000</b>
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>			
<b>BASE ESTIMATE 2008/09</b>		<b>69,563.3</b>	<b>69,563.3</b>
<u>Transfers Between Departments</u>			
Finance – Pension increases	-	(797.1)	
Regeneration – Community Patrol	-	(415.0)	
Regeneration – Playschemes	19.7	19.7	
		<b>19.7</b>	<b>(1,192.4)</b>
<u>Inflation</u>			
Pay	-	774.9	
Price and Income	-	795.5	
		-	<b>1,570.4</b>
<u>Increased Expenditure</u>			
Home to School Transport	-	155.0	
PFI Payments	-	148.5	
Foster care payments	-	500.0	
Energy Contracts	162.5	251.4	
Efficiency Investment Budget Reallocation	249.5	46.2	
Local Pay Review	371.2	378.6	
Area Based Grant-	-	1,379.0	
Playschemes from Regeneration	-	342.6	
Capital charges	4,381.8	4,381.8	
Support Services	0.8	394.6	
Admin. Buildings	-	135.5	
Insurance	-	68.0	
		<b>5,165.8</b>	<b>8,181.2</b>
<u>Reduced Expenditure</u>			
Playschemes –from Regeneration	-	(342.6)	
Harnessing Technology saving from Schools	-	(100.0)	
Youth Parliament - Option 2008/09	-	(20.0)	
		-	<b>(462.6)</b>
Savings agreed by Cabinet			<b>(1,380.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>		<b>74,748.8</b>	<b>76,279.9</b>

<b>CHILDREN &amp; YOUNG PEOPLE</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	33,950,100	35,048,100	38,031,800
Premises	1,025,500	1,424,600	1,278,000
Transport	3,798,300	3,801,200	3,935,100
Supplies and Services	23,407,900	22,771,200	23,988,400
Third Party	8,571,300	8,604,800	8,608,800
Transfers	2,115,500	2,115,500	2,121,600
Support Services	21,561,500	21,562,300	19,751,800
Financing Costs	9,847,500	13,140,400	13,146,400
	<b>104,277,600</b>	<b>108,468,100</b>	<b>110,861,900</b>
<u>LESS</u> Income			
Government Grants	-7,735,700	-7,819,700	-7,803,200
Other Grants & Reimbursements	-4,492,200	-4,387,500	-4,543,100
Customer and Client Receipts	-643,400	-643,400	-685,800
Recharge to Other Revenue Accounts	-21,843,000	-20,868,700	-21,549,900
	<b>-34,714,300</b>	<b>-33,719,300</b>	<b>-34,582,000</b>
<b>CHILDREN &amp; YOUNG PEOPLE TOTAL</b>	<b>69,563,300</b>	<b>74,748,800</b>	<b>76,279,900</b>



<b>CHILDREN &amp; YOUNG PEOPLE</b>	<b>Base</b>	<b>Current</b>	<b>Base</b>
<b>OBJECTIVE SUMMARY</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>2008/09</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>LEA SCHOOL COSTS</u></b>			
Regulation	2,617,100	2,617,100	3,083,100
Premature Retirement Costs	4,243,300	4,243,300	3,530,700
Other SEN Costs	117,800	117,800	119,900
School Improvement	3,674,900	3,674,900	4,386,700
Asset Management	2,793,100	3,042,600	2,676,800
Home to School Transport	4,457,100	4,624,400	4,937,500
Pupil Support	38,600	38,600	5,700
Oaklands Centre	72,600	81,600	86,700
Social Welfare Service	835,300	838,000	885,600
Psychology Service	1,285,700	1,287,100	1,317,600
Curriculum Advice	306,900	306,900	306,900
<b><u>NON SCHOOL COSTS</u></b>			
Adult & Community Learning	106,500	111,400	124,100
Student Support	417,700	417,700	346,300
Youth Service	2,621,400	2,640,900	2,604,300
Community Services	569,800	594,700	577,500
Instrumental Music Service	43,000	43,300	19,600
LEA Initiatives	83,100	83,100	84,400
Merseyside Connexions	4,028,000	4,028,000	4,084,300
<b><u>MANAGEMENT &amp; SUPPORT</u></b>			
Inspect & Advisory Service	-	54,100	-
Building Cleaning DSO	-	-	-
Hamilton Building	-	151,500	-
Solar Building	-	57,800	-
Debt Management	7,044,500	11,160,700	11,367,600
Professional Develop Centre	-	71,100	-
<b><u>SERVICE RE-ENGINEERING</u></b>			
Service Re-Engineering	(969,400)	(969,400)	(483,000)

## CHILDREN'S SERVICES

Looked After Child Education Service	212,700	212,700	217,100
Adoption Services	985,800	986,300	1,008,800
Assessment and Care Management	22,760,700	22,889,800	23,237,200
Childrens Fund	1,241,300	1,241,300	1,206,900
Childrens Homes	2,444,700	2,579,600	2,651,000
Family Centres	2,974,600	3,019,400	3,139,600
Foster/Family Placements	1,492,700	1,493,900	1,586,000
Home Care	545,000	545,000	556,900
Leaving Care	959,700	962,900	966,800
Service Manager	207,200	122,100	-
Youth Offending Service	1,002,900	1,029,600	1,274,200
Carers Grant	349,000	349,000	373,100
Aiming Higher for Disabled Children	-	-	-
<b>CHILDREN &amp; YOUNG PEOPLE TOTAL</b>	<b>69,563,300</b>	<b>74,748,800</b>	<b>76,279,900</b>

<b>CORPORATE SERVICES</b>	<b>Current Estimate</b>		<b>Base Estimate</b>	
	<b>2008/09</b>		<b>2009/10</b>	
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>BASE ESTIMATE 2008/09</b>	-	<b>5,096.7</b>	-	<b>5,096.7</b>
<u>Adjustments to Base</u>				
Wirral Veterans - Option 2008/09	15.0		15.0	
		<b>15.0</b>		<b>15.0</b>
<u>Transfers Between Departments</u>				
Finance –Change Management	(51.1)		(52.3)	
Law HR Asset Management Realignment	(7.3)		281.8	
		<b>(58.4)</b>		<b>229.5</b>
<u>Inflation</u>				
Pay	-		73.0	
Price and Income	-		54.5	
		-		<b>127.5</b>
<u>Increased Expenditure</u>				
Efficiency Investment Budget Reallocation	149.0		68.0	
Local Pay Review	16.4		16.4	
Area Based Grant-funded spend	515.3		48.5	
Capital charges	186.6		186.6	
Insurance	-		7.3	
Admin Buildings	-		23.3	
		<b>867.3</b>		<b>350.1</b>
<u>Reduced Expenditure</u>				
Assistance For Remploy –Option 2008/09	-		(6.0)	
You Decide – Option 2008/09	-		(220.0)	
Delivering the LAA – Option 2008/09	-		(200.0)	
Wirral Veterans - Option 2008/09	-		(15.0)	
Support Services	-		(38.4)	
		-		<b>(479.4)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>	-	<b>5,920.6</b>	-	<b>5,339.4</b>

<b>CORPORATE SERVICES</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	3,192,100	3,333,400	3,198,700
Premises	24,200	24,200	24,700
Transport	22,200	22,200	22,400
Supplies and Services	1,092,900	1,354,800	784,600
Third Party Payments	588,900	643,900	644,600
Transfer Payments	1,085,500	1,106,800	398,600
Support Services	908,000	900,700	1,215,100
Financing Costs	225,500	412,100	412,100
	<b>7,139,300</b>	<b>7,798,100</b>	<b>6,700,800</b>
<u>LESS</u> Income			
Government Grants	(715,000)	(462,900)	-
Other Grants and Reimbursements	(192,700)	(177,700)	(119,100)
Customer and Client Receipts	(200)	(200)	(200)
Other Grants and Reimbursements	(8,200)	(90,200)	(90,200)
Interest	(3,000)	(3,000)	(3,000)
Recharge to Other Revenue Accounts	(1,123,500)	(1,143,500)	(1,148,900)
	<b>(2,042,600)</b>	<b>(1,877,500)</b>	<b>(1,361,400)</b>
<b>CORPORATE SERVICES TOTAL</b>	<b>5,096,700</b>	<b>5,920,600</b>	<b>5,339,400</b>

<b>CORPORATE SERVICES</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>OBJECTIVE SUMMARY</b>			
<u>CORPORATE POLICY</u>			
Performance Mgt & Consultation	1,296,100	1,356,200	1,160,400
Grants to Voluntary Bodies	550,300	550,300	550,300
Merseyside Information Service	98,700	100,000	101,600
<u>STRATEGIC DEVELOPMENT</u>			
Economic & Strategic Development	1,866,900	2,432,700	2,113,700
<u>TOURISM AND MARKETING</u>			
Graphics PR Tourism	1,141,100	1,285,100	1,270,500
Tourism ERDF	-	-	-
Tourism Events	94,100	129,100	116,400
<u>SERVICE RE-ENGINEERING</u>			
Service Re-Engineering	(24,000)	-	-
<u>CENTRAL SERVICES</u>			
Central Support Administration	47,000	40,700	-
<b>CORPORATE SERVICES TOTAL</b>	<b>5,096,700</b>	<b>5,920,600</b>	<b>5,339,400</b>

<b>FINANCE</b>	<b>Current Estimate 2008/09</b>	<b>Base Estimate 2009/10</b>		
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>BASE ESTIMATE 2008/09</b>		<b>21,047.7</b>		<b>21,047.7</b>
<u>Transfers Between Departments</u>				
Technical Services - IT Staff	153.9		153.9	
Treasury Management - Realignment	-		72.2	
Corporate Services - Change Management	51.1		52.3	
Technical Services - Energy Savings	(1.7)		(1.7)	
Law, HR & Asset Mgt – Car Allowance staff	(40.2)		(41.2)	
		<b>163.1</b>		<b>235.5</b>
<u>Inflation</u>				
Pay	-		533.5	
Price and Income	-		251.8	
		-		<b>785.3</b>
<u>Increased Expenditure</u>				
Efficiency Investment Budget	-		2,900.0	
Housing Benefits	-		1,000.0	
Efficiency Investment Budget Re-allocation	2,089.0		-	
Deputy Print Manager	-		39.6	
Technical Services- Energy Efficiency Phase 2	128.5		199.3	
Local Pay Review	230.1		234.6	
Admin. Buildings	-		30.5	
Insurance	-		2.4	
		<b>2,447.6</b>		<b>4,406.4</b>
<u>Reduced Expenditure</u>				
Efficiency Investment Budget Re-allocation – To Departments	(5,255.0)		(887.7)	
Reform Teams from Efficiency Budget	(1,840.0)		-	
Support Services	(444.6)		(2,086.7)	
Capital charges	(13.4)		(13.4)	
Recharge to Pension Fund	(28.9)		(319.8)	
		<b>(7,581.9)</b>		<b>(3,307.6)</b>
Savings agreed by Cabinet				<b>(2,450.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>		<b>16,076.5</b>		<b>20,717.3</b>

<b>FINANCE</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	28,745,800	23,883,300	25,753,500
Premises	1,172,300	1,299,100	1,389,800
Transport	177,000	184,000	188,200
Supplies and Services	5,568,000	5,540,200	6,095,200
Third Party Payments	6,763,700	6,460,300	8,187,000
Transfer Payments	115,515,100	125,385,300	132,091,900
Support Services	10,514,500	10,118,300	16,644,400
Financing Costs	1,133,900	1,120,300	1,120,300
	<b>169,590,300</b>	<b>173,990,800</b>	<b>191,470,300</b>
<u>LESS</u> Income			
Government Grants	(113,601,200)	(123,471,400)	(130,467,600)
Other Grants and Reimbursements	(794,100)	(794,100)	(794,100)
Customer and Client Receipts	(2,982,800)	(2,851,800)	(2,911,700)
Recharge to Other Revenue Accounts	(31,164,500)	(30,797,000)	(36,579,600)
	<b>(148,542,600)</b>	<b>(157,914,300)</b>	<b>(170,753,000)</b>
<b>FINANCE TOTAL</b>	<b>21,047,700</b>	<b>16,076,500</b>	<b>20,717,300</b>

<b>FINANCE</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>OBJECTIVE SUMMARY</b>			
<u>SUPPORT SERVICES</u>			
Management	-	-	-
Central Administration	22,900	28,900	-
Pay & Tax Control	-	1,700	-
Procurement	100,000	68,900	-
Information Management	439,000	465,300	499,200
<u>IT SERVICES</u>			
Administrative Buildings	-	53,200	-
Business Architecture	-	-	-
Technical Support	-	53,400	-
ITS Customer Services	-	5,700	-
Infrastructure	-	110,900	-
Printing	(125,100)	-	-
Superstructure	38,100	(42,500)	-
Central Telephones	-	-	-
IT Services	1,927,700	1,688,800	-
<u>BENEFITS, REVENUES &amp; CUSTOMER SERVICES</u>			
Benefits	8,122,000	8,121,400	9,238,100
Call Centre	-	287,000	-
Council Tax	3,534,700	3,510,800	3,919,400
Customer Services Development	183,300	184,300	187,700
Income	294,900	300,000	339,500
One Stop Shops	100,000	139,100	100,000
<u>CHANGE MANAGEMENT</u>			
Change Management	548,000	599,100	676,400
<u>FINANCIAL SERVICES</u>			
Financial Services	-	10,600	-
<u>INTERNAL AUDIT</u>			
Internal Audit	-	7,300	-



PENSION FUND

Pension Fund - - -

OTHER OPERATIONS

Service Re-engineering/Efficiency Fund 5,862,200 482,600 5,757,000

**FINANCE TOTAL 21,047,700 16,076,500 20,717,300**

**LAW, HUMAN RESOURCES AND ASSET  
MANAGEMENT**

	<b>Current Estimate 2008/09 £000</b>	<b>Base Estimate 2009/10 £000</b>	<b>£000</b>
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>			
<b>BASE ESTIMATE 2008/09</b>		<b>803.4</b>	<b>803.4</b>
<u>Adjustments to Base Budget</u>			
Adult Social Services-Asset Management	-	191.8	
Technical Services – Microregeneration 2008/09	115.0	115.0	
		<b>115.0</b>	<b>306.8</b>
<u>Transfers Between Departments</u>			
Adult Social Services – EAT posts	33.0	81.1	
Finance - Payments Division	40.2	41.2	
Treasury Management – Democracy	-	52.9	
Treasury Management - Wirral Partnership Homes Service Level Agreement	150.0	150.0	
Corporate Realignment	7.3	(281.8)	
Technical Services- Energy Efficiency Phase 2	(2.7)	(2.7)	
		<b>227.8</b>	<b>40.7</b>
<u>Inflation</u>			
Pay	-	162.1	
Price and Income	-	7.7	
		-	<b>169.8</b>
<u>Increased Expenditure</u>			
Energy Contracts	162.4	238.1	
Efficiency Investment Budget Reallocation	340.0	214.9	
Local Pay Review	40.3	41.5	
Capital charges	1,415.8	1,415.8	
Departmental Recharges	51.6	-	
Support Services	-	4.7	
Insurance	-	9.2	
		<b>2,010.1</b>	<b>1,924.2</b>
<u>Reduced Expenditure</u>			
Departmental Recharges	-	(327.7)	
Admin. Buildings	-	(110.7)	
Micro Regeneration Option 2008/09	-	(115.0)	
		-	<b>(553.4)</b>
Savings agreed by Cabinet		-	<b>(212.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>		<b>3,156.3</b>	<b>2,479.5</b>

<b>LAW, HUMAN RESOURCES AND ASSET MANAGEMENT</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	6,324,400	6,448,900	7,742,200
Premises	718,300	1,078,000	1,079,100
Transport	42,300	42,100	72,200
Supplies and Services	1,515,600	1,771,100	1,778,800
Third Party Payments	688,300	678,500	685,300
Support Services	2,488,300	2,574,600	3,413,300
Financing Costs	476,700	1,846,900	1,856,400
	<b>12,253,900</b>	<b>14,440,100</b>	<b>16,627,300</b>
<u>LESS</u> Income			
Government Grants	(49,800)	(49,800)	(60,400)
Other Grants and Reimbursements	(81,200)	(81,200)	(121,200)
Customer and Client Receipts	(2,241,000)	(2,092,500)	(2,251,300)
Interest	(10,000)	(10,000)	(10,000)
Recharge to Other Revenue Accounts	(9,068,500)	(9,050,300)	(11,704,900)
	<b>(11,450,500)</b>	<b>(11,283,800)</b>	<b>(14,147,800)</b>
<b>LAW, HUMAN RESOURCES AND ASSET MANAGEMENT TOTAL</b>	<b>803,400</b>	<b>3,156,300</b>	<b>2,479,500</b>

<b>LAW, HUMAN RESOURCES AND ASSET MANAGEMENT</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>OBJECTIVE SUMMARY</b>			
<u>LEGAL &amp; DEMOCRATIC</u>			
Legal Services	135,000	115,300	46,400
Electoral & Member Services	453,600	470,500	467,400
Registrar	310,000	310,000	200,900
Coroners	427,000	427,000	436,900
<u>CENTRAL SERVICES</u>			
Central Support Administration	-	2,200	-
Wallasey Complex Management	43,800	255,600	46,400
<u>ASSET MANAGEMENT</u>			
Managed Properties	(636,800)	(640,900)	(654,400)
Estates Management	94,800	661,800	515,700
<u>HUMAN RESOURCES</u>			
Human Resources	-	183,100	48,500
<u>CORPORATE ASSETS</u>			
Corporate Assets	-	1,371,700	1,371,700
<u>SERVICE RE-ENGINEERING</u>			
Service Re-Engineering	(24,000)	-	-
<b>LAW, HUMAN RESOURCES AND ASSET MANAGEMENT TOTAL</b>	<b>803,400</b>	<b>3,156,300</b>	<b>2,479,500</b>

<b>REGENERATION</b>	<b>Current Estimate 2008/09</b>	<b>Base Estimate 2009/10</b>	
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>BASE ESTIMATE 2008/09</b>		<b>41,229.1</b>	<b>41,229.1</b>
<u>Transfers Between Departments</u>			
Children & Young People – Playschemes	(19.7)	(19.7)	
Children & Young People - Community Patrol	-	415.0	
Technical Services- Energy Efficiency Phase 2	(41.0)	(41.0)	
		<b>(60.7)</b>	<b>354.3</b>
<u>Inflation</u>			
Pay	-	674.4	
Price and Income	-	312.6	
		-	<b>987.0</b>
<u>Increased Expenditure</u>			
Provision for Strategic Asset Review	-	2,413.0	
Pride in Our Promenades	3.6	3.7	
Energy Contracts	664.0	1,268.6	
Efficiency Investment Budget Reallocation	172.5	-	
Local Pay Review	721.3	735.7	
Area Based Grant-funded spend	-	1,482.0	
Capital Charges	1,153.1	1,153.1	
Support Services	7.6	692.1	
Insurance	-	13.5	
		<b>2,722.1</b>	<b>7,761.7</b>
<u>Reduced Expenditure</u>			
Play schemes – Children & Young People	-	(342.6)	
Tackling dog fouling Option 2008/09	-	(40.0)	
Allotment Sustainability Option 2008/09	-	(40.0)	
Get into Reading Option 2008/09	-	(75.0)	
Improve Access Pathways Option 2008/09	-	(30.0)	
Clean Ups Play Areas Option 2008/09	-	(20.0)	
Heritage Issues Option 2008/08	-	(20.0)	
Seasonal Employees – WPH SLA	-	(220.5)	
Levies and Precepts	(7.4)	(5.1)	
Challenging Support – reduction in grant	-	(25.0)	
		<b>(7.4)</b>	<b>(818.2)</b>
<u>Increased Income</u>			
Free Swimming Initiative Grant	-	(293.6)	
Floral Pavilion - Income adjustment	-	(62.3)	
Invest to Save - Wirral Tennis Centre	-	(60.0)	
Invest to Save - West Kirby Concourse	-	(55.0)	
		-	<b>(470.9)</b>

Reduced Income

Play schemes – Children & Young People	-	342.6	
Introduction of Free Swimming Initiatives	-	293.6	
Seasonal employees – WPH SLA	-	220.5	
Challenging Support – reduction in grant	-	25.0	
		-	<b>881.7</b>
Savings agreed by Cabinet		-	<b>(3,463.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>		<b>43,883.1</b>	<b>46,461.7</b>

<b>REGENERATION</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	29,069,800	29,916,400	29,419,100
Premises	9,787,500	10,464,200	11,072,900
Transport	1,840,200	1,841,700	1,707,400
Supplies and Services	15,213,700	15,265,400	16,825,200
Third Party Payments	9,072,300	9,110,600	9,035,400
Transfer Payments	327,600	327,600	259,200
Support Services	10,283,800	10,411,400	11,473,900
Financing Costs	5,669,800	6,723,100	6,693,900
	<b>81,264,700</b>	<b>84,060,400</b>	<b>86,487,000</b>
<u>LESS</u> Income			
Government Grants	(13,916,400)	(13,973,600)	(13,735,200)
Other Grants and Reimbursements	(760,500)	(681,300)	(942,000)
Customer and Client Receipts	(10,291,400)	(10,294,700)	(10,561,700)
Other Grants and Reimbursements	(75,000)	(75,000)	(75,000)
Interest	(1,500)	(1,500)	(1,500)
Recharge to Other Revenue Accounts	(14,990,800)	(15,151,200)	(14,709,900)
	<b>(40,035,600)</b>	<b>(40,177,300)</b>	<b>(40,025,300)</b>
<b>REGENERATION TOTAL</b>	<b>41,229,100</b>	<b>43,883,100</b>	<b>46,461,700</b>

<b>REGENERATION</b>	<b>Base Estimate 2008/09</b>	<b>Current Estimate 2008/09</b>	<b>Base Estimate 2009/10</b>
<b>OBJECTIVE SUMMARY</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>HOUSING AND REGENERATION SERVICES</u></b>			
Housing Market Renewal Initiative	111,200	120,100	179,900
Housing Strategy	624,800	630,000	649,900
Neighbourhood Renewal Programme	8,683,900	2,554,100	-
Private Sector Housing	855,800	737,900	747,200
Regeneration Department NRF Schemes	-	-	-
Regeneration Implementation	1,123,800	975,400	1,162,600
Rehousing Services	840,300	963,500	844,700
Supporting People	1,174,600	1,191,400	1,378,200
Tranmere Together	350,000	350,000	350,000
Working Neighbourhoods Fund	-	6,114,500	9,879,500
<b><u>REGULATORY SERVICES</u></b>			
Community Safety	1,624,300	1,724,600	2,105,900
Dog Warden Service	344,400	356,300	345,400
Health District Team	1,202,200	1,240,300	1,298,700
Licensing	(1,300)	6,500	67,700
Neighbourhood Nuisance	179,300	191,600	217,600
North Western and North Wales Sea Fisheries Committee	42,900	43,700	45,000
Pollution and Pest Control	706,300	712,900	782,300
Port Health Authorities	132,100	123,900	128,500
Public Conveniences	450,600	455,500	375,100
Trading Standards and Consumer Advice	838,600	857,200	894,100
<b><u>CULTURE &amp; HERITAGE</u></b>			
Art Galleries and Museums	952,800	964,400	987,500
Theatre, Arts and Culture	879,600	1,262,800	1,253,100
Tramway	153,700	159,800	173,800
<b><u>LIBRARY SERVICE</u></b>			
Bebington Complex Management Halls	-	2,100	-
Libraries	573,900	703,400	724,900
	6,144,200	6,393,800	6,625,800



## PARKS & OPEN SPACES

Allotments	80,400	81,500	44,300
Beach Lifeguards	295,800	314,900	323,100
Birkenhead Park	511,800	530,700	548,600
Cemeteries and Crematorium	(310,900)	37,500	154,900
Golf	(96,400)	(79,500)	(76,200)
Grounds Maintenance	-	-	-
Parks and Open Spaces	4,385,300	4,880,300	5,074,200
Ranger Service	868,800	878,900	910,000

## SPORT & RECREATION

Health & Sports Grant Funded Initiatives	4,800	4,500	9,400
Sports Centres	6,917,300	7,778,400	7,943,900
Sports Development	241,700	247,100	237,900

## COMMUNITY SERVICES

Community Services	1,536,200	1,566,800	1,627,700
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## SUPPORT SERVICES

Support Services	-	-	-
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## AGREED SAVINGS

Asset Review (net of provision)	-	-	(687,000)
Service Re-Engineering	(1,077,100)	(1,077,100)	(777,100)
Vacancy Control	(116,600)	(116,600)	(89,400)

<b>REGENERATION TOTAL</b>	<b>41,229,100</b>	<b>43,883,100</b>	<b>46,461,700</b>
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<b>TECHNICAL SERVICES</b>	<b>Current Estimate 2008/09</b>	<b>Base Estimate 2009/10</b>	
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>BASE ESTIMATE 2008/09</b>		<b>35,608.9</b>	<b>35,608.9</b>
<u>Adjustments to Base</u>			
Law, HR & Asset Mgt – Micro Regeneration	(115.0)	(115.0)	
Adult Social Services – Health and Safety Post	-	34.5	
		<b>(115.0)</b>	<b>(80.5)</b>
<u>Transfers Between Departments</u>			
Finance – IT Staff	(153.9)	(153.9)	
Technical Services- Energy Efficiency Phase 2	64.1	64.1	
		<b>(89.8)</b>	<b>(89.8)</b>
<u>Inflation</u>			
Pay	-	299.9	
Price and Income	-	510.9	
		-	<b>810.8</b>
<u>Increased Expenditure</u>			
Waste Disposal Levy	-	2,226.2	
Capitalisation of Highways Maintenance	2,156.5	1,656.5	
Fly Tipping	-	90.0	
Pride in Our Promenades	26.1	26.6	
Energy Contract	846.4	936.9	
Efficiency Investment Budget Reallocation	396.1	40.6	
Local Pay Review	185.0	188.7	
Area Based Grant	-	290.0	
Capital Charges	29.3	13.5	
Support Services	158.2	329.0	
Insurance	-	59.0	
		<b>3,797.6</b>	<b>5,857.0</b>
<u>Reduced Expenditure</u>			
Graffiti Removal - Option 2008/09	-		<b>(30.0)</b>
		-	
<u>Increased Income</u>			
Admin. Buildings		-	<b>(68.9)</b>
<u>Reduced Income</u>			
Planning and Development Fees		-	<b>700.0</b>
Savings agreed by Cabinet			<b>(986.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>		<b>39,201.7</b>	<b>41,721.5</b>

<b>TECHNICAL SERVICES</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	13,069,700	13,276,300	10,179,200
Premises	10,590,700	11,827,100	10,020,600
Transport	2,237,800	2,237,800	1,632,900
Supplies and Services	4,342,600	3,968,400	2,266,900
Third Party Payments	27,486,200	28,203,000	30,646,500
Transfer Payments	8,200	8,200	8,400
Support Services	8,989,100	9,298,700	8,374,600
Financing Costs	3,115,800	3,050,500	3,025,200
	<b>69,840,100</b>	<b>71,870,000</b>	<b>66,154,300</b>
<u>LESS</u> Income			
Government Grants	(259,300)	(259,300)	(50,000)
Other Grants and Reimbursements	(162,500)	(312,700)	(312,700)
Customer and Client Receipts	(11,969,300)	(12,277,500)	(12,335,100)
Recharge to Other Revenue Accounts	(21,840,100)	(19,818,800)	(11,735,000)
	<b>(34,231,200)</b>	<b>(32,668,300)</b>	<b>(24,432,800)</b>
<b>TECHNICAL SERVICES TOTAL</b>	<b>35,608,900</b>	<b>39,201,700</b>	<b>41,721,500</b>

<b>TECHNICAL SERVICES</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>OBJECTIVE SUMMARY</b>			
<b><u>SUPPORT SERVICES</u></b>			
Administration/Management	-	-	-
Administrative Buildings	-	-	-
Land Drainage	150,700	150,700	153,700
<b><u>PLANNING, DEVELOPMENT &amp; BUILD CONTROL</u></b>			
Building Control	312,800	332,800	712,400
Planning Development	(84,400)	(26,500)	316,700
Searches and Land Charges	(244,600)	(240,900)	(116,600)
<b><u>BUILDING DESIGN &amp; MAINTENANCE</u></b>			
Building Design & Maintenance Services	115,000	6,400	34,500
<b><u>CAR PARKING OPERATIONS</u></b>			
Car Parking	(1,771,100)	(1,743,200)	(1,759,400)
<b><u>OPERATIONAL SERVICES DIVISION</u></b>			
Direct Highway Services	-	-	-
Fleet Vehicle Services	45,400	20,000	20,000
<b><u>HIGHWAY MAINTENANCE DIVISION</u></b>			
Drainage	320,200	275,400	302,300
Environmental Services Monitoring	230,900	236,500	249,700
Street Lighting	1,182,100	3,021,400	2,495,600
Structural Maintenance	1,011,800	2,214,000	2,255,000
Routine Maintenance	3,076,600	3,307,600	3,348,000
Sea Defence & Coast Protection	601,900	609,800	568,900
Capital Financing	1,651,600	1,707,700	1,707,700
<b><u>EMERGENCY PLANNING SERVICES</u></b>			
Emergency Planning	397,500	404,500	438,200

TRAFFIC MANAGEMENT DIVISION

Forward Planning	144,900	163,300	180,500
Road Safety	964,800	1,015,900	1,024,200
Traffic Management	723,000	846,200	912,300

SAVINGS

Service Re-Engineering	(225,000)	(151,000)	(151,000)
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WASTE & ENVIRONMENTAL SERVICES

Waste & Environmental Services	12,751,500	12,797,800	12,549,300
Waste Disposal Authority Levy	14,253,300	14,253,300	16,479,500

<b>TECHNICAL SERVICES TOTAL</b>	<b>35,608,900</b>	<b>39,201,700</b>	<b>41,721,500</b>
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TREASURY MANAGEMENT	Current Estimate 2008/09 £000	Base Estimate 2009/10 £000	£000
<b>BUDGET CHANGES 2008/09 TO 2009/10</b>			
<b>BASE ESTIMATE 2008/09</b>	<b>11,754.8</b>		<b>11,754.8</b>
<u>Transfers Between Departments</u>			
Law, HR and Asset Mgt - Democracy	-	(52.9)	
Law, HR and Asset Mgt – Wirral Partnership			
Homes Service Level Agreement	(150.0)	(150.0)	
Finance - Employee realignment	-	(72.2)	
Children & Young People – Pension Increase	-	797.1	
	<b>(150.0)</b>		<b>522.0</b>
<u>Inflation</u>			
Pay	-	33.4	
Price and Income	-	51.3	
		-	<b>84.7</b>
<u>Increased Expenditure</u>			
Capital Financing	-	3,200.0	
Support Services		644.0	
		-	<b>3,844.0</b>
<u>Reduced Expenditure</u>			
Match Funding –Option 2008/09	-	(200.0)	
Administrative Buildings	-	(8.4)	
		-	<b>(208.4)</b>
<u>Increased Income</u>			
Capital Charges	<b>(7,756.4)</b>		<b>(7,740.6)</b>
Savings agreed by Cabinet		-	<b>(500.0)</b>
<b>ESTIMATE 2008/09 and 2009/10</b>	<b>3,848.4</b>		<b>7,756.5</b>

<b>TREASURY MANAGEMENT</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>SUBJECTIVE SUMMARY</b>			
<u>Expenditure</u>			
Employees	2,568,200	2,568,200	2,619,500
Premises	15,200	-	-
Supplies and Services	812,900	812,900	843,200
Third Party Payments	1,793,800	1,793,800	1,796,900
Transfer Payments	1,220,400	1,220,400	948,200
Support Services	3,980,100	3,845,300	4,412,400
Financing Costs	26,692,800	25,334,000	26,646,600
	<b>37,083,400</b>	<b>35,574,600</b>	<b>37,266,800</b>
<u>LESS Income</u>			
Government Grants	(26,000)	-	-
Interest	(2,743,000)	(2,769,000)	(1,400,000)
Recharge to Other Revenue Accounts	(22,559,600)	(28,957,200)	(28,110,300)
	<b>(25,328,600)</b>	<b>(31,726,200)</b>	<b>(29,510,300)</b>
<b>TREASURY MANAGEMENT TOTAL</b>	<b>11,754,800</b>	<b>3,848,400</b>	<b>7,756,500</b>

<b>TREASURY MANAGEMENT</b>	<b>Base Estimate 2008/09 £</b>	<b>Current Estimate 2008/09 £</b>	<b>Base Estimate 2009/10 £</b>
<b>OBJECTIVE SUMMARY</b>			
<u>TREASURY MANAGEMENT</u>			
Asset Management	5,186,000	(2,720,400)	(276,200)
Pensions	1,847,800	1,847,800	2,695,800
Corporate Management	2,762,000	2,762,000	3,280,000
Democratic Representation	1,959,000	1,959,000	2,056,900
<b>TREASURY MANAGEMENT TOTAL</b>	<b>11,754,800</b>	<b>3,848,400</b>	<b>7,756,500</b>



# **APPENDIX B**

**WIRRAL COUNCIL**

**CAPITAL PROGRAMME**

**2009/12**

## **WIRRAL COUNCIL**

### **CAPITAL PROGRAMME 2009/12**

#### **SUMMARY**

The Capital Programme for 2009/2012 is included on the following pages and incorporates the resolution of Cabinet on 10 December 2008 that was approved by Council on the 15 December 2008.

#### **CABINET 10 DECEMBER 2008**

##### **Minute 296 - CAPITAL PROGRAMME AND FINANCING**

Cabinet was provided with a draft Capital Programme for 2009/12 for consideration and referral to Council for approval. The report also included the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.

Resolved - That

- (1) the capital programme 2009/12, including the new submissions as detailed in sections 7.2.1, be approved and referred to Council.
- (2) if agreed the capital financing requirements be reflected in the Projected Budget.
- (3) the Prudential Indicators be noted and reported as part of the Treasury Management Strategy in March 2009.
- (4) update reports on the progress of the programme be presented in accordance with the Financial and Performance Monitoring reporting cycle.

#### **COUNCIL 15 DECEMBER 2008**

Resolved – That

- (1) the Capital Programme 2009/12, including the new submissions as detailed in sections 7.2.1, be agreed.
- (2) the capital financing requirements be reflected in the Projected Budget.

## UPDATE ON THE CAPITAL PROGRAMME 2009/12

The revenue implications of the agreed capital programme, including those from Invest-to-Save schemes, are to be reflected in the budget projections over the 3 year period.

Further to Council approval of the programme in December 2008 the Government issued the Local Government Finance Settlement which incorporated announcements on the support towards the Council Capital Programme. This was reflected in the report to Cabinet on 15 January 2009 which resulted in the approval of the Local Transport Plan Programme for 2009/10 and these changes have been reflected in the programme.

The Central Government support is known as Supported Capital Expenditure (SCE) and takes two forms. Firstly revenue support for capital borrowing (SCE (R)) which is paid to the Council as part of Formula Grant and secondly as capital grant (SCE (C)) which can either be ring fenced or non-ring fenced. The Government also provide capital support to local areas via other public bodies. Wirral Supported Capital Expenditure (Revenue) (SCE (R)) 2009/10-2010/11 as per the notifications from Government with 2011/12 assumed at 2010/11 levels:-

	2009/10	2010/11	2011/12
	£000	£000	£000
Children & Young People	4,355	1,859	1,859
Non Trading Transport	2,992	3,441	3,441
Total 2008/09 SCE (R)	7,347	5,300	5,300

The Council also received formal notification of the grants which are being provided from Government to support the delivery of the Technical Services programme (Local Transport Plan) and the Regeneration programme (Regional Housing Pot) and these grants replace the previously identified need to borrow.

# **WIRRAL COUNCIL**

## **CABINET**

**10 DECEMBER 2008**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **CAPITAL PROGRAMME AND FINANCING 2009-2012**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report provides Cabinet with a draft Capital Programme for 2009/12 for consideration and referral to Council for approval. It also includes the related capital financing requirements based upon the prudential indicators that inform the Treasury Management Strategy.

##### **2. CAPITAL STRATEGY**

- 2.1 Achieving Council objectives requires capital investment. The Capital Strategy sets a framework that enables the Council to work with partners and stakeholders to prioritise and effectively deliver capital investment that contributes to the achievement of Council objectives.
- 2.2 The Strategy is key to drawing together the capital requirements emerging from the Investment Strategy and service strategies to prioritise the capital needs of services and to maximise opportunities for joined-up investment with local partners. Bids for inclusion in the capital programme are prioritised against criteria taking account of the priorities identified in the Corporate Plan.
- 2.3 The Capital Strategy was reviewed to reflect the revised Corporate Plan and was agreed by Cabinet on 23 July 2008. It considers issues at a strategic level and is used to determine the Capital Programme.

##### **3. CAPITAL INVESTMENT PROGRAMME GUIDANCE DOCUMENT**

- 3.1 To increase understanding of the capital programme across the Council the procedures and key guidance have, since 2005, been consolidated into one document. The latest version of the document was agreed by Cabinet on 23 July 2008.
- 3.2 The guidance document covers :-
- a) identification and prioritisation of schemes for inclusion in the programme.
  - b) approval process and implementation of the approved projects.
  - c) monitoring and reporting of the approved programme.
- A number of key documents are incorporated as appendices including the Contract Procedure Rules.

- 3.3 The 2008 document reflected revisions to the:-
- a) Business Case form and supporting notes,
  - b) Prioritisation criteria that reflect the updated Corporate Plan and
  - c) Contract Procedure Rules following the review of the Constitution.
- 3.4. The Business Case is the key document as it details how a proposed project meets Council objectives, how it will be managed, including resource implications, and the outcomes expected.

#### 4. **CAPITAL PROGRAMME**

- 4.1. The programme covers three years and is in accordance with the timing of other plans and strategies, including the Medium Term Financial Strategy and the Corporate Plan. It is reviewed, updated and considered by Council each December and informs the annual budget setting process.
- 4.2. The out-turn figures for 2008/09 are assumed to be in line with the reports presented to Cabinet in the current cycle of meetings. Capital receipts offer flexibility in their use to either balance the current programme or to address future budgetary issues. A year-end report for 2008/09 will be presented in June 2009 identifying the final spend and financing for the year.
- 4.3. In preparing the programme for 2009/12 the process followed that set out in the Guidance document. All submissions for inclusion in the capital programme required the completion of a Business Case and departments made their submissions by 30 September 2008. These have been assessed against the prioritisation criteria and recommendations are made.
- 4.4. The general principle adopted was that existing schemes and programmes would continue. Consequently the programme reflects the fact that the investment into schools and the Local Transport Plan will be maintained. Similarly the external support in respect of the Housing Market Renewal Initiative is dependant upon a level of resources being input by the Authority. At this stage assumptions have been made upon the continuation of Government support into these areas for 2010/11. It is recognised that given the current economic climate, changes as a consequence of the Chancellor's Pre-Budget Report on 24 November 2008 and the next Comprehensive Spending Review will all be influential upon the level of Government support and programmes for 2010/11 and beyond.
- 4.5. Financing is from a combination of borrowing (part of which is Supported Capital Expenditure and part Prudential Borrowing), grant, contributions from revenue and reserves and capital receipts. Further information on financing is contained in Section 5 of this report.
- 4.6. The prioritisation of schemes has been based upon the appraisal criteria linking the Corporate Plan and the Capital Strategy and approved by Cabinet on 23 July 2008. This is included at Appendix A. Appendix B details the on-going approved capital programme whilst Appendix C outlines the highest scoring capital submissions.

4.7. Property Maintenance programmes exist within Law, Human Resources and Asset Management for all non-schools assets, and within Children and Young People for schools. Continuing to strengthen links with the Asset Management Plan, capital submissions are becoming more holistic being based upon the buildings themselves rather than submissions for types of work such as window replacement and roof replacement.

## 5. **CAPITAL FINANCING**

### 5.1. Supported Capital Expenditure

5.1.1. As part of the annual Local Government Finance Settlement authorities are issued with a Supported Capital Expenditure (SCE) figure. This is based upon maintaining the levels considered to reflect the need to borrow under the previous Credit Approval arrangements.

5.1.2. The figures are within the Local Government Finance Settlement and will not be formally confirmed until February 2009. It should be noted that Government departments give indicative allocations that are not then reflected in the Settlement as a result of the Government funding formulae. Based on the latest information the SCE essentially relates to Education and Transport programmes.

### 5.2. Prudential Borrowing

5.2.1. Local Authorities are able to borrow without Government approval but this has to be funded entirely from Authority resources. Under the Local Government Act 2003 and the Prudential Code for Capital Finance for Local Authorities, authorities can spend on capital investment as long as the spending plans are affordable, prudent and sustainable. This is measured by the use of a series of pre-set indicators covering these areas of which the key is the revenue cost to the Authority.

5.2.2. As an indication of cost each £1 million borrowed to finance capital investment incurs costs of £90,000 per year over a typical 25 year period. This is used only as an average as the Capital Finance and Accounting Regulations 2008 require borrowing costs to reflect the life of the asset upon which the capital expenditure was incurred.

### 5.3. Government Grants

5.3.1. These are specific to schemes and are therefore allocated in accordance with the terms of the grant approval, primarily being within the areas of Education and Regeneration. These include the Building Schools for the Future pathfinder scheme and the Housing Market Renewal Initiative. Changes in grant levels reflect the timing of individual initiatives.

5.3.2. The Local Public Service Agreement resulted in the receipt of a reward grant with 50% of the sum to support capital schemes. This £2.1 million, as with capital receipts, provides flexibility over the timing and use of the resource.

#### 5.4. Revenue / Other Contributions

5.4.1. There is presently limited support for specific schemes. The Prudential Code allows for the use of additional revenue resources within agreed parameters.

5.4.2. Implementing the Strategic Asset Review this will involve maximising opportunities for the provision of facilities with other local agencies. It is anticipated that, as the proposals are developed, contributions will be forthcoming from these partners although, at this stage, this has not been assumed.

#### 5.5. Capital Receipts

5.5.1. Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses. The Strategic Asset Review presented to Cabinet on 27 November 2008 provides additional scope for receipts in the coming years.

5.5.2. The use of receipts has been estimated at £4 million for 2009/10 and £5 million for the next two years. This reflects the likely timing of such receipts and is based upon the latest projections of sites either available or which could become available over the period.

### 6. **MONITORING**

6.1. Cabinet on 3 April 2008 agreed the process and timing of the Financial and Performance Monitoring reports. This includes a section on capital monitoring comparing progress against the approved programme.

6.2. A summary is presented to Cabinet and to Finance & Best Value Overview & Scrutiny Committee. The departmental reports of Chief Officers are appended and provide greater detail on the progress of specific schemes within the programme. There are references to the approved programme, agreed variations, the latest forecasts concerning spend and the resourcing of schemes.

### 7. **FINANCIAL IMPLICATIONS**

#### 7.1. Capital Programme commitments

7.1.1. The programme detailed in Appendix B incorporates all the committed schemes including those referred to in Section 4 above. This indicates the resources required to fund the existing, and planned, commitments.

7.1.2. The Capital Programme 2008/11 and Capital Financing Requirements 2008/09 were agreed by Cabinet on 12 December 2007 and updated as part of the Estimates 2008/09 reported to Cabinet on 21 February 2008.

7.1.3. On 13 March 2008 in the Projected Budget 2009/10-2010/11 report the previous decision to capitalise £3.7 million of highways maintenance was revised so that it reverts to being a revenue liability from 2009/10. On 16 October 2008 Cabinet agreed to reinstate £1.5 million of capitalisation and it is being proposed that this figure be increased to £2 million on the basis of an analysis of work to be undertaken by the Director of Technical Services.

7.1.4. On 3 April 2008 the first year programme for using the Waste Infrastructure grant was approved with further allocations made, but no detailed usage agreed, for the subsequent years.

7.1.5. On 22 May 2008 Cabinet agreed to provide financial support for works to the Bidston Viaduct. This major initiative is lead by the Department for Transport and involves spend of around £80 million which requires a Council contribution of £2.9 million between 2009/12.

## 7.2. Capital Programme submissions

7.2.1. Appendix C details the ranking of the new schemes in accordance with the prioritisation criteria. When the previous programme was agreed this built in annual allocations such as Property Maintenance for the period of the programme. This has reduced the number of new submissions for subsequent years. Based on those now received the ranking would result in the following being included:-

Scheme	Department	2009/10 £000	2010/11 £000	2011/12 £000
<b>Agreed</b>				
Waste Infrastructure (Based upon, and funded from, specific grant allocations for future years)	Technical	549	202	0
Bidston Viaduct (Council commitment to the Department for Transport scheme)	Technical	615	1,304	967
Highways Works (Increase in the capitalisation of highways works produces revenue savings)	Technical	500	500	500
<b>New submissions</b>				
Asset Review (Four year programme of re-provision developed from Strategic Asset Review. Replaces existing allocations of £1m 2009/10 and £2m 2010/11)	Law,HR,AM	5,000	5,000	5,000
Asset Review - IT (Four year programme addressing reduction in need for office accommodation through IT and agile working)	Law,HR,AM	1,500	1,500	1,500
Hoylake Golf Course (Essential drainage works to ensure facility remains open for the future)	Regeneration	400	0	0
Oaklands Centre (Replacement of bridge to ensure continued access to the Centre)	Children	250	0	0



Landican Cemetery	Regeneration	1,500	1,500	0
(To comply with pollution regulations and maintain income levels)				
Adaptations	Regeneration	300	300	300
(Joint initiative funded by RSL's and from Supporting People resources)				
Wirral Country Park	Corporate	1,300	1,600	0
(Grants £1.5 million so Council contribution is £700k (2009/10) & £700k (2010/11) and will only proceed if grant funding confirmed)				
Destination West Kirby	Corporate	1,100	150	0
(Grants £850k so Council contributions are £350k (2009/10) and £50k (2010/11) and will proceed if grant funding confirmed)				
Bidston Stream	Regeneration	250	0	0
(Health & safety issues posed which are affecting drainage)				

7.2.2. Within the submissions recommended for approval there are five submissions which realise benefits of an 'Invest-to-Save' nature:-

- a) Highways Works  
The increase in the amount than can legitimately be classed as capital expenditure realises a revenue saving (net of financing costs).
- b) Asset Review  
The investment will allow for the re-provision of facilities, generate capital receipts from the sale of assets and reduce annual revenue expenditure as well as reducing any ongoing or outstanding maintenance commitments.
- c) Asset Review - IT  
The IT investment will support the continued planned reduction in office accommodation which also produces more efficient working practices.
- d) Hoylake Golf Course  
The drainage works will reduce the occasions when the course is closed and reduce the losses of income from such closures.
- e) Landican Cemetery  
The investment will enable the crematorium to remain open and thereby ensure continued income from the use of the facility.

### 7.3 Prudential Indicators

7.3.1. In considering the programme for 2009/12 Members are advised that:-

- a) The existing commitments require borrowing at around £25 million for 2009/10 and the next two financial years.
- b) To accommodate the additional items detailed in section 7.2.1 would require a level of borrowing of £35 million to allow the £13 million of new submissions to be commenced. For 2010/11 and 2011/12 the assumed level of borrowing would be increased to £35 million and £32 million respectively.

- c) The capital financing requirements for future years will be
- |         |               |                          |
|---------|---------------|--------------------------|
| 2009/10 | £22.9 million | Increase of £2.2 million |
| 2010/11 | £25.6 million | Increase of £2.7 million |
| 2011/12 | £27.9 million | increase of £2.3 million |
- This will vary if other resources are obtained that reduce the need for such borrowing and will vary dependent upon the assets ultimately delivered by the investment. Cabinet is also advised that there are revenue benefits from schemes of an 'Invest-to-Save' nature which are referred to in section 7.2.2.
- d) In terms of key Prudential Indicators the ratio of financing costs to the net revenue stream continues to increase as the capital programme increases. Based upon the latest projections it rises from 7% in 2009/10 to over 8% in 2011/12.
- e) If the decision is taken to spend in excess of the level of identified resources then this would require increased use of borrowing which incurs annual revenue costs at the rate of £90,000 per £1 million of capital expenditure. In considering the impact upon Council Tax levels each 1% rise in Council Tax equates to £1.2 million of increased expenditure.

## **8. STAFFING IMPLICATIONS**

- 8.1. There are none arising directly from this report as any implications will be identified against individual projects at the scheme and estimate stage.

## **9. EQUAL OPPORTUNITY IMPLICATIONS**

- 9.1. These will be identified as part of the individual scheme proposals.

## **10. COMMUNITY SAFETY IMPLICATIONS**

- 10.1. These will be identified with the individual scheme proposals.

## **11. HUMAN RIGHTS IMPLICATIONS**

- 11.1. There are none arising directly from this report.

## **12. LOCAL AGENDA 21 IMPLICATIONS**

- 12.1. These will be identified with the individual scheme proposals.

## **13. PLANNING IMPLICATIONS**

- 13.1. There are none arising directly from this report.

## **14. MEMBER SUPPORT IMPLICATIONS**

- 14.1. There are none arising directly from this report.

15. **BACKGROUND PAPERS**

- 15.1. Capital Investment Programme Guidance Document - July 2008
- 15.2. Prudential Code for Capital Finance in Local Authorities - CIPFA - 2003
- 15.3. Local Authorities Capital Finance and Accounting Regulations 2008.

16. **RECOMMENDATIONS**

- 16.1 That views on the capital programme 2009/12, including the new submissions as detailed in section 7.2.1 are requested.
- 16.2 That, if approved, the capital financing requirements be reflected in the Projected Budget.
- 16.3 That the Prudential Indicators be noted and reported as part of the Treasury Management Strategy in March 2009.
- 16.4 That update reports on the progress of the programme be presented in accordance with the Financial and Performance Monitoring reporting cycle.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/287/08

**CAPITAL INVESTMENT PROGRAMME**

**PRIORITISATION EVALUATION CRITERIA AND WEIGHTINGS**

<b>PRIORITISATION CRITERIA</b>	<b>%</b>	<b>CORPORATE OBJECTIVE</b>
1 Will the scheme create employment opportunities or assist in attracting private sector investment?	<b>15</b>	To create more jobs, achieve a prosperous economy and regenerate Wirral.
2 Will the scheme have environmental or streetscene benefits or impact on crime or health and safety?	<b>15</b>	To create a clean, pleasant, safe and sustainable environment.
3 Will the scheme cater for vulnerable people or address health inequality or contribute towards healthy lifestyle?	<b>15</b>	To improve health and well-being for all, ensuring people who require support are full participants in mainstream society.
4 Will the scheme have any educational attainment or learning opportunities or training benefits?	<b>15</b>	To raise the aspirations of young people.
5 Will it impact on revenue or attract significant external funding and build upon partnership working?	<b>15</b>	To create an excellent Council.
6 Does the scheme contribute towards more than one Corporate Strategy or the achievement of cross-cutting aims?	<b>10</b>	Partnership working is seen as integral to the future of the Council
7 Does the scheme provide value for money for the Council in terms of the use of its resources?	<b>10</b>	Value for money is desired in the delivery of all services
8 Are the outcomes clear and result in improvements in performance?	<b>5</b>	Performance, and improved performance, is recognised as a priority

**NOTES**

- 1 Schemes, as per the Business Cases, will be scored against the criteria on the basis of not meeting to fully meeting the objectives on a 0-2 basis.
- 2 The % shown are the weightings that apply to each of the criteria.
- 3 Schemes which score in excess of 50% will be recommended for inclusion in the Capital Programme.

## APPENDIX B

### CAPITAL PROGRAMME 2009/12

(NOW INCLUDES THE SCHEMES PER APPENDIX C AND CAPITAL  
GRANT NOTIFICATIONS FROM CENTRAL GOVERNMENT)

#### SUMMARY

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Adult Social Services	127	134	141
Corporate Services	2,900	2,250	500
Law, HR & Asset Management	8,210	8,210	8,110
Children & Young People	39,927	34,298	24,859
Regeneration	17,117	15,412	13,912
Technical Services	11,876	12,045	10,722
<b>Total Expenditure</b>	<b>80,157</b>	<b>72,349</b>	<b>58,244</b>
<b>Resources</b>			
General Resources	24,861	26,788	23,398
Supported Borrowing	7,347	5,300	5,300
<b>General Resources</b>	<b>32,208</b>	<b>32,088</b>	<b>28,698</b>
Grants – Education	26,917	21,460	12,000
Grants – HMRI	8,300	7,485	7,485
Grants - Regional Housing Pot	5,121	4,577	4,577
Grants - Local Transport Plan	3,515	4,243	4,243
Grants – Other	3,746	2,146	891
Revenue,Reserves,Contributions	350	350	350
<b>Specific Resources</b>	<b>47,949</b>	<b>40,261</b>	<b>29,546</b>
<b>Total Identified Resources</b>	<b>80,157</b>	<b>72,349</b>	<b>58,244</b>

<b>General Resources</b>	£000	£000	£000
Borrowing - Includes Supported			
Capital Expenditure	28,000	27,000	24,000
Capital Receipts	4,000	5,000	5,000
<b>Total General Resources</b>	<b>32,000</b>	<b>32,000</b>	<b>29,000</b>

## ADULT SOCIAL SERVICES

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Information Management	127	134	141
<b>Total Expenditure</b>	<b>127</b>	<b>134</b>	<b>141</b>
<b>Resources</b>			
Grant – Other	127	134	141
<b>Total Identified Resources</b>	<b>127</b>	<b>134</b>	<b>141</b>

## CORPORATE SERVICES

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Think Big Investment Fund	300	300	300
West Wirral Schemes	200	200	200
Destination West Kirby	1,100	150	0
Wirral Country Park	1,300	1,600	0
<b>Total Expenditure</b>	<b>2,900</b>	<b>2,250</b>	<b>500</b>
<b>Resources</b>			
General Capital Resources	1,550	1,250	500
Grant - Other	1,350	1,000	0
<b>Total Identified Resources</b>	<b>2,900</b>	<b>2,250</b>	<b>500</b>

## LAW / HR / ASSET MANAGEMENT

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Asset Review	5,000	5,000	5,000
Asset Review – IT	1,500	1,500	1,500
Property Maintenance	1,510	1,510	1,510
Disabled Access Provision	100	100	100
Microregeneration	100	100	0
<b>Total Expenditure</b>	<b>8,210</b>	<b>8,210</b>	<b>8,110</b>
<b>Resources</b>			
General Capital Resources	8,150	8,150	8,110
Grant - Other	60	60	0
<b>Total Identified Resources</b>	<b>8,210</b>	<b>8,210</b>	<b>8,110</b>

## CHILDREN & YOUNG PEOPLE

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Children's Centres – Phase 3	717	443	0
Early Years Quality & Access	1,239	1,239	0
Sure Start Initiative	252	359	0
Children's Invest-To-Save	1,300	0	0
Condition / Modernisation	3,679	3,679	3,679
Formula Capital	4,592	4,592	4,592
Extended schools	582	301	301
Schools - Access Initiative	611	611	611
Schools – Harness Technology	1,084	1,176	1,176
Schools – Property Works	400	400	400
Schools - Boiler Renewals	250	250	250
Schools - Health and Safety	200	200	200
Building Schools for the Future	16,203	7,167	0
Oaklands Centre	250	0	0
Private Finance Initiative	50	50	0
Primary Reorganisation - Surplus	250	250	250
Primary Schools Programme	4,838	7,216	7,217
Poulton Primary School	1,000	0	0
Music Service	65	0	0
National Grid for Learning	133	133	133
Old Final Accounts	50	50	50
SEN and Disabilities	2,000	6,000	6,000
Youth Capital Fund	182	182	0
<b>Total Expenditure</b>	<b>39,927</b>	<b>34,298</b>	<b>24,859</b>
<b>Resources</b>			
<u>General Resources</u>			
General Resources	8,605	10,929	10,950
Supported Borrowing	4,355	1,859	1,859
<b>Total General Resources</b>	<b>12,960</b>	<b>12,788</b>	<b>12,809</b>
<u>Specific Resources</u>			
Grant - Education	26,917	21,460	12,000
Revenue, reserve, contributions	50	50	50
<b>Total Specific Resources</b>	<b>26,967</b>	<b>21,510</b>	<b>12,050</b>
<b>Total Identified Resources</b>	<b>39,927</b>	<b>34,298</b>	<b>24,859</b>

## REGENERATION

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
Improvements to Stock	3,380	3,380	3,380
Clearance	9,477	8,682	8,682
Disabled Facilities / Adaptations	1,760	1,550	1,550
Bidston Stream	250	0	0
Cultural Services Property Works	300	300	300
Hoylake Golf Course	450	0	0
Landican Cemetery	1,500	1,500	0
<b>Total Expenditure</b>	<b>17,117</b>	<b>15,412</b>	<b>13,912</b>
<b>Resources</b>			
General Resources	2,436	2,300	800
Grant - HMRI	8,300	7,485	7,485
Grant - Regional Housing Pot	5,121	4,577	4,577
Grant - Other	960	750	750
Revenue, Reserves, Contributions	300	300	300
<b>Total Identified Resources</b>	<b>17,117</b>	<b>15,412</b>	<b>13,912</b>

## TECHNICAL SERVICES

	2009/10	2010/11	2011/12
	£000	£000	£000
<b>Expenditure</b>			
LTP - Accessibility	150	155	150
LTP - Air Quality	1,150	445	440
LTP - Congestion	425	213	210
LTP - Road Safety	4,203	5,340	5,340
LTP - Transportation	579	1,531	1,540
Highway Structural	500	500	0
Street Lighting Columns	300	300	0
Coast Protection	55	55	55
Marine Lake	1,350	0	0
Highways Works	2,000	2,000	2,000
Bidston Viaduct (contribution)	615	1,304	967
Waste Infrastructure	549	202	0
<b>Total Expenditure</b>	<b>11,876</b>	<b>12,045</b>	<b>10,722</b>
<b>Resources</b>			
General Resources	4,120	4,159	3,038
Supported Borrowing	2,992	3,441	3,441
Grant - Local Transport Plan	3,515	4,243	4,243
Grant - Other	1,249	202	0
<b>Total Identified Resources</b>	<b>11,876</b>	<b>12,045</b>	<b>10,722</b>



## CAPITAL PROGRAMME 2009/12

## RANKING OF CAPITAL SUBMISSIONS

(SCHEMES ARE NOW INCLUDED WITHIN THE PROGRAMME IN APPENDIX B)

<b><u>RECOMMENDED SCHEMES</u></b>	<b>DEPARTMENT</b>	<b>COST £000</b>
Strategic Asset Review Develop and implement the Review agreed at Cabinet on 27 November 2008. Specific schemes to be subject to Business Case. Will involve partnering, generate capital receipts and realise revenue savings estimated at £3.7 million pa. Replaces existing capital programme allocation.	Law, HR & Asset Mgt	20,000
Strategic Asset Review - IT Develop and implement the Review agreed at Cabinet on 27 November 2008. Specifically in respect of office accommodation and use of IT to support agile working. Will support delivery of £1 million pa savings.	Law, HR & Asset Mgt	6,000
Hoylake Golf Course Essential drainage works to ensure the continued operation of the course meeting of income targets.	Regeneration	400
Oaklands Centre Essential safety works to replace the access bridge to enable the Centre to operate.	Children	250
Landican Cemetery Two year scheme for crematorium to comply with regulations regarding mercury omissions and ensure income levels retained. Before proceeding a further review of options to be undertaken.	Regeneration	3,000
Adaptations Joint initiative with RSL's to enable people to live at home. To be met from RSL's and Supporting People resources	Regeneration	300 per year
Wirral Country Park Replacement visitor centre and extended facility involving external grant of £1.5 m. Progress subject to funding	Corporate	2,900
Destination West Kirby Infrastructure and improvements to support the West Kirby plan. Funded from £850k of grants and will only proceed if grant secured	Corporate	1,250
Bidston Stream Essential health works to resolve a drainage issue that is resulting in increasing liabilities	Regeneration	250

**CAPITAL PROGRAMME 2009/12**  
**PROJECTED CAPITAL RECEIPTS**

**DISPOSAL OF SITES**

Oliver Street, Birkenhead  
Europa Boulevard Site  
New Brighton Development  
Mendell Lodge, Bromborough  
4 Cavendish Road, Birkenhead  
Rullerton Road, Wallasey  
Fellowship House  
98 Bidston Road, Birkenhead  
Rosewarne  
5/7 St.Andrews Road  
Woodchurch Lane  
Poulton School, Wallasey

Further capital receipts will be identified over the coming months from the implementation of the Strategic Asset Review presented to Cabinet on 27 November 2008.

It is anticipated that the level of receipts generated will be sufficient to fund a £4 million contribution in 2009/10 and £5 million per year in the subsequent years towards the capital programme.

# **APPENDIX C**

**WIRRAL COUNCIL**

**INSURANCE FUND**

**2009/10**

**WIRRAL COUNCIL**  
**INSURANCE FUND 2009/10**

**SUMMARY**

The Insurance Fund is a fundamental component of the risk management strategy with any reduction in claims producing a direct benefit to the Council. To achieve best value in the management of losses through insurance claims Wirral wholly self-insures those risks that have the capacity to generate low value losses. For risk that have the potential to produce catastrophic losses the Council undertakes to meet the cost of claims in any given year up to an agreed figure with insurers meeting all costs above the sum.

**CABINET 27 NOVEMBER 2008**

**Minute 265 - INSURANCE FUND BUDGET 2009/10**

The Director of Finance presented a report which set out the elements which made up the Insurance Fund, the costs of running the Risk & Insurance Section, and the budget for 2009/10.

The Leader of the Council congratulated the team involved in improving the position of the Insurance Fund.

Resolved - That

- (1) the continuing improvement in the position of the Insurance Fund be noted;
- (2) the Insurance Fund budget for 2009/10 be agreed.

**UPDATE ON THE INSURANCE FUND BUDGET**

Cabinet on 27 November 2008 considered a report on the Projected Budget 2009/11. It was recommended that the Schools Budget be charged with the full cost of insurance, reflecting the risks assessed by the insurer, and that the mechanism for doing this be agreed with the Schools Forum.

Wirral Schools Forum on 21 January 2009 agreed the Schools Budget 2009/10. This incorporated the increased charges to schools of £400,000 and that the regularisation of the charges would be phased in. Schools will pay 50% of the increase in 2009/10, with the balance from the schools contingency, and 100% of the increase in 2010/11.

# **WIRRAL COUNCIL**

## **CABINET**

**27 NOVEMBER 2008**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **INSURANCE FUND BUDGET 2009/10**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report sets out the elements which make up the Insurance Fund, the cost of running the Risk & Insurance Section and the budget for 2009/10.

##### **2. BACKGROUND**

- 2.1. Under the provisions of the Local Government and Housing Act 1989 Local Authorities are allowed to set aside financial provisions to cover self-insured losses.
- 2.2. By self-insuring an Authority avoids paying insurers' administration, profit margins and Insurance Premium Tax on predictable levels of claims. Furthermore only rarely do external insurers return any premium irrespective of the profits generated by a policy.
- 2.3. Wirral has operated an insurance fund since its foundation and was one of the first authorities to adopt a high degree of self-insurance when large excesses on liability and material damage insurance were negotiated in the 1980s.
- 2.4. Self-funding is a fundamental element of the risk management strategy. It provides a greater incentive to deal with risk more effectively since any reduction in claims directly benefits the Authority.

##### **3. RISK MANAGEMENT**

- 3.1. To achieve best value in funding insurable losses a mixture of external and self-insurance is needed.
- 3.2. The Authority wholly self-insures those risks that have the capacity to generate low value losses. In respect of risks that have the potential to produce catastrophic losses, the Council undertakes to meet the cost of all claims in any given year up to an agreed figure. Insurers meet all costs above this sum.
- 3.3. External insurance premia are met by the Insurance Fund and are recharged to departments together with self-insurance premia.

#### 4. SELF FUNDED RISKS

4.1. Detailed below are the principal risks for which the Council currently self-insures together with the maximum sum the Council might have to pay for losses in any given financial year. It should be noted that expenditure in respect of claims for a given year will be spread over several subsequent years.

4.2. TYPE OF INSURANCE	ANNUAL AGGREGATE DEDUCTIBLE
Combined Liability	£4,250,000
Material Damage & Business Interruption (Fire)	£ 500,000
Material Damage & Business Interruption (Storm/Flood/Burst Pipes)	£1,000,000
Comprehensive Motor	£ 280,000
Fidelity Guarantee	£ 25,000
Loss/Damage to Equipment	Unlimited
Glazing (Schools)	Unlimited

4.3. Cover against damage by storm, flood and burst pipes and for business interruption was introduced from 30 June 2008. The deductible in respect of Fire was reduced from £1,000,000 to £500,000 from the same date.

#### 5. CLAIMS AND PREMIA

A comparison of the premia charged and claims incurred in recent years in respect of the three principal risks covered by the Insurance Fund follows. The premia and claims for the years in question are highlighted.

##### 5.1. COMBINED LIABILITY

This policy was placed with Zurich Municipal on 1 April 2005, following a competitive tender. The contract is subject to a Long Term Agreement that lasts until 31 March 2010. Insurance Fund contributions are reviewed annually and between 2001/02 and 2004/05 the level of contribution rose sharply as a result of claims increasing in both number and estimated cost. Improvements in the claims experience from 2005/06 onwards have enabled the level of self-insurance to be negotiated down from a peak of £7.1 million to £4.25 million.

Year	Premium £000		Expected final costs (actuarial) £000
	External Insurance**	Insurance Fund	
2004/05	360	<b>6,000</b>	<b>1,265</b>
2005/06	286	<b>4,000</b>	<b>987</b>
2006/07	314	<b>3,250</b>	<b>1,019</b>
2007/08	236	<b>3,300</b>	<b>1,602</b>
2008/09	261	<b>3,200</b>	<b>1,453</b>
2009/10	270	<b>2,800</b>	<b>N/K</b>

\*\* Exclusive of claims handling charges.

## 5.2. MATERIAL DAMAGE & BUSINESS INTERRUPTION

The material damage policy was tendered in 2008 with the result being an extension of cover to include damage from storm, flood and burst pipes and business interruption losses. The contract is subject to a Long Term Agreement that expires in June 2013. The expectation is that premium rates will continue at the existing level. Insurance Fund contributions are reviewed annually and rose to 2006 to recover a shortfall caused by large losses sustained in the 2003/04 insurance period. Contributions fell significantly in 2007/08 and despite the Insurance Fund taking on an increased exposure through the extensions of cover I am not increasing the level of contribution in 2009/10.

Year	Premiums £000		Expected final costs £000	
	External Insurance	Insurance Fund	External Insurer	Insurance Fund
2004/05	365	<b>570</b>	0	<b>75</b>
2005/06	338	<b>570</b>	0	<b>80</b>
2006/07	318	<b>570</b>	0	<b>30</b>
2007/08	328	<b>340</b>	0	<b>42</b>
2008/09	382	<b>340</b>	N/K	<b>N/K</b>
2009/10	384	<b>330</b>	N/K	<b>N/K</b>

## 5.3. COMPREHENSIVE MOTOR

This policy was placed with Zurich Municipal on 1 April 2005, following a competitive tender. The contract is subject to a Long Term Agreement that expires on 31 March 2009. The contract will need to be remarketed before that date and no significant change in the external premium is anticipated. Departments contribute a minimum of £500 for damage incurred to their own vehicles and any third party claims, the excess level varying according to the risk profile of the driver. The Insurance Fund contribution is reviewed annually and the reduction in 2005/06 reflected the transfer of a significant part of the fleet to Wirral Partnership Homes.

Year	Premium £000		Costs £000		
	External Insurance	Insurance Fund	Department	Ins. Fund	Insurer
2004/05	55	<b>180</b>	49	<b>143</b>	0
2005/06	49	<b>81</b>	44	<b>86</b>	0
2006/07	52	<b>81</b>	36	<b>84</b>	0
2007/08	55	<b>81</b>	35	<b>60</b>	0
2008/09	49	<b>81</b>	N/K	<b>N/K</b>	N/K.
2009/10	50	<b>90</b>	N/K	<b>N/K</b>	N/K

## 6. OTHER

- 6.1. In addition to the three main classes of insurance the Authority also procures external insurance for smaller risks such as loss of money, fidelity guarantee and ICT equipment and self-insures other risks including loss of equipment and damage to glazing. These risks generate a modest level of losses and the premia remain fairly stable over a period of years.

## 7. PROVISIONS

- 7.1 Many claims are not settled within the financial year in which they arise. In the case of legal liabilities, claims may not even be reported in the year in which an incident occurs. Thus the total cost of all claims relating to a given year will be spread over several subsequent financial years.
- 7.2. Provisions have to be made in respect of losses previously incurred but which will be settled in future financial years. Without such provisions the Council would not have the funds available to meet these future claims costs.
- 7.3. The provisions are based on claims data held by the Risk & Insurance Section taken at the end of each financial year. After rising between 2001/02 and 2004/05 they have fallen significantly each year since 2005/06.
- 7.4. A funding study has been undertaken by professional actuaries each year to evaluate whether the sum held to meet Liability losses is sufficient. In addition to commenting on the adequacy of provisions for losses in previous years the funding study recommend the sum which needs to be invested in the Insurance Fund to meet the cost of claims for the current year.
- 7.5. On 9 July 2008 the Insurance Fund Actuarial Review was reported to Cabinet. This highlighted the continued improvement in our ability to defend insurance claims and that the annual external assessment of the amount needed to fund anticipated liabilities for current and future years showed a reduction. The 2008 study showed that the improvements, which released £1.4 million to Council balances in 2007/08, had been sustained and a suggested that a surplus of £4.7 million existed.

Class	Provisions		Surplus
	Actual 31/03/08	Suggested 31/03/08	
Combined Liability	£13,691,463	£ 9,243,000	£4,448,463
Fire	£ 2,277,000	£ 2,000,000	£ 277,000
Motor	£ 252,000	£ 252,000	£ 0
<b>Total</b>	<b>£16,220,463</b>	<b>£11,495,000</b>	<b>£4,725,463</b>



- 7.6. Cabinet agreed to use £1 million of the surplus to support resilience projects and £750,000 to increase the reserve to meet liabilities relating to periods where the Council is uninsured. This reduced the surplus to £2,975,000 and Cabinet agreed that the remaining surplus was transferred to General Fund balances.
- 7.7. Cabinet is advised that there is the possibility that fraudulent claims could increase if the economy contracts significantly as this was the experience of similar occurrences in the 1980's and 1990's.

## 8. ADMINISTRATION

- 8.1. In addition to promoting the effective management of risk within the Authority the Risk and Insurance Section places and administers all external insurance policies, manages the Insurance Fund and oversees the handling of all claims.
- 8.2. The Risk & Insurance Officer has negotiated an early expiry of the insurance broking and consultancy with Aon Limited to avoid having to tender for a broker at the same time as running two major insurance procurement exercises. A new fixed price contract will be implemented shortly at an estimated cost of £20,000 per annum.
- 8.3. The costs of the Risk & Insurance Section are charged to the Insurance Fund and are recharged to departments in the form of a percentage overhead on insurance premia. For 2009/10 the relevant percentage will be approximately 6.3% which is virtually unchanged from 2008/09.
- 8.4. Below is a breakdown of the estimated costs of the section for 2009/10.

Staffing & overheads	£264,400
Risk & Insurance Consultants	£ 20,000
<b>Total</b>	<b>£284,400</b>

## 9. INSURANCE FUND BUDGET 2009/10

- 9.1. The table below shows the estimated budget for 2009/10 compared with the base budget for 2008/09.

	<b>2008/09 Base £000</b>	<b>2009/10 Base £000</b>
<b>Schools</b>	1,160	1,154
<b>General Fund</b>	3,592	3,590
<b>Total</b>	<b>4,752</b>	<b>4,744</b>

- 9.2. The 2009/10 budget is essentially the same as 2008/09 as the increased cover is offset by the savings in Property Insurance as reported to Cabinet on 22 May 2008.

- 9.3. The Director of Children & Young People is considering an alternative method of calculating insurance premiums for individual schools which could result in a shift of premiums from the Departmental Budget to the Schools Budget.
- 9.4. In terms of the projections the Motor and Engineering contracts are to be tendered during 2009/10 but no significant increases are anticipated. All other contracts are subject to Long Term Agreements which act to contain the risk of any significant changes to premia. In the medium term there could be upward pressure on external premiums if recession in major economies causes insurers' investment returns to continue falling and reinsurance costs to rise.
- 9.5. During the course of the current financial year it is anticipated that fire settlements totaling £1.7 million will be received for losses relating to the 2003/04 policy year. This includes for the fire at Rock Ferry High School. As the Insurance Fund has adequate provision in this area the sums received are available for transfer to the General Fund.
- 9.6. The Insurance Fund revenue budget for 2009/10 is shown in the Appendix.

## 10. **FINANCIAL IMPLICATIONS**

- 10.1. The Insurance Fund Budget for 2009/10 is shown in the appendix.
- 10.2. Cabinet on 9 July 2008 agreed to the transfer of £2,975,000 from the Insurance Fund to General Fund balances.

## 11. **STAFFING IMPLICATIONS**

- 11.1. There are no direct staffing implications.

## 12. **EQUAL OPPORTUNITIES IMPLICATIONS**

- 12.1. There are no direct equal opportunities implications.

## 13. **ENVIRONMENTAL IMPACT STATEMENT**

- 13.1. Not applicable.

## 14. **LOCAL MEMBER SUPPORT IMPLICATIONS**

- 14.1. There are no implications for any Members or wards.

## 15. **BACKGROUND PAPERS**

- 15.1. (i) Correspondence with Aon Risk Services.  
(ii) Risk & Insurance Section Database.  
(iii) Zurich Municipal and Teceris Claims Management claims records.  
(iv) IRMG actuarial report 2008.

16. **PLANNING IMPLICATIONS**

16.1. There are none arising out of this report.

17. **RECOMMENDATIONS**

17.1. That the continuing improvement in the position of the Insurance Fund be noted.

17.2. That the Insurance Fund budget be agreed;

**IAN COLEMAN**  
**DIRECTOR OF FINANCE**

**WIRRAL COUNCIL**  
**INSURANCE FUND BUDGET**

	<u>Base Budget 2008/09</u>			<u>Base Budget 2009/10</u>		
<b>Expenditure</b>						
<b>Class of Insurance</b>	<b>External Premiums</b>	<b>Insurance Fund Contributions</b>	<b>Total</b>	<b>External Premiums</b>	<b>Insurance Fund Contributions</b>	<b>Total</b>
Liabilities	393,000	2,730,000	3,123,000	408,000	2,800,000	3,208,000
Fire	376,000	340,000	716,000	384,000	330,000	714,000
Motor	49,000	81,000	130,000	50,000	90,000	140,000
Other	279,000	204,000	483,000	230,000	168,000	398,000
Management Account			300,000			284,000
<b>Total Expenditure</b>			<b>4,752,000</b>			<b>4,744,000</b>
<b>Income</b>						
Schools			(1,160,000)			(1,154,000)*
General Fund			(3,592,000)			(3,590,000)*
<b>Total Income</b>			<b><u>(4,752,000)</u></b>			<b><u>(4,744,000)</u></b>

\* Cabinet on 27 November 2008 and Wirral Schools Forum on 21 January 2009 agreed to the Schools Budget being charged with the full cost of insurance. This increased the charged to Schools by £400,000 with a corresponding reduction in the charge to the General Fund