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HALTON BOROUGH COUNCIL

Executive Board

Thursday, 21 February 2019 2.00 p.m.
The Boardroom, Municipal Building

David W R

Chief Executive

ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC

PART 1

Item	Page No
1. MINUTES	**1 - 10**
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
3. CHILDREN, EDUCATION AND SOCIAL CARE PORTFOLIO	
(A) HIGH NEEDS REVIEW	**11 - 16**
4. RESOURCES PORTFOLIO	
(A) BUDGET 2019/20 - KEY DECISION	**17 - 41**

Please contact Angela Scott on 0151 511 8670 or Angela.scott@halton.gov.uk for further information.
The next meeting of the Committee is on Thursday, 14 March 2019

PART II

In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is **RECOMMENDED** that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item(s) of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.

In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

EXECUTIVE BOARD

At a meeting of the Executive Board on Thursday, 17 January 2019 in The Boardroom, Municipal Building

Present: Councillors Polhill (Chair), D. Cargill, Harris, R. Hignett, S. Hill, Jones, T. McInerney, Nelson, Wharton and Wright

Apologies for Absence: None

Absence declared on Council business: None

Officers present: A. Scott, G. Cook, D. Parr, I. Leivesley, M. Vasic, M. Reaney and E. Dawson

Also in attendance: One member of the press

ITEMS DEALT WITH UNDER POWERS AND DUTIES EXERCISABLE BY THE BOARD

Action

EXB77 LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 URGENT BUSINESS

The Board was advised that a matter had arisen which required immediate attention by the Board (Minute EXB 89 refers), therefore, pursuant to Section 100 B (4) and 100 E and due to the timing of the decision needed to be taken, the Chair ruled that this item would be considered at this meeting.

EXB78 MINUTES

The Minutes of the meeting held on 13 December 2018 were taken as read and signed as a correct record.

PHYSICAL ENVIRONMENT PORTFOLIO

EXB79 HALTON HOUSING TRUST (HHT) ANNUAL REPORT

The Board received the annual report of Halton Housing Trust (HHT), which provided an update on progress in the past twelve months.

A verbal update was provided for the Board by Nick Atkin, Chief Executive of HHT, and Ingrid Fife, Chair of HHT

Board. They reported on progress to date in delivering some key achievements, partnerships and strategic priorities.

The Board noted some of the key organisational achievements which included continued investment to improve homes and neighbourhoods; completion of the construction of new homes; secured funding to deliver a growth strategy to build an additional 1,200 homes for rent, shared ownership or sale over the next five years; achieved 88% of all customer generated transactions delivered through on-line self-serve routes; and retained the highest possible regulatory rating. It was noted that the roll out of Universal Credit and Welfare Reform in general, continued to be one of the most significant risks for the Trust. The Digital First Programme had freed up resources to focus on debt recovery and provided support to those customers who were most vulnerable.

Members had the opportunity to ask questions and clarify information contained in the presentation before Mr Atkin and Ms Fife were thanked for attending. As this was the final meeting which Mr Atkin would attend, the Board wished him well in his new position at Yorkshire Housing.

RESOLVED: That the progress report be noted.

CHILDREN EDUCATION AND SOCIAL CARE PORTFOLIO

EXB80 CAPITAL PROGRAMME – 2019/20 - KEY DECISION

The Board considered a report of the Strategic Director, People, which provided a summary of the Capital Programmes for 2019/20 for the People Directorate.

The Board was advised that the Department for Education (DfE) had not yet announced the Capital Grant Allocation for 2019/20 at the time of writing the report. However, given the timescales for some of the capital projects, the report used the 2018/19 allocation as the basis for presenting this report to the Board.

In addition, it was reported that the DfE had announced the Special Provision Capital Funding for local authorities to invest in provision for children and young people with Special Educational Needs and Disabilities, aged 0-25, to improve the quality and range of provision available. It had been confirmed that the Local Authority would receive an additional amount, which took the total allocation over a three year period to £616,279.

The Board was reminded that at its meeting on 20 September 2018, works to create Foundation/Key Stage 1 Social Emotional and Mental Health Resource bases at Beechwood Primary School and Halton Lodge Primary School, were approved. It was noted that the Local Authority would therefore be allocating an element of its School Condition Allocation Funding towards this scheme.

Reason(s) for Decision

To deliver and implement the Capital Programmes.

Alternative Options Considered and Rejected

Not applicable.

Implementation Date

Capital Programmes for 2019/20 would be implemented with effect from 1 April 2019.

RESOLVED: That

Strategic Director - People

1) the position regarding capital funding from the Department for Education for 2019/20, be noted;

2) the proposals to be funded from the School Condition Capital Allocation, be approved; and

3) Council be recommended to approve the Capital Allocations for inclusion in the Budget report.

EXB81 SCHOOL ADMISSION ARRANGEMENTS 2020 - KEY DECISION

The Board considered a report of the Strategic Director, People, on School Admission Arrangements for 2020.

The Board was advised that in October 2018, Halton Local Authority issued a statutorily required consultation on the proposed admission arrangements and co-ordinated admission schemes for the September 2020 intake. It was noted that the consultation ran until 9 November 2018, with no changes proposed to the current oversubscription criteria for admission to Local Authority maintained community and voluntary controlled primary schools. No responses to the consultation were received.

It was further noted that reference to all Halton community secondary schools had been removed, as all were either academies, free schools or voluntary aided and were therefore their own admission authorities, with responsibility for consulting on proposed changes.

Reason(s) for Decision

The decision was statutorily required and any revision to the proposed arrangements may adversely affect school place planning as detailed in the report.

Alternative Options Considered and Rejected

Other options considered and rejected included the allocation of places through random allocation (lottery), as this method could be seen as arbitrary and random.

Implementation Date

The Policy and co-ordinated schemes would apply for the September 2020 academic intake.

RESOLVED: That the Board approves the School Admissions Policy, Admission Arrangements and Co-ordinated Schemes for admission to primary and secondary schools for the 2020/21 academic year.

Strategic Director - People

EXB82 APPLICATION FOR THE DEVELOPMENT OF A SPECIAL FREE SCHOOL FOR PUPILS WITH SOCIAL EMOTIONAL AND MENTAL HEALTH NEEDS (SEMH) - KEY DECISION

The Board considered a report of the Strategic Director, People, on the proposal to develop a special free school for pupils with Social, Education and Mental Health Needs (SEMH) in Halton.

At its meeting on 18 October 2018, Executive Board had approved an application to establish a special free school in Halton, shared with St Helens Borough Council. It was reported that the Department for Education (DfE) had requested the final submission of the specification as a matter of urgency, on 16 December 2018. Due to the urgent nature of the submission and the schedule of meeting dates, the Chief Executive, in consultation with the Leader and the Portfolio Holder for Children, Education and Social Care, approved the final submission, using his delegated powers. Therefore, the report to the Board set out retrospectively the details of the proposed location of the special free school for Members' information.

Reason(s) for Decision

To provide a more inclusive offer for pupils with SEMH giving them the opportunity to be educated with support alongside their peers.

Alternative Options Considered and Rejected

Not submitting an application for a joint free school. However, lack of provision had an impact on the educational outcomes of pupils that need this support.

Implementation Date

Notification as to whether the bid was successful would be announced by the DfE in Spring 2019.

RESOLVED: That the decision of the Chief Executive, acting under delegated powers, to develop a free school provision on the Naylor Road, Widnes, site, be noted.

RESOURCES PORTFOLIO

(N.B. Councillor Ron Hignett declared a Disclosable Other Interest in the following item of business as he was a member of the Sci-Tech Public Sector Joint Venture Board)

EXB83 DISCRETIONARY NON-DOMESTIC RATE RELIEF

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on an application for discretionary non domestic rate relief.

The Board was advised that, under the amended provision of the Local Government Finance Act 1988, the Council was able to grant discretionary rate relief to any business rate payer. Since 1 April 2017, the Council had been responsible for meeting the full cost of all mandatory and discretionary rate relief granted, as part of the Liverpool

City Region 100% Business Rates Retention Pilot Scheme.

The report set out details of an application for 80% discretionary rate relief in respect of two business premises at the Sci-Tech, Daresbury campus.

RESOLVED: That the request for 80% discretionary rate relief from United Kingdom Research and Innovation (UKRI) for their premises at Daresbury Laboratory and Building Two, Daresbury Innovation Centre, Keckwick Lane, Daresbury, be refused.

Strategic Director - Enterprise, Community and Resources

EXB84 WAIVER TO PROCUREMENT STANDING ORDERS: INTEGRATED HR AND PAYROLL SYSTEM

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which sought a waiver of Procurement Standing Orders in respect of the award of a new contract for the Council's Integrated HR and Payroll system.

The Board was advised that the Council used an integrated HR and payroll system known as iTrent. The system was used for a number of payroll processes including those traded under service level agreements to external clients. It was reported that those external customers had tailored and established processes which were compatible with the iTrent systems.

The current contract ended on 17 November 2018. Consideration had been given to market testing for a change of systems, although the iTrent system was so firmly established within the Council and with its external customers, there would need to be either a replacement or re-engineering of systems, which could be time and resource intensive.

The Board noted that by making a direct award under the Light Touch Regime, the financial benefit to the Council, as a result of the waiver of Procurement Standing Orders, would be £38,587.

RESOLVED: That

Strategic Director - Enterprise, Community and Resources

1) the report be noted; and

2) the Board approves the waiving of Part 3 of

Procurement Standing Orders relying on numbers 1.14.4 (iii), 1.14.4 (iv) and 1.14.4 (v).

EXB85 WAIVER TO PROCUREMENT STANDING ORDERS: MBA/MSC SENIOR LEADER MASTERS APPRENTICESHIP

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which sought a waiver of Procurement Standing Orders to award a contract for the provision of a MBA/MSc Senior Leader Masters Apprenticeship.

The Board was advised that since 2010/11, the Council had rationalised its management structures and now operated within a more commercial environment and in new collaborations across the public sector. A need had been identified for succession planning to enable strategic leadership capability in the future.

It was reported that Liverpool John Moores University (LJMU) had created a range of leadership and management qualifications at Masters Level 7, available through the national Apprenticeship Framework and funded by the Apprenticeship Levy. It was noted that LJMU had demonstrated that they could deliver and provide the content of the qualifications which met the Council's needs.

Members were asked to waive the Council's Procurement Standing Orders to allow the awarding of the contract for the provision of a MBA/MSc Senior Leader Masters Apprenticeship, to be fully funded through the existing Apprenticeship Levy, which the Council was required by statute to contribute to.

RESOLVED: That the Board, in compliance with Procurement Standing Orders 1.14.4 and 1.14.5, approve a waiver to award a contract to Liverpool John Moores University, for the following reasons:-

Strategic Director - Enterprise, Community and Resources

(i) Standing Order 1.14.4 (iii), where compliance would result in a clear financial or commercial detriment to the Council;

(ii) Standing Order 1.14.4 (iv) where compliance would result in the Council having to forego a clear financial or commercial benefit.

EXB86 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following items of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraphs 3 of Schedule 12A of the Local Government Act 1972; and

2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

PHYSICAL ENVIRONMENT PORTFOLIO

EXB87 THE HIVE LEISURE COMPLEX - KEY DECISION

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on proposals for the future development of The Hive Leisure Complex, Widnes.

The report set out details of a proposal to develop and invest in the site for Members' consideration.

<u>Reason(s) for Decision</u>

To consider the proposal set out in the report.

<u>Alternative Options Considered and Rejected</u>

There were effectively four options available to the Council in relation to The Hive development, as detailed in the report.

Implementation Date

January 2019.

RESOLVED: That, having considered all of the options set out in the report, the Board decline the proposal.

Chief Executive

EXB88 RUNCORN STATION QUARTER - APPOINTMENT OF PREFERRED DEVELOPMENT PARTNER

The Board considered a report of the Strategic Director, Enterprise, Community and Development on the appointment of the preferred Development Partner for the Runcorn Station Quarter Masterplan.

In November 2018, the Board approved a Runcorn Station Quarter Masterplan with an accompanying Delivery Strategy. It was proposed that a private sector developer be appointed to increase capacity and support to the Council, so as to take forward the development as quickly as possible.

The report set out details of the process undertaken to identify a suitable Development Partner, following advice and guidance from the Council's Procurement Team.

RESOLVED: That

Strategic Director - Enterprise, Community and Resources

1) Members approve the appointment of the preferred Development Partner, as outlined in section 3.8 of the report; and

2) the completion of the final terms of a contract to appoint a developer, is delegated to the Operational Director, Legal and Democratic Services and the Operational Director, Economy, Enterprise and Property, in consultation with the Portfolio Holder for Physical Environment.

EXB89 WIDNES VIKINGS

The Board considered a report of the Chief Executive which provided an update on the arrangements between the Council and Widnes Vikings.

RESOLVED: That

Chief Executive

1) the Chief Executive exercise delegated powers, in consultation with the Leader and such Portfolio

holders as the Leader considers appropriate, to revise the agreement and financial arrangements with the Widnes Vikings for the use of the Stadium and other Council facilities, on the terms set out in the report; and to take such reasonable steps as may be necessary to achieve this; and

2) the Council continue to support Widnes Vikings, help them to continue to develop their on-field and off-field community-based activities and to retain a strong professional rugby league presence in the Borough.

MINUTES ISSUED: 22 January 2019

CALL-IN: 29 January 2019

Any matter decided by the Executive Board may be called in no later than 5.00pm on 29 January 2019.

Meeting ended at 2.58 p.m.

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Strategic Director, People
SUBJECT:	High Needs Review
PORTFOLIO:	Children, Education and Social Care
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 This report summarises the High Needs Strategic Planning Review. It sets out the five main recommendations and seeks permission to commission support to undertake the implementation phase of the review.

2.0 RECOMMENDATION: That Executive Board

1) Agree the five recommendations identified by the review; and

2) Agree to commission Peopletoo to undertake the implementation phase of the review.

3.0 SUPPORTING INFORMATION

3.1 In 2014 The Children and Families Act introduced some of the most far reaching and significant changes to the way that local authorities and partners in health identified, assessed and addressed the needs of children and young people with Special Educational Needs and or Disabilities. To respond to these changes Halton re-organised its SEND support and services in order to respond to this change.

3.2 Over the same period of time local authorities nationally have been experiencing a huge rise in demand for services for children and young people with SEND, in addition the system of funding High Needs has changed, the needs of children and young people with additional support requirements have become more complex and since 2014 support has been extended to cover children from 0 to 25 years.

3.3 On 30th January 2019, the BBC reported that of the 136 responses to a recent FOI, 123 local authorities had confirmed that they were overspent on their High Needs budget and it was estimated that this overspend was in excess of £324 million.

3.4 The increase in volume and complexity has meant that in Halton, the local provision can no longer meet need and despite increased funding from the DFE in December and the agreement of a 1% transfer from schools budgets to the High Needs Budgets costs are outstripping the available funding. The current system is therefore unsustainable.

3.5 Using a revenue funding grant provided by the DFE it was agreed that Halton would commission an independent review of SEND. In April 2018 Peopletoo were awarded the commission and they commenced work in May 2018. The first phase of this work has now been completed. Through the review the Council aimed to gain:

- A detailed understanding of the SEND population;
- A detailed understanding of the special school population and pupil profile;
- A detailed understanding of the future needs and profile of specialist provision to meet that need;
- A detailed understanding of future post-16 needs and opportunities to improve provision and capacity in the local communities;
- A detailed understanding of the views of all stakeholders in terms of existing strengths and the opportunities to improve high needs provision;
- A detailed understanding of the perceived barriers to inclusion in mainstream schools and colleges with recommendations for potential solutions;
- A detailed understanding of the total level of resources available and how to effectively target these to meet need; and
- A detailed understanding of potential challenges, sensitivities and conflicts of interest, together with potential solutions to these.

3.6 The final report identified three key findings. Firstly, too many children with SEND are being moved on or excluded from mainstream schools as schools struggle to manage their needs and especially adapt to what is becoming the “new norm” in respect of Social, Emotional and Mental Health Needs. Secondly as the needs of the SEND cohort has evolved, the current model of Special School and Resource Bases had not kept up with this, hence the provision is not fit for purpose in addressing current SEND needs effectively. Finally, assessment processes for Education, Health and Care Plans (EHCPs) can be inconsistent, lacking challenge, and detached from financial and commissioning processes until too late in the process.

3.7 To address the key findings identified by the review the following five high level recommendations were made:

Recommendation 1

To undertake a cultural change programme with schools focusing on inclusion, reducing permanent exclusions, with the desire and ability to manage SEMH, with appropriate support within schools, and with support from the Authority and Special Schools.

Recommendation 2

To remodel how the Borough uses its Special School provision so that it works with pupils with the most complex needs only, reducing dependency on independent provision; alongside a remodelling of how these operate to enable children and young people with SEND to have the best opportunity to experience some form of mainstream education where appropriate.

Recommendation 3

To remodel the Resource Base provision to better reflect need, and develop a more consistent, outcome driven approach to their delivery supported by local Special Schools, in doing so.

Recommendation 4

To change the operating method of the Pupil Referral Unit and its relationship to schools so that it can maximise the integration of pupils back into mainstream.

Recommendation 5

To redesign the assessment and decision- making process so that it is better informed, ensure that it is person centred, more consistent, spend is managed and needs are identified early and collectively through the EHCP process to inform future commissioning.

4.0 NEXT STEPS

4.1 It is proposed that the key findings and recommendations of the report are shared with all partners, including health; early years settings, schools and colleges across the borough as well Parents and Carers through the Parent/Carer Forum, children and young people and all Officers involved in SEND.

4.2 Following the completion of the review Peopletoo were asked to set out the actions needed to implement the main recommendations. It is proposed that they be commissioned to undertake this further piece of work to ensure we can move at pace to implement the significant changes required. This second piece of work will include:

- A detailed end to end redesign of the Assessment Pathway;
- Case Audit of 60 EHCPs equally split across 2014-2018 to determine the quality of plans;
- Detailed business case on new model of operation, reducing use of independent special schools
- Work with stakeholder to co-design the offer of specialist provision in Halton including entrance and exit criteria, KPIs and outcomes
- Identify a timetable to implement the changes based on actual pupils coming through the system and model the budget going forward over the next 3 years.
- Draft an SLA in consultation with schools. Determine price and performance indicators and how to obtain value for money for the services; only paying for actual services delivered.

4.3 There is a commitment to work with parents and carers, children and young people, schools, settings and services in co-designing Halton specialist provision.

5.0 FINANCIAL IMPLICATIONS

5.1 At each School Forum meeting a report is presented estimating the current High Need commitments. The latest report on 16th January showed that even with the additional DFE funding in 2018/2019 and the 1% transfer from schools budgets the estimated deficit at the start of 2019/2020 is £430,970. With the highest level of overspend on placing children and young people in independent provision.

5.2 The costs of the Phase 2 Peopletoo commission can be funded through using the savings generated from the current vacant Divisional Manager for Inclusion post and income generated by the Education, Inclusion and Provision Department.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**

Developing more inclusive local provision that meet the needs of children and young with SEND in Halton allows pupils to be educated within their own community alongside their peer groups.

6.2 **Employment, Learning & Skills in Halton**

None.

6.3 **A Healthy Halton**

None.

6.4 **A Safer Halton**

None.

6.5 **Halton's Urban Renewal**

None.

7.0 RISK ANALYSIS

7.1 Current provision does not meet the needs of children and young people in the Borough. High numbers of children are being educated in independent provision with many pupils having to travel outside the borough to access provision. This is not in their best interest and is not sustainable.

7.2 Ensuring mainstream schools are more inclusive will reduce the demand on specialist settings and out of borough provision. Remodelling specialist provision so that it better meets local need and special schools provide places for only the most complex children and young people with SEND, reducing the level of placements in independent provision.

7.3 The newly established Placement Division will visit all independent settings checking on the quality of provision, outcomes for the children and young people and attendance. They will also review the price ensuring each placement represents good value for money.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The aim of the review is to better understand the SEND population so that we can improve the quality of SEND provision within the borough, the outcomes of children and young people with SEND and encourage all our schools to become more inclusive.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	**Place of Inspection**	**Contact Officer**
Peopletoo SEND High Needs Strategic Planning Review -	Rutland House	Ann McIntyre – Operational Director – Ann McIntyre – Operational Director- Education, Inclusion and Provision & Operational Director - Resources
School Forum High Needs Report – 16th January 2019	Halton website	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources

Agenda Item 4a

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Budget 2019/20
PORTFOLIO:	Resources
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To recommend to Council the budget, capital programme and council tax for 2019/20.

2.0 RECOMMENDATION: That

1) **Council be recommended to adopt the resolution set out in Appendix A, which includes setting the budget at £108.621m, the Council Tax requirement of £49.597m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,419.08;**

2) **From 1 April 2019 the level of Empty Homes Premium on dwellings that have been unoccupied for more than 2 years be increased to 100%.**

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

3.1 The Executive Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 15 November 2018. In summary, funding gaps of around £9.8m in 2019/20, £8.2m in 2020/21 and £3.3m in 2021/22 were identified. The Strategy had the following objectives:

- Deliver a balanced and sustainable budget
- Prioritise spending towards the Council's priority areas
- Avoid excessive Council Tax rises
- Achieve significant cashable efficiency gains
- Protect essential front line services and vulnerable members of the community
- Deliver improved procurement

Budget Consultation

3.2 The Council uses various consultation methods to listen to the views of the public and Members' own experience through their ward work is an important part of that process.

3.3 Individual consultations are taking place in respect of specific budget proposals and equality impact assessments will be completed where necessary.

Review of the 2018/19 Budget

3.4 The Executive Board receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending may be over budget in the current year by approximately £4.2m against a net budget of £109.2m. The main reason for the projected overspend is the continued significant pressure in respect of Childrens' Social Care costs. The Community and Environment Department is also experiencing significant financial pressures, primarily due to shortfalls in various areas of income. The potential overspend is a worst case scenario, as various actions are being taken to mitigate the impact of these pressures and bring net spending back in line with budget as far as possible. A review of reserves is also being undertaken to consider options to assist with funding the overspend. The general reserve balance is current around £5.0m, equivalent to approximately 4.6% of the net budget for 2019/20, which is considered a prudent level. Any overspend would reduce the level of the general reserve, however the actions being taken should help to mitigate the impact.

2019/20 Budget

3.5 On 12 December 2018 Council approved initial budget savings for 2019/20 totalling £4.653m and further proposed savings are shown in Appendix B.

3.6 The proposed budget totals £108.621m. The departmental analysis of the budget is shown in Appendix C and the major reasons for change from the current budget are shown in Appendix D.

3.7 The proposed budget incorporates the grant figures announced in the Local Government Grant Settlement. It includes £2.381m for the New Homes Bonus 2019/20 grant. This is an increase of £0.229m from the grant level for 2018/19. It also includes Improved Better Care Funding (IBCF) of £5.233m; this is the third year of IBCF funding, it is an increase of £2.188m from the second year and is funded through the Liverpool City Region pilot scheme for business rate retention. There is additional Better Care Funding of £0.904m included in the budget which was announced as part of the 2017 Spring Budget. This funding has been paid over three years and the financial forecast does not expect this to continue beyond 2019/20. Like the IBCF this will be funded through business rates retention.

3.8 Announced in the Government's 2018 Autumn Budget was additional funding for both Adults and Children's Social Care. Included within the Council's 2019/20 budget will be grant funding of £0.639m for dealing with winter care pressures within Adult Social Care and £1.092m for wider social care measures. This funding will be included in the Council budget for Children's Social Care to help fund existing pressures within the Service.

3.9 Announced at the time of the 2019/20 provisional finance settlement was one–off funding of £0.545m relating to a surplus generated on the national business rate retention levy account. Government allocated these funds nationally based on percentage shares of Councils Settlement Funding Assessments.

3.10 Pay rates for 2018/19 and 2019/20 have been agreed and the budget provides for the increased cost of these pay awards, including the additional element for changes to the bottom tiers of the pay spine.

3.11 The main risk to the Council's budget over the next year continues to be children in care costs within the Children and Families Department. The additional £1.092m Government grant will help towards meeting additional costs and initiatives are developing to help control and reduce costs where possible. In an aim to reduce costs relating to out of borough residential placements and fostering, plans are in place for the Council to increase the number of in-house foster carers. The Council have joined a collaborative fostering service with Cheshire West and Chester, Cheshire East and Warrington Councils. The aim being to increase the number of foster carers and improve the quality of service offered across all authorities. In December, the Council's Executive Board approved granting 100% council tax discount to all foster carers within the Borough from April 2019.

3.12 Government have reacted to Local Government's increasing costs associated with the aging population, by providing an additional £0.639m to Halton in both 2018/19 and 2019/20 to help deal with the pressures over the Winter period. Whilst this is welcome it doesn't address the wider financial issues on Adult Social Care services. The budget provides for above inflation increases to help meet the cost of the national living wage within Social Care provider contracts. The Council continues to work closely with Halton Clinical Commissioning Group (HCCG) and to help deal with the current year's financial pressures a Financial Recovery Action Plan was instigated and a Working Group established to identify ways of mitigating the budget pressures. The Working Group continues to look at ways of reducing spend whilst ensuring the needs of clients continue to be met

3.13 It is considered prudent for the budget to include a general contingency of £1.0m. At this stage it is considered sufficient to cover the potential for price changes, increases in demand led budgets, as well as a general contingency for uncertain and unknown items.

3.14 The Local Government Act 2003 places a requirement on the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In my view the budget setting process and the information provided should be sufficient to allow the Council to come to an informed view regarding the 2019/20 budget, capital programme and council tax. Balances and reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events.

Local Government Finance Settlement

3.15 The Government announced on 29 January 2019 the 2019/20 Final Local Government Finance Settlement, which was broadly in line with the Provisional Settlement announced on 13 December 2018.

3.16 As part of the Liverpool City Region, the Council will continue to participate in a pilot scheme of 100% business rates retention. Government have reiterated the pilot scheme will operate under a "No Detriment" policy, in that no council operating as part of the pilot will see a reduction in their funding in comparison to what it would have received under the 49% national scheme. The pilot will result in additional business rates being retained by the Council although offset by Revenue Support and Better Care Fund grants no longer being received.

3.17 From 2020/21 the Business Rates Retention Scheme will be amended on a national basis, with the level of retained rates for each Council being set at 75%. In conjunction with this Government will undertake a review of needs and resources of Local Government, the first review since April 2013 and will also reconsider the business rate "baselines" for each council. The following two consultations were issued on 13 December 2018 to which the Council will respond both individually and as part of joint responses by Sigoma and the Liverpool City Region.

- Fair Funding Review - "A review of local authorities' relative needs and resources - Technical consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements."

- Business Rates Retention – "Business Rates Retention Reform - Sharing risk and reward, managing volatility and setting up the reformed system."

3.18 For 2019/20 the Council's total Government Settlement Funding Allocation is £51.002m. This is made up of £46.106m Business Rates Baseline Funding and Top-Up grant of £4.896m. The reduction in the Settlement Funding Assessment from 2018/19 is £1.680m or 3.2%

3.19 The Government's Spending Power analysis calculates that over the period 2011/12 to 2019/20, in cash terms there has been a reduction in funding for Halton of £34.4m or 24.6%. This compares with a national average reduction over the same period of 15.7%.

3.20 The Council is required to provide an annual forecast of business rates to Government by the end of January of the preceding year. The forecast has been undertaken and the Council expect net collectable rates to be £51.007m for 2019/20. This is before allowing £4.409m set aside to fund the cost of any potential deficit which may exist within the Liverpool City Region business rate pilot scheme.

3.21 As far as non-domestic premises are concerned, the multiplier rate is fixed centrally by Government and then applied to each premises' rateable value. For 2019/20 the multiplier rate has been set at 50.4p in the pound and 49.1p in the pound for small businesses.

3.22 Government has announced a new 2019/20 relief scheme for retail properties that have a rateable value of below £51,000. Under the scheme, eligible ratepayers will receive a one third discount of their annual chargeable amount.

3.23 The 2015 Spending Review announced that for the remainder of the current Parliament, local authorities responsible for Adult Social Care will be given the flexibility to place a precept on council tax, to be used towards the funding shortfall for Adult Social Care. This was offered in recognition of increased pressure on Council budgets due to Adult Social Care demographic changes and cost increases such as the National Living Wage.

3.24 In 2016/17 the Council set an Adult Social Care precept level of 2%. For the three years from 2017/18 to 2019/20 Government extended the flexibility in order that councils could apply a further precept of up to 6% over the period, with a limit of 3% being in place for the first two years and a limit of 2% for 2019/20. In 2017/18 and 2018/19 the Council set Adult Social Care precept levels of 3% in each of the years. No further increase can therefore be applied to the precept for 2019/20.

Budget Outlook

3.25 Beyond 2019/20 there is great uncertainty regarding the funding of Local Government, due to the potential impact of a number of changes to the local government funding regime and other associated areas. There is therefore more uncertainty regarding the Council's funding resources in 2020/21 than there has been at any point during the last 10 years.

3.26 The impact of the following developments will have to be assessed when considering the 2020/21 budget and beyond. Further information will be known as we progress through the next year:

- Fair Funding Review – A review of how cumulative Local Government funding should be apportioned between Councils. The last review was in April 2013 and since then reductions made to Local Government funding have been made on a percentage basis. This has had the impact of protecting those authorities less reliant on Government grant funding with those councils who are more reliant (such as Halton) have had to deal with the larger reductions in funding on a per capita basis.
- 75% Business Rate Retention – Government have confirmed that from 2020/21 the percentage share of retained rates at a local level will be 75%. It is unclear how this will impact on pilot authorities, such as Halton, if they will continue at 100% or switch to 75% retention.
- Business Rates Baseline Reset – It is proposed there will be a reset of the business rates baseline in April 2020, which could work against Halton and similar authorities who have seen significant growth in business rates since the current baseline was set in 2013. It is not yet known if there will be a transition process put in place to protect authorities from excessive losses in funding from an increase to the baseline position.
- 2019 Public Spending Review – The next medium term review of public spending for the period from 2020 is expected to be announced in 2019.
- Pension Triennial Review – The next pension review will take effect from April 2020.
- Social Care Green Paper – This was expected to be announced by Government in the Summer of 2018 but has been delayed. It is uncertain what impact this will have on the future of Local Government funding.

3.27 The Medium Term Financial Strategy has been updated to take into account the 2019/20 Local Government Finance Settlement, multi-year allocations and saving measures already agreed or proposed.

3.28 The resulting funding gap over the subsequent three financial years (2020/21 to 2022/23) is forecast to be in the region of £26.104m. The approach to finding these savings will be the continuation of the budget strategy of:

- Progressing the Efficiency Programme.
- Reviewing the portfolio of land and assets, including the use of buildings, in accordance with the Accommodation Strategy.
- Continuing to seek improved procurement.
- Reviewing terms and conditions of staff (subject to negotiation).

- Offering staff voluntary early retirement and voluntary redundancy under the terms of the Staffing Protocol.
- Reducing the cost of services either by reducing spend through greater efficiency or increasing income.
- Partnership working, collaboration and sharing of services with other councils and other organisations.
- Ceasing to deliver certain lower priority services.
- Increase the level of the council tax and business rate base position.

Halton's Council Tax

3.29 The Government no longer operate council tax capping powers, but instead there is a requirement for councils to hold a local referendum if they propose to increase council tax by more than a percentage threshold prescribed by the Government.

3.30 The Government have confirmed the council tax referendum threshold at 3% for 2019/20.

3.31 On 12 December 2018 the Council's Executive Board agreed council tax premiums for empty properties be applied as follows:

- From 1 April 2019, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished for more than two years.

- From 1 April 2020, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, and 200% premium for dwellings unoccupied for more than five years.

- From 1 April 2021, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, 200% for dwellings unoccupied between five and ten years, and 300% for properties unoccupied for more than ten years.

3.32 The tax base (Band D equivalent) for the Borough has been set by Council at 34,950.

3.33 The combined effect of the budget proposals presented within this report, Government grant support, business rate retention and the council tax base, requires the Council to set a Band D council tax for Halton of £1,419.08 (equivalent to £27.29 per week), in order to deliver a balanced budget for 2019/20 as required by statute. This is an increase of 2.99% (£41.20 per annum or £0.79 per week) over the current year.

Parish Precepts

3.34 The Parish Councils have set their precepts for the year as shown below, with the resultant additional Council Tax for a Band D property in these areas being as follows:

	Precept	Precept Increase		Additional Council Tax	Basic Council Tax
	£	£	%	£	£
Hale	43,225	0	0%	65.49	1,484.57
Daresbury	4,935	235	5.0%	28.53	1,447.61
Moore	4,752	226	5.0%	14.44	1,433.52
Preston Brook	11,788	458	4.0%	32.84	1,451.92
Halebank	20,905	3,797	22.2%	39.74	1,452.82
Sandymoor	32,559	3,444	11.8%	26.78	1,445.86

Average Council Tax

3.35 In addition, it is also necessary to calculate the average Council Tax for the area as a whole. This is the figure required by Government and used for comparative purposes. For a Band D property the figure is £1,442.46, an increase of £41.39 per annum.

Police Precept

3.36 The Cheshire Police and Crime Commissioner has set the precept on the Council at £7.005m which is £200.44 for a Band D property, an increase of £24.00 or 13.6%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

3.37 The Cheshire Fire Authority has set the precept on the Council at £x.xxm which is £xx.xx for a Band D property, an increase of £x.xx or x.xx%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Liverpool City Region Mayoral Precept

3.38 The Liverpool City Region Combined Authority has set the precept on the Council at £0.664m which is £19.00 for a Band D property, 2019/20 being the first year a precept has been applied by the authority. The figures for each Band are shown in Recommendation 7 in Appendix A.

Total Council Tax

3.39 Combining all these figures will give the Total Council Tax for 2019/20 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £x,xxx.xx an increase of £xx.xx or x.xx%. The inclusion of parish precepts means the increase in Hale is x.xx%, in Daresbury is x.xx%, in Moore is x.xx%, in Preston Brook is x.xx%, in Halebank is x.xx% and in Sandymoor is x.xx%.

3.40 It is expected that Halton's total council tax will continue to be amongst the lowest in the North West. Given that nearly half of all properties in the Borough are in Band A, and also 82% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced council tax bills through discounts, and these adjustments will be shown on their bills.

3.41 A complex set of resolutions, shown in Appendix A, needs to be agreed by Council to ensure that the Budget and Council Tax level are set in a way which fully complies with legislation, incorporating changes required under the Localism Act 2012.

Capital Programme

3.42 The following table brings together the existing capital programme spend and shows how the capital programme will be funded.

	2019/20	**2020/21**	**2021/22**
	£000	£000	£000
Spending			
Scheme estimates	20,364.70	5,847.50	5,098.00
Slippage between years	556.60	4,448.30	2,903.40
	20,921.30	10,295.80	8,001.40
Funding			
Borrowing and Leasing	10,590.80	2,659.60	2,643.00
Grants and External Funds	5,775.90	1,228.90	586.00
Direct Revenue Finance	272.00	0.00	0.00
Capital Receipts	3,726.00	1,959.00	1,869.00
Slippage between years	556.60	4,448.30	2,903.40
	20,921.30	10,295.80	8,001.40

3.43 The committed Capital Programme is shown in Appendix F.

3.44 As the Capital Programme is fully committed, there are no funds available for new capital schemes unless external funding is available or further savings are identified to cover capital financing costs.

Prudential Code

3.45 The Local Government Act 2003 introduced the Prudential Code which provides a framework for the self-regulation of capital expenditure. The key objectives of the Code are to ensure that the Council's:

- capital expenditure plans are affordable;
- external borrowing is within prudent and sustainable levels;
- treasury management decisions are taken in accordance with good professional practice; and
- there is accountability through providing a clear and transparent framework.

3.46 To demonstrate that councils have fulfilled these objectives, the Prudential Code sets out a number of indicators which must be used. These are included in the Treasury Management Strategy report elsewhere on the Agenda. The prudential indicators are monitored throughout the year and reported as part of the Treasury Management monitoring reports to the Executive Board.

School Budgets

3.47 Schools are fully funded by Government Grants, primarily the Dedicated Schools Grant (DSG) which is mainly used to fund the Individual School Budgets. DSG is now allocated in four blocks; Schools Block, Central Schools Services Block, Early Years Block and High Needs Block. The funding is allocated to schools by way of a formula in accordance with the National Funding Formula introduced in 2018/19 with transitional protection.

3.48 Schools Block pupil numbers in mainstream primary and secondary schools have increased from 17,957 for 2018/19 to 18,148 for 2019/20. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2018 census. The DSG settlement was announced on 17 December 2018 giving a total of £86,931,157 for the Schools Block for 2019-20. This includes an amount of £475,302 for 'growth funding'. Overall funding for the Schools Block has increased from £83.897m to £86,931m.

3.49 The Central Schools Services Block (CSSB) was split from the Schools Block for the first time in 2018/19, following the introduction of the ring-fenced requirement for the Schools Block to be wholly passed to primary and secondary schools, with the exception of the 1% to High Needs (which at the time of writing the report' approval for the 1% transfer is awaited from DfE). There are regulations in place which limit what the CSSB grant can be used for and limit budgets to the same level as previous years. The CSSB includes budgets that are de-delegated from maintained schools. As more schools convert to academy status, so the de-delegated funds are reduced, unless schools are asked to contribute a higher amount.

3.50 The Early Years Block allocation for 2018/19 was £9.479m and the indicative Early Years Block grant for 2019/20 is £9.629m. The hourly rate the Council are funded at, as opposed to the hourly rate we pay providers, is reducing slightly from £5.13 per hour to £5.12 per hour.

3.51 The High Needs Block for 2018/19 was £16.189m which increases to £16.771m for 2019/20. However, from this figure the Council will have £2.907m recouped by the Department for Education for commissioned places in special academies & independent special schools, leaving £13.864m available.

3.52 Following consultation with schools and with Schools Forum agreement, a disapplication request was submitted to the DfE to transfer 1% from the Schools Block to the High Needs Block, totalling £869,311. At the time of writing the Council has not been informed if the submission has been accepted or refused.

3.53 As in previous years, at the time of writing the High Needs block budget has not been calculated and will not be finalised until March 2019. However, at the moment there is an estimated budget requirement of £14,706,911 (after recoupment), resulting in a funding gap of £842,884.

3.54 The DfE announced on 16 December 2018 that an additional £250M would be passed to local authorities over two years (2018-19 and 2019-20) as additional funding for the High Needs Block. It has been allocated based on the ONS projections for the 2 to 18 year old population in each local authority. The allocation for Halton is £296,390 for each year, a total of £592,780 over the two years. The additional funding for 2019-20 will reduce the funding gap to £546,494. The 1% transfer from Schools Block of £869,311 will then give a surplus of £322,817. For 2018/19 there is a deficit balance in the region of £753,787 leaving an overall net deficit of £430,970.

3.55 The Minimum Funding Guarantee has been agreed by Schools Forum to continue at minus 1.5% as in previous years.

3.56 The Pupil Premium remains at £1,320 per Primary pupil who are or have been eligible for Free School Meals in the last six years. For Secondary pupils this remains at £935 per pupil. Children who have been adopted from care and children who leave care under a special guardianship order or residence order will be funded at £2,300 per pupil. Eligibility for the Service Children Premium remains at £300 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,300 per pupil. The Pupil Premium will be added to school budgets on top of the Minimum Funding Guarantee.

4.0 POLICY IMPLICATIONS

4.1 The Council's budget will support the delivery of all of the Council's services.

5.0 FINANCIAL IMPLICATIONS

5.1 The financial implications relating to the Council's budget are as set out within the report and appendices.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

The budget will support the Council in achieving the aims and objectives set out in the Community Strategy for Halton and the Council's Corporate Plan and has been prepared in consideration of the priorities listed below.

6.1 **Children and Young People in Halton**

6.2 **Employment, Learning and Skills in Halton**

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

7.1 The budget is prepared in accordance with detailed guidance and timetable to ensure the statutory requirements are met and a balanced budget is prepared that aligns resources with corporate objectives.

7.2 A number of key factors have been identified in the budget and a detailed risk register has been prepared. These will be closely monitored throughout the year and the Contingency and the Reserves and Balances Strategy will help to mitigate the risks.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Equality Impact Assessments will be undertaken in relation to the individual savings proposals as required.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Local Government Finance Report (England) 2019/20	Financial Management Kingsway House	Steve Baker

10.0 REASON FOR THE DECISION

10.1 To seek approval for the Council's revenue budget, capital programme and council tax for 2019/20.

11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

11.1 In arriving at the budget saving proposals set out in Appendix B, numerous proposals have been considered, some of which have been deferred pending further information or rejected.

12.0 IMPLEMENTATION DATE

12.1 6 March 2019.

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 06 March 2019

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2019/20, the savings set out in Appendix B and the Capital Programme set out in Appendix F.

2. That it be noted that at the meeting on 12 December 2018 the Council agreed the following:

   (a) The Council Tax Base 2019/20 for the whole Council area is 34,950 (item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act) and

   (b) For dwellings in those parts of its area to which a Parish precept relates, be set out as follows:

Parish	Tax Base
Hale	660
Daresbury	173
Moore	329
Preston Brook	359
Halebank	526
Sandymoor	1,216

   being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which special items relate.

3. Calculate that the Council Tax requirement for the Council's own purposes for 2019/20 (excluding Parish precepts) is £49,596,846.

4. In accordance with the relevant provisions of the Local Government Finance Act 1992 (Sections 31 to 36), the following amounts be now calculated by the Council for the year 2019/20 and agreed as follows:

   (a) £384,739,650 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the said Act, taking into account all precepts issued to it by Parish Councils.

(b) £335,024,640– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £49,715,010 – being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).

(d) £1,422.46– being the amount at 3(c) above (item R), all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £118,164 – being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual Parish precept being:

	£
Hale	43,225
Daresbury	4,935
Moore	4,752
Preston Brook	11,788
Halebank	20,905
Sandymoor	32,559

(f) £1,419.08 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(g) <u>Part of the Council's Area</u>

	£
Hale	65.49
Daresbury	28.53
Moore	14.44
Preston Brook	32.84
Halebank	39.74
Sandymoor	26.78

being the amounts given by adding to the amounts at 3(e) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings of its area to which one or more special items relate.

(h) Part of the Council's Area

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	989.71	965.07	955.68	967.94	972.55	963.90	946.05
B	1,154.67	1,125.92	1,114.96	1,129.27	1,134.64	1,124.55	1,103.73
C	1,319.62	1,286.76	1,274.24	1,290.59	1,296.73	1,285.20	1,261.40
D	**1,484.57**	**1,447.61**	**1,433.52**	**1,451.92**	**1,458.82**	**1,445.86**	**1,419.08**
E	1,814.48	1,769.30	1,752.08	1,774.56	1,783.01	1,767.16	1,734.43
F	2,144.38	2,090.99	2,070.65	2,097.21	2,107.19	2,088.46	2,049.78
G	2,474.29	2,412.68	2,389.21	2,419.86	2,431.37	2,409.76	2,365.13
H	2,969.14	2,895.21	2,867.05	2,903.83	2,917.65	2,891.71	2,838.16

being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. It is further noted that for the year 2019/20 the Cheshire Police and Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

	£
A	133.63
B	155.90
C	178.17
D	200.44
E	244.98
F	289.52
G	334.07
H	400.88

6. It is further noted that for the year 2019/20 the Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	?
B	?
C	?
D	?
E	?
F	?
G	?
H	?

7. It is further noted that for the year 2019/20 the Liverpool City Region Combined Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	12.67
B	14.78
C	16.89
D	19.00
E	23.22
F	27.44
G	31.67
H	38.00

8. That, having calculated the aggregate in each case of the amounts at 4h, 5, 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following

amounts as the amounts of Council Tax for the year 2019/20 for each of the categories of dwellings shown below:

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	?	?	?	?	?	?	?
B	?	?	?	?	?	?	?
C	?	?	?	?	?	?	?
D	**?**	**?**	**?**	**?**	**?**	**?**	**?**
E	?	?	?	?	?	?	?
F	?	?	?	?	?	?	?
G	?	?	?	?	?	?	?
H	?	?	?	?	?	?	?

being satisfied that:

(a) The total amount yielded by its Council Taxes for the said financial year will be sufficient, so far as is practicable, to provide for items mentioned at 4(a) to (c) above; and, to the extent that they are not, to be provided for by any other means.

(b) Those amounts which relate to a part only of its area will secure, so far as is practicable, that the precept or portion of a precept relating to such part will be provided for only by the amount yielded by such of its Council Taxes as relate to that part.

8. The Operational Director Finance be authorised at any time during the financial year 2019/20 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m on an individual bank account (£0.5m net across all bank accounts) as the Council may temporarily require.

APPENDIX B

SAVINGS PROPOSALS – 2nd SET

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
PEOPLE DIRECTORATE							
INCOME GENERATION OPPORTUNITIES							
1	Adult Social Care Department	Service provision to other local authorities.	**N/A**	**100**	**-100**	**T**	**D**
EFFICIENCY OPPORTUNITIES							
2	Adult Social Care Department	One-off saving from efficiencies made in the previous year.	**500**	**500**	**-500**	**T**	**D**
3	Adult Social Care Department	Deletion of a vacant Commissioning Manager post.	**61**	**61**	**0**	**P**	**M**
4	Children & Families Dept / Childrens' Locality Services	Review of how Childrens' Centre provision is delivered across the Borough.	**362**	**200**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE							
SHARED SERVICES / PARTNERSHIP ARRANGEMENTS							
5	ICT & Support Services Dept	Additional income from the provision of ICT services to other councils and external organisations.	**N/A**	**250**	**0**	**P**	**D**
EFFICIENCY OPPORTUNITIES							
6	Legal & Democratic Services Dept / Marketing & Communications	Deletion of a vacant 0.5fte Design Assistant post from the Communications and Marketing Team.	**313**	**15**	**0**	**P**	**D**
7	Finance Dept / Revenues and Financial Management Div	Deletion of a vacant Revenues Officer post in the Council Tax Team.	**500**	**23**	**0**	**P**	**M**
8	PP&T Dept/ Logistics Div	Reduction in the vehicle parts budget achieved as a result of efficiency measures.	**273**	**10**	**0**	**P**	**D**
9	PP&T Dept/ Logistics Div	Reduction in costs from bringing certain external transport contracts in-house.	**946**	**20**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
CORPORATE							
OTHER BUDGET SAVINGS							
10	Corporate	Utilisation of monies identified from regular audits of direct payments funding.	**10,500**	**300**	**0**	**P**	**M**
11	Corporate	Release of the LCR business rates pilot reserve held in case any of the councils failed to generate their baseline level of business rates.	**2,428**	**2,428**	**-2,428**	**T**	**D**
12	Corporate	Additional one-off grant funding received from Government from the distribution of surplus business rates levy and safety net funding.	**n/a**	**540**	**-540**	**T**	**D**
13	Corporate	Additional New Homes Bonus grant received.	**n/a**	**150**	**0**	**P**	**D**
		TOTAL PERMANENT SAVINGS **TOTAL TEMPORARY (ONE-OFF) SAVINGS**		**1,029** **3,568**	**0** **-3,568**		
		GRAND TOTAL		**4,597**	**-3,568**		

APPENDIX C

DEPARTMENTAL OPERATIONAL BUDGETS

	£000
People Directorate	
Children and Families Service	20,022
Education, Inclusion & Provision	4,786
Adult Social Care	16,837
Complex Care Pooled Budget	21,978
Public Health & Public Protection	-62
	63,561
Enterprise, Community & Resources Directorate	
Finance	6,554
Policy, Planning & Transportation	9,327
ICT & Support Services	7,902
Legal & Democratic Services	1,866
Policy, People, Performance & Efficiency	1,882
Community and Environment	13,868
Economy, Enterprise and Property	4,541
	45,940
Departmental Operational Budgets	**109,501**
Corporate and Democracy	-880
Total Operational Budget	**108,621**

APPENDIX D

2019/20 BUDGET – REASONS FOR CHANGE

	£000
2017/18 Approved Budget	109,227
Add back One-Off savings	1,980
	111,207
Policy Decisions	
Capital Programme	-307
Inflation and Service Demand Pressures	
Pay (including Increments)	4,201
Prices	1,785
Income	-445
Other	
Net Adjustment to Specific Grants	-2,210
Contingency	1,000
Business Rates Retention Scheme	2,298
Children and Families Service Pressures funded by Social Care Grant	1,092
Base Budget	**118,621**
Less Savings (Including savings agreed by Council 12 December 2018)	-10,000
Total 2018/19 Budget	**108,621**

APPENDIX E

MEDIUM TERM FINANCIAL FORECAST

	2020/21 £000	2021/22 £000	2022/23 £000
Spending			
Previous Year's Budget	108,621	101,714	102,837
Add back one-off savings	4,818	0	0
Inflation			
Pay	1,789	1,716	1,750
Prices	1,525	1,556	1,587
Income	-613	-625	-638
Other			
Capital Financing	200	200	200
Contingency	1,500	2,000	2,500
Domiciliary / Reablement Care – External Provider Costs	800	0	0
Additional Better Care Fund	-904	0	0
Reduction to New Homes Bonus Grant	112	112	287
Social Care Grant	1,092	0	0
Use of Reserves	0	500	0
Budget Forecast	118,940	107,173	108,523
Resources			
Retained Business Rates	52,027	49,068	50,129
Forecast loss through Business Rate Baseline and Fair Funding Review	-4,000	0	0
Top Up Funding	4,090	4,172	4,255
Council Tax	49,597	49,597	49,597
	101,714	102,837	103,981
Funding Gaps	**17,226**	**4,336**	**4,542**

APPENDIX F

COMMITTED CAPITAL PROGRAMME 2019/22

SCHEME	2019/20 £000	2020/21 £000	2021/22 £000
Schools Capital Projects	2,028.8	642.9	-
ALD Bungalows	199.0	-	-
Disabled Facilities Grant	500.0	-	-
Adapted Properties	290.0	-	-
Orchard House	317.0	-	-
People Directorate	**3,334.8**	**642.90**	-
Stadium Minor Works	30.0	30.0	30.0
Children's Playground Equipment	65.0	65.0	65.0
Landfill Tax Credit Schemes	340.0	340.0	340.0
Upton Improvements	13.0	-	-
Runcorn Hill Park	0.0	-	-
Crow Wood Park Play Area	5.0	-	-
Open Spaces Schemes	180.0	-	-
Peelhouse Lane Cemetery	500.0	90.0	-
Pheonix Park	13.7	-	-
Victoria Park Glass House	73.0	-	-
Sandymoor Playing Fields	500.0	-	-
Widnes & Runcorn Cemeteries - garage & storage	20.0	-	-
Runcorn Town Park	280.0	280.0	280.0
Litter Bins	20.0	20.0	20.0
Community Shop	50.0	-	-
Libraries IT equipment	95.0	-	-
IT Rolling Programme	700.0	700.0	700.0
3MG	100.0	-	-
Widnes Waterfront (Including Bayer)	1,000.0	-	-
Equality Act Improvement Works	300.0	300.0	300.0
Widnes Market Refurbishment	29.0	-	-
Solar Farm	1,177.5	-	-
Street Lighting - Structural Maintenance	200.0	200.0	200.0
Street Lighting – Upgrades	1,000.0	1,799.6	
Widnes Loops	4,227.2	-	-
SUD	800.0	-	-
Risk Management	296.5	120.0	120.0
Fleet Replacements	1,515.0	1,260.0	3,043.0
Early Land Acquisition Mersey Gateway	3,500.0	-	-
Economy, Community & Resources Directorate	**17,029.9**	**5,204.6**	**5,098.0**
Total Capital Programme	**20,364.7**	**5,847.5**	**5,098.0**
Slippage between years	**556.6**	**4,448.3**	**2,903.4**
GRAND TOTAL	**20,921.3**	**10,295.8**	**8,001.4**

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
TITLE:	Treasury Management Strategy Statement 2019/20
WARDS:	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Treasury Management Strategy Statement which incorporates the Annual Investment Strategy (AIS) and the Minimum Revenue Provision (MRP) Strategy for 2019/20.

2.0 RECOMMENDATION: That Council be recommended to adopt the policies, strategies, statements, prudential and treasury indicators outlined in the report.

3.0 SUPPORTING INFORMATION

3.1 This Treasury Management Strategy Statement (TMSS) details the expected activities of the treasury function in the forthcoming financial year (2019/20). Its production and submission to Council is a requirement of the CIPFA Prudential Code and the CIPFA Treasury Management Code.

3.2 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3.3 The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.4 Government guidance notes state that authorities can combine the Treasury Strategy Statement and Annual Investment Strategy into one report. The Council has adopted this approach and the Annual Investment Strategy is therefore included as section 4.

3.5 The Council is also required to produce a Minimum Revenue Provision (MRP) Policy Statement. There is a formal statement for approval detailed in paragraph 2.3 and the full policy is shown in Appendix A

4.0 POLICY IMPLICATIONS

4.1 The successful delivery of the Strategy will assist the Council in meeting its budget commitments.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 There are no direct implications, however, the revenue budget and capital programme support the delivery and achievement of all the Council's priorities.

7.0 RISK ANALYSIS

7.1 The Authority operates its treasury management activity within the approved code of practice and supporting documents. The aim at all times is to operate in an environment where risk is clearly identified and managed. This strategy sets out clear objectives within these guidelines.

7.2 Regular monitoring is undertaken during the year and reported on a half-yearly basis to the Executive Board.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	**Place of Inspection**	**Contact Officer**
Working Papers	Financial Management	Matt Guest
CIPFA TM Code	Kingsway House	
CIPFA Prudential Code		

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2019/20

Revenues and Financial Management Division
Finance Department
February 2019

TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

Halton Borough Council has not engaged in any commercial investments and has no non-treasury investments.

1.2 Reporting requirements

Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed

- the implications for future financial sustainability

The aim of this capital strategy is to ensure that Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting

The Council is required to receive and approve the following reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - which covers:

- The capital plans (including prudential indicators)
- A minimum revenue provision (MRP) policy - how residual capital expenditure is charged to revenue over time
- The treasury management strategy – how the investment and borrowing are organised, including treasury indicators
- An investment strategy – the parameters of how investments are to be managed

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Executive Board.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues

- the capital plans and the prudential indicators
- the minimum revenue provision (MRP) policy

Treasury Management Issues

- The current treasury position
- Treasury indicators which limit the treasury risk and activities of the Council
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- Debt rescheduling
- The investment strategy

- Creditworthiness policy
- Policy on use of external service providers

These elements cover the requirement of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny and therefore training was undertaken by Members in February 2018. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Link Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22

The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

2.1 Capital Expenditure

This prudential indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below shows planned capital spend by directorate and summarises how these plans are being financed by capital or revenue resources, any shortfall of resources results in the need to borrow.

Table 1 – Capital Expenditure

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Expenditure:					
People	4,624	4,112	3,335	643	-
Enterprise, Community & Resources	100,040	38,241	16,230	5,204	5,098
	104,664	**42,353**	**19,565**	**5,847**	**5,098**
Financed By:					
Capital receipts	(5,895)	(6,321)	(3,726)	(1,959)	(1,869)
Capital grants	(12,935)	(22,366)	(4,976)	(1,229)	(586)
Revenue	(627)	(553)	(272)	-	-
Net financing need for the year	**85,207**	**13,113**	**10,591**	**2,659**	**2,643**

The above financing need excludes other long term liabilities such as PFI and leasing arrangements which already include borrowing instruments.

The majority of additional borrowing during 17/18 and subsequent increase in the Capital Financing Requirement was mainly as a result of Council investment in the Mersey Gateway. This additional borrowing will be repaid from future toll incomes and will be at no cost to the Council.

2.2 The Council's borrowing need – The Capital Financing Requirement

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with the life of each asset, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

Table 2 – Capital Financing Requirement

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Financing Requirement	**167,975**	**890,921**	**889,540**	**885,076**	**872,015**
Movement in CFR due to:					
Net financing need for the year	85,207	13,113	10,591	2,659	2,643
PFI / finance leases	-	100	100	100	100
Mersey Gateway unitary charge	643,812	-	-	-	-
Less Minimum Revenue Provision	(6,073)	(14,594)	(15,155)	(15,820)	(16,248)
Increase / (Decrease) in CFR	**722,946**	**(1,381)**	**(4,464)**	**(13,061)**	**(13,505)**

2.3 Minimum revenue provision (MRP) statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge called the Minimum Revenue Provision (MRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The full statement is detailed in Appendix A.

The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 the MRP policy will be to follow Option 1 (regulatory method), which will be charged on a 2% straight line basis.

For all unsupported borrowing since 1 April 2008, the MRP policy will be Option 3 (Asset Life Method) and is based on the estimated life of the assets. This will usually be charged using the equal instalment method, but the annuity method may also be used.

One exception to the above is expenditure that the Council has incurred on the construction of the Mersey Gateway Bridge. As this debt will be repaid from future toll income the Council will not charge any MRP on this expenditure until the income is received. When received, MRP payments will be matched with income received thus having little impact on the Council's revenue budget.

The MRP relating to PFI schemes, finance leases and Mersey Gateway unitary charge payments will be based on the annual lease payment, and will have no direct impact on the Council's revenue budget.

2.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

2.5 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing net of investment income) against the net revenue stream.

Table 3 – Ratio of financing costs to net revenue stream

Ratio of finance costs to net revenue stream	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Council's net budget	**103,249**	**109,227**	**108,621**	**101,714**	**102,836**
Finance Costs					
Net interest costs	535	(513)	(377)	(365)	(353)
Minimum Revenue Provision	1,536	2,267	2,027	2,036	1,752
	2,071	**1,754**	**1,650**	**1,671**	**1,399**
	2.0%	**1.6%**	**1.5%**	**1.6%**	**1.4%**

Interest costs relating to the Mersey Gateway project and have been excluded from the above estimates as these will not be a cost on the Council's revenue budget. The MRP and Interest cost relating to PFI schemes and finance leases do not add any additional cost to the revenue budget, so have also been excluded.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2018 and the position as at 31 December 2018 are shown below for borrowing and investments.

Table 4 – Current Portfolio Position

	31st March 2018		31st December 2018	
	£000	%	£000	%
Treasury Investments				
UK banks and building societies	41,450	45%	35,110	28%
Non-UK banks	5,000	5%	26,500	21%
Local authorities	35,000	38%	45,000	36%
Property funds	5,000	5%	5,000	4%
Money market funds	-	0%	10,000	8%
Property funds	5,000	5%	5,000	4%
Total	**91,450**	**100%**	**126,610**	**100%**
Treasury External Borrowing				
Public Works Loans Board (PWLB)	(162,000)	94%	(162,000)	94%
Other long term borrowoing	(10,000)	6%	(10,000)	6%
Total	**(172,000)**	**100%**	**(172,000)**	**100%**
Net treasury investments / (borrowing)	**(80,550)**		**(45,390)**	

The Council's treasury portfolio position at 31 March 2018, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 5 – External debt

External debt	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Borrowing					
Debt at 1 April	153,000	172,000	172,000	172,000	172,000
Expected change in debt	19,000	-	-	-	-
Debt at 31 March	**172,000**	**172,000**	**172,000**	**172,000**	**172,000**
Other long-term liabilities					
Debt at 1 April	21,029	660,738	648,511	635,484	621,700
Expected change in debt	639,079	(12,227)	(13,027)	(13,784)	(14,496)
Debt at 31 March	**660,738**	**648,511**	**635,484**	**621,700**	**607,204**
Total external debt at 31 March	**832,738**	**820,511**	**807,484**	**793,700**	**779,204**
Capital Financing Requirement	**890,921**	**889,540**	**885,076**	**872,015**	**858,510**
Under / (over) borrowing	**58,183**	**69,029**	**77,592**	**78,315**	**79,306**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years.

This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Table 6 – Operational Boundary

Operational boundary	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	192,000	192,000	192,000	192,000
Other long term liabilities	664,312	649,500	635,000	622,500
Operational boundary	**856,312**	**841,500**	**827,000**	**814,500**
Total external debt at 31 March	832,738	820,511	807,484	793,700
Estimated headroom	**23,574**	**20,989**	**19,516**	**20,800**

The authorised limit for external debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Table 7 – Authorised Limit

Authorised limit	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	226,609	240,040	250,076	249,515
Other long term liabilities	664,312	649,500	635,000	622,500
Total	**926,312**	**889,540**	**885,076**	**872,015**
Total external debt at 31 March	820,511	807,484	793,700	779,204
Estimated headroom	**105,801**	**82,056**	**91,376**	**92,811**

3.3 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view:

Table 8 – Interest rate forecast

Quarter average	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar-19	0.75	2.1	2.5	2.9	2.7
Jun-19	1.00	2.2	2.6	3.0	2.8
Sep-19	1.00	2.2	2.6	3.1	2.9
Dec-19	1.00	2.3	2.7	3.1	2.9
Mar-20	1.25	2.4	2.8	3.3	3.0
Jun-20	1.25	2.4	2.9	3.3	3.1
Sep-20	1.25	2.5	2.9	3.3	3.1
Dec-20	1.50	2.5	3.0	3.4	3.2
Mar-21	1.50	2.6	3.0	3.4	3.2
Jun-21	1.75	2.6	3.1	3.5	3.3
Sep-21	1.75	2.7	3.1	3.5	3.3
Dec-21	1.75	2.8	3.2	3..6	3.4
Mar-22	2.00	2.8	3.2	3.6	3.4

Overview

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Federal Reserve has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Federal Reserve rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Federal Reserve was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position which means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Operational Director - Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Council's investment policy has regard to the following:

- MGCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, liquidity second, then yield.

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. These are split into specified and non-specified investments, as detailed below:

   Specified investments
   These are sterling denominated with maturities up to a maximum of 1 year and include the following:
   - Debt Management Agency deposit facility
   - UK Government gilts
   - Bonds issued by an institution guaranteed by the UK Government
   - Term deposits – UK Government
   - Term deposits – other local authorities
   - Term deposits - banks and building societies
   - Certificates of deposit with banks and building societies

- Money market funds (rated AAA)

Non-specified investments
These are investments that do not meet the specified investment criteria. A variety of investment instruments can be used, subject to the credit quality of the institution:

- Term deposits – UK Government (maturities over 1 year)
- Term deposits – Other local authorities (maturities over 1 year)
- Term deposits – Banks and building societies (maturities over 1 year)
- Certificates of deposit with banks and building societies (maturities over 1 year)
- Property funds

5. Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being 30% of the total investment portfolio at the time of investing.

6. Lending limits, (amounts and maturity), for each counterparty will be set through applying the creditworthiness policy detailed in 4.2, and the Counterparty Limits detailed in 4.4.

7. This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 4.4).

8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).

9. This authority has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

10. All investments will be denominated in sterling.

11. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1/4/18)

4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit ratings agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy counties

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This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised and part nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour May not be used

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of BBB. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored whenever new lending takes place. The Council is alerted to changes to ratings of all three agencies through its use of Link's creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data, market information, and information on any external support for banks to help support its decision making process.

4.3 Country Limits

Other than the United Kingdom, the Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch or equivalent.

4.4 Counterparty Limits for 2019/20

The Council has set the following counterparty limits for 2019/20, and will invest in line with the creditworthiness policy detailed in 4.2.

Table 11 – Counterparty limits

	Maximum limit per institution £m
UK Government	30
UK banks/building societies with:	
- Minimum rating of AAA	30
- Minimum rating of AA	25
- Minimum rating of A	20
- Minimum rating of BBB	10
Foreign banks in countries with a soverign rating of AAA and:	
- Minimum rating of AAA	20
- Minimum rating of AA	10
- Minimum rating of A	5
Money market funds	
- Minimum rating of AAA	20
Local authorities	20
Property fund	10
Note: No more than 25% of the total portfolio will be placed with one institution at the time of investing, except where balances are held for cash-flow purposes	

4.5 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable

- Conversely, if it is thought that Bank Rate is likely to fall within this time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment return expectations
Base Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Base Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

Investment treasury indicator and limit – Total principal funds invested for greater than 365 days
These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Table 12 – Maximum principal sums invested over 365 days

Upper limit for principal sums invested for longer than 365 days	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Principal sums invested for longer than 365 days	30,000	40,000	40,000	40,000
Current investments in excess of 365 days outstanding at year-end'	20,000	10,000	-	-

4.6 Investment rate benchmarking

The Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 days, 1, 3, 6, 12 month LIBID uncompounded.

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activities as part of its Annual Treasury Report

Appendix A

Minimum Revenue Provision

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

- "A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent."
- The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended).
- There is no requirement to charge MRP where the Capital Financing Requirement is nil or negative at the end of the preceding financial year.
- The share of Housing Revenue Account CFR is not subject to an MRP charge.

Government Guidance

Along with the above duty, the Government issued guidance which came into force on 31st March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. This guidance was updated in February 2018.

The Council is legally obliged to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to 'have regard' to the guidance therefore means that: -

1. although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

2. it is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

Option 1: Regulatory Method

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). From the 2016/17 financial year the Council changed this to a 2% straight line as the new method:

- will aid forecasting as option 1 MRP will remain unchanged each year and enable the Council to link additional MRP costs to specific assets
- will ensure that option 1 MRP is paid off by 2065. If the reducing balance method was used, there would still be a balance of £5.4m by this date

Option 2: Capital Financing Requirement Method

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

Option 3: Asset Life Method

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

- longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2
- no MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2

There are two methods of calculating charges under option 3: -

a. equal instalment method – equal annual instalments
b. annuity method – annual payments gradually increase during the life of the asset

Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

Date of implementation

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. Transitional arrangements included within the guidance no longer apply for the MRP charge for 2009/10 onwards. Therefore, options 1 and 2 should only be used for Supported Capital Expenditure (SCE). Authorities are however reminded that the DCLG document remains as guidance and authorities may consider alternative individual MRP approaches, as long as they are consistent with the statutory duty to make a prudent revenue provision.

Strategy Adopted for 2019/20 and future years

In order to determine its MRP for 2019/20 and taking into consideration the available options the Council has applied the following strategy:

- For all capital expenditure incurred before 2009/10 and for all capital expenditure funded via supported borrowing MRP to be calculated using Option 1 – The Regulatory Method, calculated using a 2% straight-line charge.
- For all capital expenditure incurred from 2009/10 financed by prudential borrowing MRP to be calculated using Option 3 the Asset Life Method, with the MRP Holiday option being utilised for assets yet to come into service use.
- For Mersey Gateway expenditure the options above will not be used. The MRP Holiday option will be utilised until the Council receives toll income to repay outstanding capital expenditure. MRP payments will then be matched with income received.
- For credit arrangements such as on-balance sheet leasing arrangements (finance leases), the MRP charge will be equal to the principal element of the annual rental.
- For on balance sheet PFI contracts MRP charge will be equal to the principal element of the annual rental.
- For the unitary payments for the Mersey Gateway, the MRP charge will equal the principal repayment elements of the payments made.
- For assets that have an outstanding balance in the Capital Adjustment Account at the time of disposal, the Council have the option of using the capital receipts raised from the sale to repay the balance. Although this will not affect the MRP charge in year (this will be a direct charge from Capital Receipts Reserve to the Capital Adjustment Account) this will reduce an MRP charge for future years. Please note:
    - If the sale of the asset does not raise sufficient receipts to repay the outstanding balance the council has the option to use the Capital Receipts Reserve to make the repayment
    - If the Council choose not to use the methods detailed above, the MRP should be repaid over a period that is considered prudent

As the changes to the updated MRP guidance (2018) have no impact on the current MRP policy, there have been no change to the MRP Strategy for 2019/20 in respect of this.

 Agenda Item 4c

REPORT TO: Executive Board

DATE: 21 February 2019

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

TITLE: Capital Strategy 2019/20

WARDS: Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Council's Capital Strategy for 2019/20 and recommend it's approval by Council.

2.0 RECOMMENDATION: That Council approve the 2019/20 Capital Strategy, as presented in the Appendix.

3.0 SUPPORTING INFORMATION

3.1 The revised 2017 Prudential and Treasury Management Code of Practice requires that from 2019-20, all councils prepare annually a Capital Strategy, which will provide the following:

- a high-level, long term overview of how capital expenditure, capital financing and treasury management activity will contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

3.2 The aim of the Capital Strategy is to ensure that the Council understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.3 The Capital Strategy should be read in conjunction with the Treasury Management Strategy Statement, found elsewhere on the Agenda, which details the expected activities of the treasury management function and incorporates the Annual Investment Strategy and the Minimum Revenue Provision (MRP) policy for 2019/20.

4.0 POLICY IMPLICATIONS

4.1 The successful delivery of the Capital Strategy will assist the Council in planning and funding its capital expenditure over the next three years, enabling the Council to use capital expenditure to assist in delivering the Council's priorities and managing the revenue cost implications.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 There are no direct implications, however, the revenue budget and capital programme support the delivery and achievement of all the Council's priorities.

7.0 RISK ANALYSIS

7.1 This report, along with the Treasury Management Strategy ensure that the Council operates within the guidelines set out in the Prudential Code. The aim at all times is to operate in an environment where risks are clearly identified and managed.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Working Papers	Financial Management	Matt Guest
CIPFA TM Code	Kingsway House	
CIPFA Prudential Code		

HALTON BOROUGH COUNCIL

CAPITAL STRATEGY

2019/20

Revenues and Financial Management Division
Finance Department
February 2019

CAPITAL STRATEGY STATEMENT 2019/20

1 Background

1.1 The Capital Strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It is written in an accessible style to assist understanding of these sometimes technical areas.

2 Capital Expenditure and Financing

2.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion as to what is treated as capital expenditure, for example assets costing below £35,000 are not capitalised and are charged to revenue in year. Further detail on how the Council differentiates between revenue and capital spend is shown in the Capital Guidance included at Appendix 1.

2.2 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves or capital receipts) or debt (borrowing, leasing or Private Finance Initiative).

2.3 Capital expenditure and financing for 2017/18 is shown below, along with estimates for 2018/19 and the following three years

Table 1 – Capital Expenditure and Funding

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Expenditure:					
People	4,624	4,112	3,335	643	-
Enterprise, Community & Resources	100,040	38,241	16,230	5,204	5,098
	104,664	**42,353**	**19,565**	**5,847**	**5,098**
Financed By:					
Capital receipts	(5,895)	(6,321)	(3,726)	(1,959)	(1,869)
Capital grants	(12,935)	(22,366)	(4,976)	(1,229)	(586)
Revenue	(627)	(553)	(272)	-	-
Debt	(85,207)	(13,113)	(10,591)	(2,659)	(2,643)
	(104,664)	**(42,353)**	**(19,565)**	**(5,847)**	**(5,098)**

2.4 The main capital projects over the next three years include spend on Peelhouse Lane Cemetery, Sandymoor Playing Fields, the Solar Farm, Widnes Loops and the Silver Jubilee Bridge

3 Governance

3.1 The Council maintains a three year rolling programme of capital schemes (The Capital Programme). A summary of the three year Capital Programme is included in the Budget Report approved annually by Council. In addition a more detailed capital programme report is approved in June of each year, this contains detail of all known grant funded capital projects.

3.2 In line with Finance Standing Orders specific capital schemes are reported throughout the year to Executive Board with a recommendation for Council to subsequently approve. Changes to the Capital Programme during the year are reported quarterly to Council.

3.3 From 2019/20 capital project managers must complete a capital project form (Appendix 2) giving details of the financial impact of their capital schemes. The form will be completed in conjunction with Financial Management and will help to evaluate whether capital schemes are fully, correctly and effectively funded, that consideration has been given to contingency costs within the project and known future revenue costs are fully budgeted for. The project form should be included with reports to Executive Board by way of evidencing that the financial implications of schemes have been fully addressed.

4 Repayment of Borrowing:

4.1 Debt is only a temporary source of finance, since loans and leases must be repaid. This is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision (MRP). Planned MRP payments are shown in the table below:

Table 2 – Minimum Revenue Provision

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Minimum Revenue Provision					
General Fund	1,970	2,267	2,027	2,036	1,752
Leases and PFI Schemes	780	795	800	701	625
Mersey Gateway Unitary Charge	3,323	11,532	12,327	13,084	13,870
Net financing need for the year	**6,073**	**14,594**	**15,154**	**15,821**	**16,247**

4.2 The table above includes MRP payable for finance leases, PFI schemes and the Mersey Gateway unitary charge. For accounting purposes these schemes are classed as borrowing and the annual payments are split between an interest charge and repayment of borrowing, which is shown as MRP above. It should be noted that leases, PFI schemes and Mersey Gateway unitary repayments have no impact on the Council's General Fund.

The Council's MRP statement is included as an appendix to the Treasury Management Strategy which should be read in conjunction with this report.

5 Outstanding Debt – Capital Financing Requirement

5.1 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The table below shows the Council's Capital Financing Requirement for 2017/18 and how this is expected to change in 2018/19 and over the following three years.

Table 3 – Capital Financing Requirement

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Financing Requirement	**167,975**	**890,921**	**889,540**	**885,076**	**872,015**
Movement in CFR due to:					
Debt	85,207	13,113	10,591	2,659	2,643
PFI / Finance Leases	-	100	100	100	100
Mersey Gateway unitary charge	643,812	-	-	-	-
Less Minimum Revenue Provision	(6,073)	(14,594)	(15,155)	(15,820)	(16,248)
Increase / (Decrease) in CFR	**722,946**	**(1,381)**	**(4,464)**	**(13,061)**	**(13,505)**

6 Asset Management

6.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management plan in place. This summarises how the Council manages its land and property assets and sets out the Council's strategy to ensure that these assets can make the maximum contribution to achieving the aims and the objectives of the organisation.

6.2 The Council's Asset Management Plan comprises a number of sections including the accommodation plans; assets disposal plan and maintenance programme.

7 Asset Disposals

7.1 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or the repayment of debt relating to the asset sold. The level of the Council's capital receipts reserve, the expected sales and planned expenditure is shown in the table below:

Table 4 – Capital Receipts Reserve

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Receipts - 1st April	**(9,933)**	**(10,775)**	**(5,426)**	**(5,980)**	**(9,243)**
Asset Sales	(6,737)	(3,882)	(4,280)	(5,222)	(1,000)
Use of Capital Receipts					
- New Capital Expenditure	5,895	6,321	3,726	1,959	1,869
- Repayment of debt		2,910			
Capital Receipts - 31st March	**(10,775)**	**(5,426)**	**(5,980)**	**(9,243)**	**(8,374)**

8 Treasury Management

8.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

8.2 The Treasury Management Strategy, elsewhere on the Agenda, details all aspects of the Treasury Management function and the associated risks as detailed below.

- Borrowing strategy
- Investment strategy
- Capital Financing Requirement
- Capital Prudential Indicators
- Treasury Indicators – Operational Boundary and Authorised Limit
- Prospects for interest rates
- MRP Policy

9 Knowledge and Skills

9.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions:

- The Operational Director - Finance is a CIPFA qualified accountant with over 30 years' experience in local government finance
- The Operational Director – Economy, Enterprise and Property has over 20 years' experience in Regeneration
- The Treasury Manager is a CIMA qualified accountant with 13 years' experience in local government finance and treasury management.
- The Council ensures all staff receive appropriate training for their roles including formal training and courses to support their development.
- The Council currently employs Link Asset Services to provide treasury management services in order to access specialist skills, advice and resources

APPENDIX 1

CAPITAL GUIDANCE

1. Background & Purpose

1.1 The difference between capital and revenue expenditure is by no means simple to establish. In recent years it has become even more difficult, with the increasingly multi-funded and complex nature of many of the Council's services.

1.2 There is now an increased focus on the treatment of capital and revenue expenditure from Government and other funding bodies, along with the external auditor who have previously identified and reported upon capital transactions which had been incorrectly categorised. It is therefore essential to ensure the correct accounting treatment of capital and revenue transactions.

1.3 This Guidance is intended to clarify the difference between capital and revenue expenditure. It will also assist those involved in managing capital projects or processing capital transactions, to ensure the correct approval, accounting treatment, coding, monitoring, control and funding of capital expenditure.

2. Introduction

2.1 Capital expenditure is fundamentally different in its nature, funding and methods of control from revenue expenditure. It is therefore important that expenditure is correctly treated in terms of whether it constitutes capital or revenue expenditure and is correctly coded as such within the Agresso system. In addition, both revenue and capital expenditure must be accounted for correctly in order to comply with statutory accounting regulations.

3. Capital Definition

3.1 All costs must be treated as revenue expenditure, unless it is correct and proper to treat them as capital expenditure.

3.2 Capital expenditure is defined as expenditure on the acquisition of an asset (eg. land, property, plant, equipment, vehicles) or expenditure which adds to (rather than merely maintains) the value of an existing asset, or considerably extends the life of the asset. The asset must also provide benefit to the Council for more than one year.

3.3 For example, the construction of a Council office building will be treated as capital expenditure. Whereas, the on-going annual running costs for that building (eg. staffing, heating, lighting, contracts, supplies) will be treated as revenue expenditure.

4. What Constitutes Capital Expenditure?

4.1 In order to be included in the Council's Capital Programme, capital schemes must have a total estimated cost of at least £10,000 in respect of land, property and infrastructure and £5,000 in respect of equipment, plant and vehicles. Schemes having a total cost of less than these values must be treated as revenue expenditure.

4.2 Directly attributable costs incurred after a capital scheme has been formally approved in detail by Council, should be treated as capital expenditure.

4.3 Preparatory or feasibility costs incurred “prior” to the formal approval of a capital scheme must initially be treated as revenue expenditure, as these costs may prove abortive if the scheme does not ultimately go ahead and so may not ultimately result in the creation of an asset. However, once the scheme has been formally approved and will therefore proceed, the related preparatory or feasibility costs may be treated as part of the capital scheme costs.

4.4 The cost of providing an extension to a building should be treated as capital expenditure, as it is likely to increase the value of the building.

4.5 Major structural maintenance costs such as re-roofing, re-wiring, re-plumbing, boiler replacement, full window replacement etc., which are considered to considerably extend the life of a property, should also be treated as capital expenditure.

4.6 However, day-to-day building maintenance and repair costs such as roof repairs, electrical and plumbing repairs, decorating, building and window repairs must be treated as revenue expenditure.

4.7 Individual expenditure transactions of less than £1,000 should usually be treated as revenue expenditure, unless they form part of a larger capital cost which meets the capital definition eg. the balance of capital contract payments, monthly recharges of capital fees, invoices for specific elements of capital works.

4.8 Professional fees in respect of Valuers, Highway Engineers, Landscape Architects, and Regeneration staff are considered to add value to the assets they deal with and may therefore be charged to the relevant capital schemes. However, it is important to ensure that sufficient capital allocation exists to fund these costs. All other staffing costs must be treated as revenue expenditure.

4.9 Project support and implementation costs such as room hire, printing, hospitality, training, advertising, publicity etc. must be treated as revenue expenditure.

4.10 Expenditure on the initial, one-off purchase of computer software may be capitalised as an intangible asset. However, the on-going cost of annual software licences, support contracts, implementation consultancy and system training must be treated as revenue expenditure.

4.11 Where capital schemes are part or fully externally funded, the definition of what constitutes capital expenditure applied by the external funding body may differ to that presented in this Guidance and therefore the requirements of the external funding body should take precedence.

5. The Council’s Capital Programme

Scheme Approval

5.1 The Council maintains a three year rolling programme of capital schemes (The Capital Programme). A summary of the three year Capital Programme is included in the Budget Report approved annually by Council. In addition a more detailed capital programme report is approved by Executive Board in June of each year, this contains detail of all known grant funded capital projects. In line with Finance Standing Orders specific capital schemes are reported throughout the year to Executive Board with a recommendation for Council to subsequently approve. Proposed new capital starts will be considered and prioritised in the light of the Council's Medium Term Financial Strategy, the Asset Management Plan, and delivery of the Council's corporate priorities.

5.2 Reports seeking approval for individual capital schemes should include the following financial information;

(i) the gross cost of each scheme before any external contributions, reimbursements, or capital grants;
(ii) the estimated cashflows over the life of the scheme;
(iii) the expected revenue expenditure consequences of the scheme and how these will be funded;
(iv) details of any specific funding attributable to the scheme such as from capital grants, external contributions and other reimbursements.

5.3 The Operational Director, Finance will ensure that the estimated capital financing costs of the approved Capital Programme are incorporated within the annually set revenue budget.

5.4 Once a detailed scheme has been formally approved the designated Project Manager should contact the Revenues and Financial Management Division, providing details of the approval, in order for the appropriate capital accounting codes to be set-up to enable orders to be raised and expenditure incurred against the scheme.

Variations to the Capital Programme

5.5 Variations to the Capital Programme may be addressed by transfers (virements) between capital schemes within the Programme. This must be with the written approval of the Operational Director, Finance, and may only be up to 10% on schemes costing less than £5m or up to £500,000 on schemes costing more than £5m, as set out in the Council's Standing Orders Relating to Finance.

5.6 Any variations in excess of £500,000 must be reported for approval by Council. The report should include the reasons for the variation, details of how the variation might be contained or mitigated, revised cost estimates profiled over the life of the scheme, and the impact upon the scheme of the potential cost overrun.

Year-end Carry Forward / Slippage

5.7 Where total expenditure by year-end is less than the total capital allocation approved for a particular capital scheme, due to delays, slippage, or other exceptional circumstances, the Operational Director, Finance may choose to approve the carry forward of allocation into the following financial year. All applications for carry forward, including full details of the circumstances, must be made in writing to the Operational Director, Finance by 31st March each year.

6. Funding the Capital Programme

6.1 Capital expenditure may be funded from a variety of sources including capital receipts, capital grants, prudential borrowing, and revenue contributions. The Operational Director, Finance shall arrange for the financing of the Capital Programme as considered appropriate.

Capital Receipts

6.2 Where capital assets are sold the resulting income is termed capital receipts. Capital receipts can be used to fund additional capital expenditure or to repay outstanding capital financing debt, but they cannot be used for revenue purposes.

Capital Grants

6.3 Capital grants are provided with the specific purpose of funding capital expenditure. This will be stated within the grant conditions and therefore they cannot be used for revenue purposes.

6.4 Where funding agencies indicate that capital grants may be utilised for expenditure which does not meet the capital definition or constitute capital expenditure as per Sections 3 and 4 above, then the funding agency should be asked to re-assign part of the capital grant as a revenue grant.

Prudential Borrowing

6.5 The Council is able to borrow funds from approved external institutions. However, this must be in accordance with the Prudential Borrowing Code of Practice (The Prudential Code).

6.6 The fundamental requirements for compliance with the Prudential Code is that the Council must be able to demonstrate that its borrowing is prudent, affordable and sustainable ie. that it is able to repay the annual financing costs (principal and interest) over the life of the loan.

Revenue Contributions

6.7 The Council may decide to make a contribution from the revenue budget to assist with funding a capital scheme. It is “not” however possible to use capital funding for the purposes of meeting revenue expenditure.

External Contributions and Reimbursements

6.8 External contributions or reimbursements from partner organisations or other bodies may be received towards the funding of capital schemes.

6.9 Where capital schemes are part or fully funded from external funding sources, the “gross” rather than “net” cost of the scheme must be included within the Council’s Capital Programme. All approval limits etc. will then apply to the gross expenditure total for the scheme.

6.10 Any external funding should be claimed regularly and as early as possible, in order to minimise the cash flow costs associated with schemes.

6.11 Where funding organisations indicate that their contribution may be utilised for expenditure which does not meet the capital definition or constitute capital expenditure as per Sections 3 and 4 above, then the funding organisation should be asked to re-assign part of their contribution as revenue funding.

7. Capital Expenditure Controls

7.1 Full narrative descriptions must be input on the Agresso system in respect of all capital transactions, to support their correct accounting treatment and to assist with reporting.

7.2 In order to ensure that all capital expenditure is correctly treated within the accounts, the Revenues and Financial Management Division will periodically check that all transactions charged to capital schemes meet the definition of capital expenditure outlined above.

7.3 Where transactions are identified which do not meet the capital expenditure definition they will be transferred to the revenue account.

7.4 All capital expenditure must be incurred in accordance with the Council's Procurement Standing Orders.

8. Capital Monitoring and Reporting Requirements

8.1 Comments should be sought from the Operational Director, Finance on all draft reports to Management Team or Members regarding capital proposals, spending and funding.

8.2 It is the responsibility of each designated Capital Project Manager to monitor expenditure for their schemes, in order to ensure they remain within the approved Capital Programme allocations.

8.3 Where expenditure is anticipated to exceed allocation, Capital Project Managers should liaise with their Finance Officer at the earliest opportunity, in order to agree the corrective action required to bring the scheme back in line with the Capital Programme.

8.4 Capital Project Managers are required to provide the Revenues and Financial Management Division with estimated quarterly expenditure profiles for each of their capital schemes, by 31 May each year. Any significant revisions to the profiles should also be notified to the Revenues and Financial Management Division during the year. The profiles will be used to monitor the Capital Programme and to provide quarterly Councilwide reports to Executive Board

8.5 The Revenues and Financial Management Division will provide access to appropriate financial reports, to assist Capital Project Managers with monitoring expenditure for each of their capital schemes.

9. Accounting for Capital Expenditure

9.1 Where capital expenditure does not increase the value of an asset or considerably extend its life, then at year-end the expenditure will be deemed "impaired" and certified as such by a Valuer. The impaired expenditure will then be charged against the Council's revenue budget.

9.2 The Council operates a five year rolling programme of land and property re-valuations, whereby a fifth of the land and property assets are re-valued each year. Changes in valuation arising from this exercise are then reflected in the value of assets held on the Council's balance sheet at year-end.

9.3 Changes in the valuation of assets are required by accounting regulations to be recorded and maintained as a historic record for each individual asset. This is to enable revaluations and impairments to be identified and accounted for on an individual asset basis.

APPENDIX 2

Capital Project Financial Assessment Form

Division	
Responsible Officer	
Project Name	
Brief Description of project	
Intended purpose of scheme (eg regeneration, operational, investment, maintenance of asset)	
Outcomes hoped to be achieved	
Projected total cost	
How funded (eg grant, S106, capital receipts, borrowing, revenue, other)	
Value of contingency within project costs	
Ongoing annual revenue costs	
Estimated Life of asset (in years)	
Projected start date	
Projected end date	
Sensitivity analysis (for invest to save schemes)	

Notes for completion of form

Responsible Officer	This should be the name of the officer responsible for implementing the project.
Brief description of project	Describe what the capital monies will be spent on e.g. building new commercial property to be rented out to bring in income, purchase nursing home, prepare land for sale etc.
Outcomes hoped to be achieved	describe the reason for the scheme e.g. to retain nursing beds, to generate future revenue savings, to prolong life of existing asset etc.
Projected cost	This should be the total estimated cost to complete the capital project including capitalised salary costs, landscaping the area after completion (if required) and should include a contingency for unexpected costs.
How funded	For each different funding stream state exactly where the funding is coming from and how much e.g. for grants state which grant, for S106 monies state the agreement number, if borrowing state how the borrowing is to be repaid (i.e. cost centre savings will be coming from and over what period), if revenue state cost centre, if other state exactly where funds are coming from i.e area forum (state cost centre), developer - state who. Note that the total of 'how funded' should equal the 'projected cost'.
Ongoing annual revenue costs	e.g if purchasing a nursing home what would be the annual net cost of running the home, if building a new building what would be the costs of utilities, repairs etc.
Estimated life of asset	How long do you think the asset will last. E.g a vehicle may be 5yrs or may be 7 yrs, a building in good repair may be 60yrs. For a capital project to develop land for resale this may not be applicable.
Projected start & end date	When is it proposed the project will commence and if everything goes to plan when is the project expected to be complete so that the building can be used, the land can be sold, savings can be achieved etc.
Sensitivity analysis	This is required only for those schemes where the purpose of the scheme is to generate future income and may require input from your finance officer. You should state how long it would take for the scheme to break given the assumptions you have made, and how long it would take for the scheme to break given if those assumptions where different. Eg. if the scheme was to generate future income from solar energy and you have assumed future income will increase @ 3% per year how long would it take to break even if the increase was only 2% per year, or if it was 4% per year.

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
SUBJECT:	2018/19 Quarter 3 Spending
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue and capital spending position as at 31 December 2018.

2.0 RECOMMENDED: That

1) **All spending continues to be limited to only absolutely essential items;**

2) **Strategic Directors take appropriate action to ensure overall spending is contained as far as possible within their total operational budget by year-end;**

3) **Council approve the revised Capital Programme as set out in Appendix 2.**

3.0 SUPPORTING INFORMATION

Revenue Spending

3.1 Appendix 1 presents a summary of spending against the revenue budget up to 31 December 2018, along with individual statements for each Department. In overall terms revenue expenditure is £3.142m above the budget profile, compared to £2.515m at quarter 2.

3.2 Whilst the overspend position has increased since quarter 2, the pace of increase has steadied. However, it remains critical that all Departments restrict and question all non-essential spending from now until the end of the financial year, to assist the Council with bringing overall spending back in line with budgets as far as possible.

3.3 Based on current spend patterns, projections show the Council will have a year-end outturn overspend position of approximately £4.184m, if no corrective action is taken. As at 31 March 2018 the Council's General Fund balance was £5.004m. This is considered to be a prudent level required in order to ensure that the Council remains in a financially sustainable position moving forward. Unless the projected overspend is reduced and net spending brought back into line with budget as far as possible, it will have a negative impact upon the Council's financial position. The level of earmarked reserves will continue to be reviewed on a quarterly basis and surplus funds released to the General Fund where possible.

3.4 There are a number of Departments where net spend for the quarter exceeds the budgeted profile. The main budget pressure areas continue to be within the Children & Families and Community & Environment Departments. The pooled budget arrangement with Halton Clinical Commissioning Group (Halton CCG) continues to experience budget pressures although a significant proportion of this relates to Halton CCG funding. Further detail is given in the report to the issues creating the continuing overspend position.

3.5 Total spending on employees is £0.343m below budget profile at the end of the quarter. Whilst remaining a very marginal position against budgeted spend of £53.840m, the variance over the past quarter has increased against the Q2 position of £0.049m. This can be attributed to a number of factors including, increased staff vacancies, time taken to appoint new starters and a reduced use of agency workers over the past quarter. Casual staffing costs are exceeding available budget and in some areas there is increased spend on overtime costs.

3.6 Included within the employee's budget is a staff turnover saving target of 3.0% which reflects the saving made between a member of staff leaving a post and the post being filled. The target for the quarter has been achieved in all Departments with the exception of Community & Environment, Economy, Enterprise & Property, Policy People Performance & Efficiency and Education Inclusion & Provision.

3.7 Within the overall budget position for the quarter, the key budget variances are as follows;

(i) **Children and Families Department:-**
As at 31 December 2018 the Department's net spend is exceeding the profiled budget by £3.230m, an increase on the variance of £2.035m reported at quarter 2.

There has been a reduction in staffing costs over the past quarter, which has resulted in an underspend of £0.117m against the staffing budget to date. There are a number of vacant posts within the department which have contributed to the position although it is worth noting the majority of these are currently being filled. Agency costs remain high in comparison to this point last year, the total of £0.675m represents 9.8% of the overall spend on staffing.

Spend on out of borough residential placements for the year to date is now £1.767m higher than the profiled budget. Over the past quarter there have been a number of changes with regard to the service and support children are receiving which has had an impact on costs. 8 children have entered the residential placement service, with 5 young people transferring to leaving care packages and 1 transferring to an out of borough fostering placement. The net effect of the above changes is to add £0.369m to costs for the year.

Extensive work continues to reduce costs of residential packages, such as through renegotiation of residential placement contracts. It is forecast that spend in this area will be £2.392m above budget by year-end.

Out of borough fostering costs continue to be a significant pressure with costs at 31 December 2018 exceeding budget by £1.122m, an increase from £0.682m at quarter 2. Over the past quarter 9 children have entered the service with an additional cost for the year of £0.091m.

In an aim to reduce costs relating to out of borough residential placements and fostering, initiatives are in place for the Council to increase the number of in house foster carers. The Council have joined a collaborative fostering service with Cheshire West and Chester, Cheshire East and Warrington Councils. The aim being to increase the number of foster carers and improve the quality of service offered across all authorities. In December, Executive Board approved the policy to grant 100% council tax discount to all foster carers living within the Borough from April 2019.

The average weekly cost for an in house foster placement is £263.05, compared to the average weekly cost of out of borough foster placement of £814.98.

Payments for special guardianship orders for the year to date total £1.201m, which is £0.399m above the budget profile. Unless the number of orders reduce, it is forecast this area will be £0.531m overspent at year end.

Net spend on the Early Years settings at Warrington Road and Ditton continue to be a concern. Chargeable income at these settings is not fully recovering the cost of operations and it is forecast that net spend at year-end will be £0.221m over budget.

Given the current level of demand pressures, it is forecast that the Department will be £4.350m overspent by year-end which is 17% higher than was forecast at quarter 1.

(ii) **Community & Environment Department:-**
As at 31 December 2018 the Department's net spend is exceeding the profiled budget by £1.393m, an increase from £0.853m over at quarter 2.

Employee spending is over the budget profile by £0.190m and the Department has struggled to achieve the staff turnover saving target as a result of increased spend against casual and agency staff.

The main area of concern is with regard to under achievement of income. Actual income received is short of the budgeted target by £1.462m, compared to a shortfall of £0.418m at this point last year.

There are shortfalls in leisure centre income due to difficulties filling staff vacancies, which impact upon the ability to hold fitness and swimming classes within the centres. Income from leisure memberships is down, therefore, initiatives are in place to increase the uptake. The Brindley is struggling to meet income targets, although over the past quarter promotions income has increased after a difficult Summer.

The replacement of the iPitch at the stadium has meant that it has been unavailable for hire for approximately three months leading to a reduction in lettings income. Letting fees income is also significantly underachieving at Ditton, Grangeway and Upton Community Centres.

Sales income is again short of the target to date mainly due to Stadium Bars and Catering, and Municipal Catering. Income is down on these activities compared to the same stage last year and there is no evidence to suggest there will be any significant improvement for the remainder of the year.

The Department is taking measures to reduce spend across all Services to help reduce the overall overspend position. Expenditure on all discretionary budgets, such as supplies & services and hired & contracted services, is being limited to on essential items. As a result the latter items are currently £0.237m below budget.

Based on service demand and existing income levels, it is forecast that the Department's net spend for the year will be £1.883m over budget. However, it is hoped that the impact of urgent measures currently being actioned will help to mitigate this.

(iii) **Complex Care Pool:-**

As at 30 December 2018 the net spend of the Complex Care Pooled Budget (operated in conjunction with Halton Clinical Commissioning Group (Halton CCG)) is above the profiled budget by £0.537m.

The biggest pressure area for the budget is adult health and social care spending which is currently exceeding the profiled budget by £1.400m. This budget is a mix of residential, domiciliary and direct payment services and combines both continuing health care and Council funded packages.

A major contribution to this overspend is the reduced contribution made by Halton CCG, on the understanding they would find savings on continuing healthcare costs of £2.153m during the year. This level of saving has not yet been realised and therefore it is expected Halton CCG will make a further in-year contribution to the Pooled Budget of £1.017m to help address this pressure.

Based on current demand it is forecast that the Pool will be overspent by £0.716m at year end with the Council's share of the liability being in the region of £0.289m. Last year a Financial Recovery Action Plan was instigated and a Working Group established to identify ways of mitigating the budget pressures. The Working Group is continuing to look at ways of reducing spend whilst ensuring the needs of clients continue to be met.

(iv) **Education, Inclusion & Provision:-**

As at 31 December 2018 the Department's net spend is exceeding the profiled budget by £0.325m, representing only a small increase in the overspend position reported at quarter 2.

School Transport is still projected to be over budget by the end of the financial year due to the large demand to provide transport for special educational needs pupils. New contracts with transport providers started in October 2018, this will help to reduce the cost of the service for the final six months of the financial year but the extent of the demand will still result in higher spend than the budget allows for. Spend currently exceeds budget by £0.331m, and the forecast outturn is expected to be in the region of £0.441m above budget.

The Department is also struggling to achieve income levels in terms of providing places within SEN schools to other authorities. This is due to lack of available places and it is forecast there will be a shortfall of £0.258m against the annual income target.

Supplies and Services spend is currently £0.118m under budget and this is projected to continue for the final quarter of the year, as a result of spend being monitored closely and restricted as far as possible.

Based on current demand and income levels it is forecast the Department's net spend at year end will be £0.433m above the available budget.

(i) Planning and Transportation:-

As at 31 December 18 net spend is £0.448m below the profiled budget.

The main variance is in relation to employee costs, as there are a number of vacancies across the Department which has contributed to costs for the year to date being below budget by £0.201m.

The continued work on the street lighting upgrade project has contributed to lower energy costs, as a result costs are £0.150m below budget.

Based on demand and current income levels, it is forecast the Department's net spend for the year will be £0.600m below budget.

(vi) **Corporate & Democracy:-**
As at 31 December 2018 net spend is below the profiled budget by £1.203m.

There are a number of factors which have contributed towards the underspend to date position, including the one-off receipt of £0.132m from the business rates shared pool arrangement with Warrington and St Helens Councils.

Interest receivable on investments is £0.463m greater than was forecast at the start of the year, as a result of financial institutions offering improved rates of return on investments and the level of cash balances held by the Council being greater than forecast.

3.8 The council tax collection rate of 82.12% at this stage is marginally lower (0.08%) than at this stage last year. However, the collection rate for business rates of 82.98% is up by 0.11% from last year. The forecast retained element of business rates is higher than the estimate used when setting the 2018/19 budget. However, forecasting retained business rates through to the end of the financial year remains difficult due to the number of appeals outstanding with the Valuation Office Agency and the new process of appealing against rateable values from the 2017 valuation exercise. This will continue to be closely monitored during the financial year and forecasts updated accordingly.

Capital Spending

3.9 The Capital Programme has been revised to reflect a number of changes in spending profiles and funding as schemes have developed and these are reflected in the Capital Programme presented in Appendix 2. The schemes which have been revised within the Programme are as follows;

1. Open Spaces
2. Childrens Playground Equipment
3. Upton Improvements
4. The Glen Play Area
5. Pheonix Park
6. Runcorn Town Park
7. 3MG
8. Solar Farm
9. Mersey Gateway Land Acquisition
10. Risk Management

11. Fleet Replacements
12. Stadium Alterations
13. Travelodge/ Watkinson Way Footpath
14. ALD Bungalows
15. Purchase of 2 Adapted Properties
16. Orchard House
17. Disabled Facilities Grant
18. Oakmeadow Refurbishment
19. Capital Repairs – Schools
20. Basic Need Projects – Schools
21. Kitchen Gas Safety – Schools
22. Bridge School Vocational Centre
23. Simms Cross Remodelling
24. Ashley School Remodelling 6th Form

3.10 Capital spending at 31 December 2018 totalled £14.975m, which is 95% of the planned spending of £15.736m at this stage. This represents 44.2% of the total Capital Programme of £33.882m (which assumes a 20% slippage between years).

Balance Sheet

3.11 The Council's Balance Sheet is monitored regularly in accordance with the Reserves and Balances Strategy which forms part of the Medium Term Financial Strategy. The key reserves and balances have been reviewed and are considered prudent and appropriate at this stage in the financial year and within the current financial climate.

4.0 POLICY AND OTHER IMPLICATIONS

4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 There are no direct implications, however, the revenue budget and capital programme support the delivery and achievement of all the Council's priorities.

6.0 RISK ANALYSIS

6.1 There are a number of financial risks within the budget. However, the Council has internal controls and processes in place to ensure that spending remains in line with budget.

6.2 In preparing the 2018/19 budget, a register of significant financial risks was prepared which has been updated as at 31 December 2018.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072

8.1 There are no background papers under the meaning of the Act.

APPENDIX 1

Summary of Revenue Spending to 31 December 2018

Directorate / Department	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000	Q2 Variance
Community & Environment	21,115	13,753	15,146	(1,393)	(853)
Economy, Enterprise & Property	1,829	1,027	1,026	1	(21)
Finance	4,039	2,253	1,952	301	174
ICT & Support Services	270	-570	-488	(82)	(31)
Legal & Democratic Services	617	382	318	64	43
Planning & Transportation	7,174	4,640	4,192	448	227
Policy, People, Performance & Efficiency	0	-101	-111	10	(30)
Enterprise, Community & Resources	**35,044**	**21,384**	**22,035**	**(651)**	**(491)**
Adult Social Care	18,292	12,915	12,757	158	104
Children & Families	23,317	16,032	19,262	(3,230)	(2,035)
Complex Care Pool	24,987	16,226	16,559	(333)	(508)
Education, Inclusion & Provision	7,649	15,171	15,496	(325)	(292)
Public Health & Public Protection	832	474	438	36	23
People	**75,077**	**60,818**	**64,512**	**(3,694)**	**(2,708)**
Corporate & Democracy	**-898**	**1,761**	**558**	**1,203**	**692**
Mersey Gateway	**0**	**-18,111**	**-18,105**	**0**	**(8)**
Net Total	**109,223**	**65,852**	**69,000**	**(3,142)**	**(2,515)**

ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE

Community & Environment Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	13,897	10,459	10,649	(190)
Premises	2,038	1,518	1,570	(52)
Supplies & Services	1,153	917	803	114
Book Fund	160	114	103	11
Hired & Contracted Services	1,165	776	653	123
Food Provisions	506	378	309	69
School Meals Food	1,980	1,105	1,067	38
Transport	51	36	31	5
Agency Costs	438	256	251	5
Waste Disposal Contracts	5,900	3,659	3,745	(86)
Grants To Voluntary Organisations	239	196	164	32
Rolling Projects	7	7	7	0
Capital Financing	101	101	101	0
Total Expenditure	**27,635**	**19,522**	**19,453**	**69**
Income				
Sales Income	-1,829	-1,353	-1,011	(342)
School Meals Sales	-2,368	-1,667	-1,523	(144)
Fees & Charges Income	-5,996	-4,675	-3,941	(734)
Rents Income	-231	-189	-193	4
Government Grant Income	-1,198	-1,198	-1,047	(151)
Reimbursements & Other Grant Income	-681	-405	-342	(63)
Schools SLA Income	-1,347	-1,347	-1,335	(12)
Internal Fees Income	-171	-130	-114	(16)
School Meals Other Income	-254	-179	-137	(42)
Catering Fees	-114	-81	-42	(39)
Capital Salaries	-123	-89	-121	32
Rolling Projects Income	0	0	-45	45
Transfers From Reserves	-172	-172	-172	0
Total Income	**-14,484**	**-11,485**	**-10,023**	**-1,462**
Net Operational Expenditure	**13,151**	**8,037**	**9,430**	**(1,393)**
Recharges				
Premises Support	1,558	1,168	1,168	**0**
Transport Recharges	3,069	2,134	2,134	**0**
Central Support Services	3,665	2,763	2,763	**0**
Asset Charges	93	0	0	**0**
HBC Support Costs Income	-421	-349	-349	**0**
Net Total Recharges	**7,964**	**5,716**	**5,716**	**0**
Net Department Expenditure	**21,115**	**13,753**	**15,146**	**(1,393)**

Economy, Enterprise & Property Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	4,463	3,586	3,607	**(21)**
Repairs & Maintenance	2,239	1,453	1,453	**0**
Premises	55	53	53	**0**
Energy & Water Costs	686	419	388	**31**
NNDR	543	543	541	**2**
Rents	363	259	259	**0**
Economic Regeneration Activities	17	5	5	**0**
Supplies & Services	1,845	1,523	1,510	**13**
Grants To Voluntary Organisations	41	35	35	**0**
Capital Financing	118	94	94	**0**
Total Expenditure	**10,370**	**7,970**	**7,945**	**25**
Income				
Fees & Charges Income	-277	-222	-210	**(12)**
Rent – Commercial Properties	-1,174	-641	-660	**19**
Rent – Investment Properties	-44	-30	-30	**0**
Rent – Markets	-775	-583	-569	**(14)**
Government Grant Income	-2,001	-1,696	-1,696	**0**
Reimbursements & Other Grant Income	-161	-130	-131	**1**
Schools SLA Income	-509	-483	-465	**(18)**
Capital Salaries	-45	-27	-27	**0**
Transfers From Reserves	-831	-579	-579	**0**
Total Income	**-5,817**	**-4,391**	**4,367**	**(24)**
Net Operational Expenditure	**4,553**	**3,579**	**3,578**	**1**
Recharges				
Premises Support	1,965	1,474	1,474	**0**
Transport	26	18	18	**0**
Asset Charges	4	0	0	**0**
Central Support Services	2,121	1,085	1,085	**0**
Accommodation Income	-2,396	-1,796	-1,796	**0**
Repairs & Maintenance Income	-2,402	-1,802	-1,802	**0**
Central Support Income	-2,042	-1,531	-1,531	**0**
Net Total Recharges	**2,724**	**-2,552**	**-2,552**	**0**
Net Department Expenditure	**1,829**	**1,027**	**1,026**	**1**

Finance Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	5,446	4,064	3,836	228
Supplies & Services	409	298	166	132
Insurance	1,078	816	816	0
Rent Allowances	50,200	27,467	27,467	0
Non HRA Rent Rebates	65	43	43	0
Discretionary Social Fund	154	79	79	0
Discretionary Housing Pmts	387	270	270	0
Concessionary Travel	2,175	1,052	1,089	(37)
LCR Levy	2,241	2,241	2,241	0
Total Expenditure	**62,155**	**36,330**	**36,007**	**323**
Income				
Clerical Error Recovery	-400	-218	-218	0
Rent Allowances	-49,800	-27,098	-27,098	0
Fees & Charges	-197	-172	-179	7
Non HRA Rent Rebate	-65	-54	-54	0
Burdens Grant	-61	-61	-90	29
Dedicated Schools Grant	-96	0	0	0
Discretionary Hsg Payment Grant	-387	-387	-387	0
Hsg Benefit Admin Grant	-510	-382	-355	(27)
Universal Credits	-130	-129	-122	(7)
Council Tax Admin Grant	-211	-211	-211	0
Council Tax Liability Order	-421	-412	-412	0
Business Rates Admin Grant	-166	0	0	0
Schools SLAs	-858	-858	-839	(19)
LCR Reimbursement	-2,241	-2,241	-2,241	0
Reimbursements & Other Grants	-183	-157	-152	(5)
Transfer from Reserves	-105	-4	-4	0
Total Income	**-55,831**	**-32,384**	**-32,362**	**(22)**
Net Operational Expenditure	**6,324**	**3,946**	**3,645**	**301**
Recharges				
Premises Support	8	6	6	0
Central Recharges	2,356	1,767	1,767	0
Central Recharge Income	-4,649	-3,466	-3,466	0
Net Total Recharges	**-2,285**	**-1,693**	**-1,693**	**0**
Net Department Expenditure	**4,039**	**2,253**	**1,952**	**301**

ICT & Support Services Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	6,766	5,075	5,259	(184)
Supplies & Services	711	531	464	67
Capital Financing	1,607	60	60	0
Computer Repairs & Software	934	698	610	88
Communication Costs	385	319	374	(55)
Transfer from Reserves	15	0	0	0
Premises Costs (HDL)	58	52	58	(6)
Total Expenditure	**10,476**	**6,735**	**6,825**	**(90)**
Income				
Fees & Charges	-841	-170	-187	17
Schools SLA Income	-522	-501	-492	(9)
Reimbursements & Other Grant Income	-15	-14	-14	0
Total Income	**-1,378**	**-685**	**-693**	**8**
Net Operational Expenditure	**9,098**	**6,050**	**6,132**	**(82)**
Recharges				
Premises Support Recharges	605	454	454	0
Transport Recharges	8	6	6	6
Central Support Recharges	1,063	798	798	0
Support Services Income	-10,504	-7,878	-7,878	0
Net Total Recharges	**-8,828**	**-6,620**	**-6,620**	**0**
Net Department Expenditure	**270**	**-570**	**-488**	**(82)**

Legal & Democratic Services Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	1,746	1,327	1,303	24
Supplies & Services	290	193	194	(1)
Civic Catering & Functions	56	36	12	24
Legal Expenses	223	138	138	0
Total Expenditure	**2,315**	**1,694**	**1,647**	**47**
Income				
Land Charges	-78	-60	-60	0
School SLAs	-79	-79	-79	0
Licence Income	-245	-188	-188	0
Fees & Charges Income	-55	-55	-72	17
Total Income	**-457**	**-382**	**-399**	**17**
Net Operational Expenditure	**1,858**	**1,312**	**1,248**	**64**
Recharges				
Premises Support	155	117	117	0
Transport Recharges				
Central Support Recharges	346	260	260	0
Support Recharges Income	-1,742	-1,307	-1,307	0
Net Total Recharges	**-1,241**	**-930**	**-930**	**0**
Net Department Expenditure	**617**	**382**	**318**	**64**

Planning & Transportation Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	4,504	3,371	3,170	201
Other Premises	168	116	101	15
Contracted Services	209	120	116	4
Supplies & Services	157	177	175	2
Street Lighting	1,700	854	704	150
Highways Maintenance	2,446	1,535	1,531	4
Fleet Transport	1,413	742	742	0
Lease Car Contracts	1	62	62	0
Bus Support	649	473	487	(14)
Finance Charges	145	12	12	0
Contribution to Reserves	201	0	0	0
Grants to Vol. Organisations	61	61	61	0
LCR Levy	882	441	441	0
NRA Levy	64	64	64	0
Total Expenditure	**12,600**	**8,028**	**7,666**	**362**
Income				
Sales	-351	-239	-191	(48)
Planning Fees	-526	-420	-353	(67)
Building Control Fees	-209	-134	-123	(11)
Other Fees & Charges	-646	-483	-622	139
Rent	-9	-6	0	(6)
Grants & Reimbursements	-177	-201	-280	79
Government Grant Income	-120	-15	-15	0
Efficiency Savings	-68	-9	-9	0
Schools SLAs	-43	-45	-45	0
Capital Salaries	-317	-34	-34	0
LCR Levy Reimbursement	-882	-441	-441	0
Total Income	**-3,348**	**-2,027**	**-2,113**	**86**
Net Operational Expenditure	**9,252**	**6,001**	**5,553**	**448**
Recharges				
Premises Recharges	642	481	481	0
Transport Recharges	771	539	539	0
Asset Charges	539	0	0	0
Central Recharges	1,732	1,300	1,300	0
Transport Recharge Income	-4,896	-3,084	-3,084	0
Central Recharge Income	-866	-597	-597	0
Net Total Recharges	**-2,078**	**-1,361**	**-1,361**	**0**
Net Department Expenditure	**7,174**	**4,640**	**4,192**	**448**

Policy, People, Performance & Efficiency Division

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	1,858	1,387	1,420	(33)
Employees Training	133	98	84	14
Supplies & Services	187	164	140	24
Apprenticeship Levy	300	170	153	17
Total Expenditure	**2,478**	**1,819**	**1,797**	**22**
Income				
Fees & Charges	-93	-93	-95	2
Schools SLAs	-426	-420	-406	(14)
Transfer from Reserves	-146	-48	-48	0
Total Income	**-665**	**-561**	**-549**	**(12)**
Net Operational Expenditure	**1,813**	**1,258**	**1,248**	**10**
Recharges				
Premises Support	12	9	9	0
Central Support Recharges	-1,042	-587	-587	0
Support recharges Income	-783	-781	-781	0
Net Total Recharges	**-1,813**	**-1,359**	**-1359**	**0**
Net Department Expenditure	**0**	**-101**	**-111**	**10**

PEOPLE DIRECTORATE

Adult Social Care Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	14,770	10,565	10,401	164
Premises	329	152	159	(7)
Supplies & Services	1,596	687	696	(9)
Aids & Adaptations	113	80	67	13
Transport	201	149	132	17
Food Provision	206	120	106	14
Contracts & SLAs	528	449	444	5
Emergency Duty Team	98	73	76	(3)
Other Agency	635	543	542	1
Payments To Providers	1,443	1,233	1,248	(15)
Transfer to Reserve	210	0	0	0
Total Expenditure	**20,129**	**14,051**	**13,871**	**180**
Income				
Sales & Rents	-281	-273	-260	(13)
Fees & Charges	-666	-500	-502	2
Reimbursements & Grant Income	-1,139	-553	-532	(21)
Transfer From Reserves	-800	0	0	0
Capitalised Salaries	-111	-83	-83	0
Government Grant Income	-1,161	-980	-990	10
Total Income	**-4,158**	**-2,389**	**-2,367**	**(22)**
Net Operational Expenditure	**15,971**	**11,662**	**11,504**	**158**
Recharges				
Premises Support	610	458	458	0
Asset Charges	50	0	0	0
Central Support Services	3,027	2,180	2,180	0
Internal Recharge Income	-2,037	-1,578	-1,578	0
Transport Recharges	671	193	193	0
Net Total Recharges	**2,321**	**1,253**	**1,253**	**0**
Net Department Expenditure	**18,292**	**12,915**	**12,757**	**158**

Children & Families Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	9,417	6,989	6,872	117
Premises	277	155	134	21
Supplies and Services	1,124	615	585	30
Transport	115	62	104	(42)
Direct Payments/Individual Budgets	627	491	536	(45)
Commissioned Services	247	161	148	13
Out of Borough Residential Placements	4,366	2,615	4,382	(1,767)
Out of Borough Adoption	82	50	50	0
Out of Borough Fostering	1,416	894	2,016	(1,122)
In House Adoption	215	100	198	(98)
Special Guardianship	1,119	802	1,201	(399)
In House Foster Carer Payments	2,058	1,450	1,135	315
Care Leavers	190	143	193	(50)
Family Support	60	45	74	(29)
Emergency Duty Team	100	46	46	0
Contracted Services	4	3	4	(1)
Early Years	60	20	181	(161)
Total Expenditure	**21,477**	**14,641**	**17,859**	**(3,218)**
Income				
Fees and Charges	-23	-19	-14	(5)
Sales Income	-52	-41	-42	1
Rents	-80	-52	-52	0
Dedicated Schools Grant	-47	-35	-35	0
Reimbursements & Other Grant Income	-530	-333	-325	(8)
Government Grants	-123	-107	-107	0
Transfer from Reserves	-83	-83	-83	0
Total Income	**-938**	**-670**	**-658**	**(12)**
Net Operational Expenditure	**20,539**	**13,971**	**17,201**	**(3,230)**
Recharges				
Premises Support	140	107	107	0
Transport Support	29	22	22	0
Central Support Service Costs	2,609	1,932	1,932	0
Net Total Recharges	**2,778**	**2,061**	**2,061**	**0**
Net Department Expenditure	**23,317**	**16,032**	**19,262**	**(3,230)**

Complex Care Pool

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Intermediate Care Services	6,309	4,263	3,856	407
End of Life	200	142	115	27
Sub-Acute	1,769	1,174	1,143	31
Urgent Care Centres	615	308	308	0
Joint Equipment Store	613	362	383	(21)
CCG Contracts & SLA's	1,219	739	696	43
Intermediate Care Beds	599	449	449	0
BCF Schemes	1,729	1,297	1,297	0
Carers Breaks	440	403	321	82
Madeline McKenna Home	677	522	413	109
Millbrow Home	1,329	1,007	1,511	(504)
BCF unallocated	713	0	0	0
2017/18 Deficit Position	0	0	142	(142)
Adult Health & Social Care Services:				
Residential & Nursing Care	20,336	13,958	14,008	(50)
Domiciliary & Supported Living	13,446	8,835	8,541	294
Direct Payments	7,611	6,497	8,049	(1,552)
Day Care	420	241	333	(92)
Total Expenditure	58,025	40,197	41,565	(1,368)
Income				
Residential & Nursing Income	-6,144	-4,227	-4,097	(130)
Domiciliary Income	-1,414	-978	-873	(105)
Direct Payments Income	-569	-322	-355	33
BCF	-9,844	-7,383	-7,383	0
CCG Contribution to Pool	-13,631	-10,223	-10,223	0
ILF	-677	-338	-338	0
Income from other CCG's	-113	-61	-64	3
Madeline McKenna fees	-279	-173	-164	(9)
Millbrow fees	-307	-221	-243	22
Falls Income	-60	-45	-45	0
Total Income	-33,038	-23,971	-23,785	(186)
Net Department Expenditure	**24,987**	**16,226**	**17,780**	**(1,554)**
CCG risk share overspend on CHC	0	0	-1,017	1,017
Adjusted Net Dept. Expenditure	**24,987**	**16,226**	**16,763**	**(537)**
Liability as per Joint Working Agreement (HCCG share – 38%)	0	0	-204	204
Adjusted Net Dept. Expenditure	**24,987**	**16,226**	**16,559**	**(333)**

Education, Inclusion & Provision Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	6,133	4,146	4,160	(14)
Premises	34	8	6	2
Supplies & Services	2,439	1,304	1,186	118
Transport	5	0	0	0
Schools Transport	949	648	979	(331)
Commissioned Services	2,520	1,136	1,136	0
Agency Related Expenditure	1,647	1,161	1,148	13
Independent School Fees	2,412	1,725	1,725	0
Inter Authority Special Needs	175	55	55	0
Pupil Premium Grant	92	27	27	0
Nursery Education Payments	5,215	4,251	4,251	0
Special Education Needs Contingency	666	500	500	0
Schools Contingency	2,727	2,045	2,045	0
Capital Finance	12	0	0	0
Total Expenditure	**25,026**	**17,006**	**17,218**	**(212)**
Income				
Fees & Charges	-346	-300	-323	23
Government Grants	-897	-1081	-1081	0
Reimbursements & Other Income	-489	-299	-323	24
Schools SLA Income	-366	-371	-405	34
Transfer to/from Reserves	-855	-723	-723	0
Dedicated Schools Grant	-15,800	0	0	0
Inter Authority Income	-578	-443	-249	(194)
Total Income	**-19,331**	**-3,217**	**-3,104**	**(113)**
Net Operational Expenditure	**5,695**	**13,789**	**14,114**	**(325)**
Recharges				
Central Support Services Costs	1,598	1,187	1,187	0
HBC Support Costs Income	-79	-59	-59	0
Premises Support Costs	156	117	117	0
Transport Support Costs	279	137	137	0
Net Total Recharges	**1,954**	**1,382**	**1,382**	**0**
Net Department Expenditure	**7,649**	**15,171**	**15,496**	**(325)**

Public Health & Public Protection Department

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	3,674	2,661	2,613	48
Premises	5	0	0	0
Supplies & Services	265	149	131	18
Contracts & SLA's	6,803	4,482	4,492	(10)
Transport	6	5	4	1
Agency	18	18	18	0
Total Expenditure	**10,771**	**7,315**	**7,258**	**57**
Income				
Other Fees & Charges	-71	-78	-90	12
Government Grant	-10,185	-7,151	-7,151	0
Reimbursements & Grant Income	-288	-219	-184	(35)
Transfer from Reserves	-226	0	0	0
Total Income	**-10,770**	**-7,448**	**-7,425**	**(23)**
Net Operational Expenditure	**1**	**-133**	**-167**	**34**
Recharges				
Premises Support	179	134	134	0
Central Support Services	718	538	538	0
Transport Recharges	32	24	22	2
Support Income	-98	-89	-89	0
Net Total Recharges	**831**	**607**	**605**	**2**
Net Department Expenditure	**832**	**474**	**438**	**36**

Corporate & Democracy

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Employees	281	210	207	3
Contracted Services	35	26	2	24
Supplies & Services	154	123	215	(92)
Members Allowances	801	601	640	(39)
Interest Payable	1,333	996	846	150
Bank Charges	81	61	99	(38)
Audit Fees	124	93	93	0
Contingency	1,100	825	0	825
Capital Financing	2,255	2,255	2,267	(12)
Contribution to Reserves	2,971	2,971	2,992	(21)
Debt Management Expenses	34	26	14	12
Precepts & Levies	701	573	547	26
Total Expenditure	**9,870**	**8,760**	**7,922**	**838**
Income				
Interest Receivable – Treasury	-599	-449	-912	463
Interest Receivable – Other	-348	-261	-337	76
Fees & Charges	-53	-40	-168	128
Grants & Reimbursements	-85	-64	-93	29
Government Grant Income	-6,040	-4,531	-4,200	(331)
Transfer from Reserves	-2,369	-2,369	-2,369	0
Total Income	**-9,494**	**-7,714**	**-8,079**	**365**
Net Operational Expenditure	**376**	**1,046**	**-157**	**1,203**
Recharges				
Premises Recharges	6	5	5	0
Central Recharges	1,296	972	972	0
Support Services Income	-2,576	-262	-262	0
Net Total Recharges	**-1,274**	**715**	**715**	**0**
Net Department Expenditure	**-898**	**1,761**	**558**	**1,203**

Mersey Gateway

	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000
Expenditure				
Other Premises	149	123	131	(8)
Unitary Charge	36,768	21,492	21,147	345
DMPA fee	8,384	2,003	4,677	(2,674)
Insurance	1,502	1,502	491	1,011
Supplies & Services	0	0	5	(5)
MGCB Ltd	2,625	1,780	1,393	387
MGET Ltd	646	417	271	146
Bus Support	0	0	40	(40)
External Interest	5,173	2,587	2,587	0
Finance Charges	149	149	148	1
Total Expenditure	**55,396**	**30,054**	**30,890**	**(836)**
Income				
Toll Income	-27,753	-20,734	-30,225	9,491
Grants & reimbursements	-27,043	-27,043	-18,534	(8,509)
Transfer from reserves	-646	-417	-271	(146)
Total Income	**-55,442**	**-48,194**	**-49,030**	**836**
Net Operational Expenditure	**-46**	**-18,140**	**-18,140**	**0**
Recharges				
Central Support Recharges	46	35	35	0
Net Total Recharges	**46**	**35**	**35**	**0**
Net Department Expenditure	**0**	**-18,105**	**-18,105**	**0**

APPENDIX 2

Capital Programme as at 31 December 2018

Directorate/Department	Actual Expenditure to Date	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20	Capital Allocation 2020/21
		Quarter 3	Quarter 4		
	£'000	£'000	£'000	£'000	£'000
Enterprise Community & Resources Directorate					
Community and Environment					
Stadium Minor Works	16	38	50	30	30
Stadium Pitch	277	300	300	0	0
Brindley Café Extension	7	30	80	0	0
Open Spaces Schemes	357	458	511	180	0
Children's Playground Equipment	1	1	57	65	65
Upton Improvements	0	0	0	13	0
Runcorn Hill Park	3	5	5	0	0
Crow Wood Play Area	7	7	478	5	0
Peelhouse Lane Cemetery	135	375	500	500	90
Peelhouse Lane Cemetery – Enabling Works	17	25	33	0	0
Pheonix Park	104	104	104	14	0
Victoria Park Glass House	0	0	170	73	0
Sandymoor Playing Fields	803	803	1,032	500	0
Widnes & Runcorn Cemeteries	9	9	190	20	0
Landfill Tax Credit Schemes	0	0	340	340	340
Runcorn Town Park	2	2	280	280	280
Litter Bins	0	0	20	20	20
Community Shop	0	0	0	50	0

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation Quarter 3 £'000	 Quarter 4 £'000	Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
Libraries IT equipment	0	0	0	95	0
ICT & Support Services					
ICT Rolling Programme	212	212	700	700	700
Economy, Enterprise & Property					
3MG	144	144	399	100	0
Widnes Waterfront	0	0	0	1,000	0
Decontamination of Land	4	4	50	0	0
SciTech Daresbury – EZ Grant	286	286	382	0	0
Venture Field	0	0	41	0	0
Linnets Clubhouse	31	31	287	0	0
The Croft	0	0	30	0	0
Murdishaw redevelopment	0	0	38	0	0
Former Crosville Site	83	83	440	0	0
Advertising Screen at The Hive	0	0	100	0	0
Widnes Market Refurbishment	953	953	1,191	29	0
Equality Act Improvement Works	29	29	150	300	300
Broseley House	725	725	1,190	0	0
Solar Farm	57	57	100	1,178	0
Stadium Alterations	10	10	260	0	0

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation Quarter 3 £'000	2018/19 Cumulative Capital Allocation Quarter 4 £'000	Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
Mersey Gateway					
Land Acquisitions	58	60	539	3,500	0
Development Costs	273	275	436	0	0
Other					
Risk Management	0	0	80	296	120
Fleet Replacements	495	495	1,013	1,515	1,260
Policy, Planning & Transportation					
Bridge & Highway Maintenance	866	866	3,639	0	0
Integrated Transport & Network Management	255	255	460	0	0
Street Lighting – Structural Maintenance & Upgrades	70	70	782	1,200	2,000
STEPS Programme	128	128	2,643	0	0
Silver Jubilee Bridge Major Maintenance	4814	4,814	7,265	0	0
Silver Jubilee Bridge Decoupling	335	335	9,596	0	0
Widnes Loops	161	161	1,000	4,227	0
KRN – Earle Road Gyratory	916	916	1,150	0	0
Travelodge / Watkinson Way Footpath	2	2	130	0	0
Total Enterprise Community & Resources	**12,645**	**13,068**	**38,241**	**16,230**	**5,205**

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
		Quarter 3 £'000	Quarter 4 £'000		
People Directorate					
Adult Social Care					
ALD Bungalows	0	0	0	199	0
Vine Street Reconfiguration	1	0	10	0	0
Purchase of 2 adapted properties	0	0	230	290	0
Orchard House	0	0	180	317	
Complex Pool					
Disabled Facilities Grant	348	400	609	500	0
Stairlifts (Adaptations Initiative)	212	225	300	0	0
RSL Adaptations (Joint Funding)	104	180	250	0	0
Madeline McKenna Residential Home	5	5	136	0	0
Millbrow Care Home	181	150	150	0	0
Enablement					
Oakmeadow refurbishment	5	5	347	0	0

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Schools Related					
Asset Management Data	3	3	5	3	0
Capital Repairs	685	753	808	885	0
Asbestos Management	9	10	19	35	0
Schools Access Initiative	56	65	77	0	0
Basic Need Projects	0	0	0	490	437
Lunts Heath Primary School	1	11	11	0	0
Fairfield Primary School	13	70	79	0	0
Weston Point Primary School	3	4	4	0	0
Kitchen Gas Safety	60	60	71	59	0
Small Capital Works	74	80	119	0	0
Bridge School Vocational Centre	336	397	397	17	0
Simms Cross remodelling	126	130	130	0	0
Ashley School remodelling 6th form	76	80	80	0	0
SEND Capital allocation	9	0	30	441	206
Healthy Pupils Capital Fund	23	40	70	0	0
SCA unallocated	0	0	0	99	
Total People Directorate	**2,330**	**2,668**	**4,112**	**3,335**	**643**
TOTAL CAPITAL PROGRAMME	**14,975**	**15,736**	**42,353**	**19,565**	**5,848**
Slippage (20%)			-8,471	-3,913	-1,170
				8,471	3,913
TOTAL	**14,975**	**15,736**	**33,882**	**24,123**	**8,591**

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
SUBJECT:	Calendar of Meetings – 2019/20
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2019/20 Municipal Year attached at Appendix 1 (N.B. light hatched areas indicate weekends and Bank Holidays, dark hatched areas indicate school holidays).

2.0 RECOMMENDATION: That Council be recommended to approve the Calendar of Meetings for the 2019/20 Municipal Year, attached at Appendix 1.

3.0 SUPPORTING INFORMATION

3.1 Members are asked to consider and recommend approval of the calendar of meetings for the 2019/20 Municipal Year.

3.2 In addition, a calendar of meetings for the Liverpool City Region Combined Authority and other external Joint Agency meetings (LCR Transport and Scrutiny Committees, the Fire Authority, the Cheshire Police and Crime Panel and the Merseyside Recycling and Waste Authority), has been produced. This does not require Member approval, but has been produced for information purposes only and to assist Council Member representatives on the various external agencies, to liaise with the relevant authority.

3.3 It is intended that this would be available as an on-line facility and kept up to date throughout the year. It can be accessed via the following link http://www.halton.gov.uk/externalmeetings

4.0 POLICY IMPLICATIONS

None.

5.0 OTHER IMPLICATIONS

None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**
None.

6.2 **Employment, Learning and Skills in Halton**
None.

6.3 **A Healthy Halton**
None.

6.4 **A Safer Halton**
None.

6.5 **Halton's Urban Renewal**
None.

7.0 RISK ANALYSIS

Should a Calendar of Meetings not be approved, there will be a delay in publishing meeting dates. This would result in practical difficulties in respect of the necessary arrangements to be made and the planning process regarding agenda/report timetables.

8.0 EQUALITY AND DIVERSITY ISSUES

Once a Calendar of Meetings has been approved the dates will be published, hence assisting public involvement in the democratic process.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

2019/2020 Year Planner

NB Lightly shaded areas indicate weekends and Bank Holidays; dark shaded areas indicate school holidays.

	MAY 2019	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2020	FEB	MARCH	APR	MAY
M			1 Dev Control Cttee		2 Dev Control Cttee			2 Dev Control Cttee		3 Dev Control Cttee	2		
T			2 SEMINAR		3 Corporate PPB	1 SEMINAR		3 SEMINAR		4 SEMINAR	3 Dev Control Cttee		
W	1		3 Regulatory		4	2 HW Board Regulatory		4	1 New Year Bank Holiday	5	4 COUNCIL	1	
T	2 Local Elections		4	1	5	3		5	2	6	5	2	
F	3		5	2	6	4	1	6	3	7	6	3	1
S	4	1	6	3	7	5	2	7	4	8	7	4	2
S	5	2	7	4	8	6	3	8	5	9	8	5	3
M	6 Early Spring Bank Holiday	3 Dev Control Cttee	8	5 Dev Control Cttee	9 CYP&F PPB	7 Dev Control Cttee	4 Dev Control Cttee	9	6 Dev Control Cttee	10 ELS&C PPB	9 SEMINAR	6 Dev Control Cttee	4 Early Spring Bank Holiday
T	7	4 Corporate PPB	9	6 SEMINAR	10 Safer PPB	8	5	10	7	11 Safer PPB	10	7	5
W	8	5	10 H W Board COUNCIL	7	11	9	6	11 COUNCIL	8	12 Mayoral Comm Standards Committee	11 Regulatory	8	6
T	9	6	11	8	12	10	7	12 Executive Board	9	13	12	9 Executive Board	7 (Elections – Local/Parish/ Mayoral/ PCC)
F	10	7	12	9	13	11 SEMINAR	8	13	10	14	13	10 GOOD FRIDAY	8
S	11	8	13	10	14	12	9	14	11	15	14	11	9
S	12	9	14	11	15	13	10	15	12	16	15	12	10
M	13 Dev Control Cttee	10 CYP&F PPB	15	12	16 SEMINAR	14	11 CYP&F PPB	16	13	17	16	13 EASTER MONDAY	11 Dev Control (prov)
T	14 Exec Board (Select Com)	11 Safer PPB	16	13	17Health PPB	15	12 Corporate PPB	17	14 SEMINAR	18	17	14	12
W	15	12 Schools Forum	17	14	18 Environment PPB	16 COUNCIL Schools Forum	13 Environment PPB	18	15 H W Board Schools Forum Reg Cttee	19	18 Schools Forum	15	13
T	16	13 Executive Board	18 Executive Board	15	19 Executive Board	17 Executive Board	14 Executive Board	19	16 Executive Board	20	19 Executive Board	16	14
F	17 ANNUAL COUNCIL	14	19	16	20	18	15	20	17	21	20	17	15
S	18	15	20	17	21	19	16	21	18	22	21	18	16
S	19	16	21	18	22	20	17	22	19	23	22	19	17
M	20	17 SEMINAR	22	19	23 ELS&C PPB	21	18 ELS&C PPB	23	20	24	23	20	18
T	21	18 Health PPB	23	20	24	22	19 Safer PPB	24	21	25 Health PPB	24	21	19 Exec Board Select Com (prov)
W	22	19	24 B E Board	21	25 B E Board	23	20 B E Board	25 Christmas Day	22	26 Environment PPB	25 HW Board B E Board	22	20
T	23	20	25	22	26	24	21	26 Boxing Day	23	27 Executive Board	26	23	21
F	24	21	26	23	27	25	22	27	24	28	27	24	22 ANNUAL COUNCIL (prov)
S	25	22	27	24	28	26	23	28	25	29	28	25	23
S	26	23	28	25	29	27	24	29	26		29	26	24
M	27 Spring Bank Holiday	24 ELS&C PPB	29	26 Summer Bank Holiday	30	28	25	30	27 CYP&F PPB		30	27	25 Spring Bank Holiday
T	28	25	30	27		29	26 Health PPB	31	28 Corporate PPB		31	28	26
W	29	26 Environment PPB	31	28		30	27 Regulatory Cttee		29			29	27
T	30	27		29		31	28		30			30	28
F	31	28		30			29		31				29

 Agenda Item 4f

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Strategic Director, Enterprise, Community and Resources
PORTFOLIO:	Resources
SUBJECT:	Unison's End Violence at Work Charter
WARD(S)	Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek Executive Board's support to a recommendation being made to the Full Council that the Council formally signs up to Unison's End Violence at Work Charter.

2.0 RECOMMENDATION: That Council be recommended to adopt the Unison "End Violence at Work Charter" and works with Unison representatives to ensure the standards within the Charter are adhered to.

3.0 BACKGROUND

3.1 The Council has been approached by Unison to see if it would support and adopt Unison's Violence at Work Charter. A copy of the standards set within that Charter is attached at the Appendix to this report.

3.2 Unison are approaching all major employers in the community and voluntary sector asking them to sign up to the Charter. They have approached the Council with a similar request. Any employer seeking to sign up will be asked for evidence of their compliance with the 10 points in the Charter before signing. Organisations which need to make any changes to their practices will be given one year to make those changes indicating their timescales to deliver on all the points.

3.3 The Council has always placed great emphasis on the health and safety of its employees. It has established practices and procedures in place to protect its employees, including regular public reports to the Corporate Policy and Performance Board. It keeps those practices and procedures under constant review both in the light of experiences and changes in legislation. There is no reason why the Council should not sign up to the Charter as it very much reflects the Council's own philosophy and existing practices.

3.4 It is suggested that the Executive Board recommend that the Council signs up to the Charter and that officers work with Unison in matching up the Council's existing practices with the standards in the Charter.

4.0 POLICY IMPLICATIONS

4.1 Signing up to the Charter would complement the work and priority given by the Council to the very important area of its activity.

5.0 FINANCIAL IMPLICATIONS

5.1 Any costs related to signing up to the Charter are anticipated to be minimal.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Protecting the Council's workforce from any form of violence is clearly crucial to the delivery of all of its priorities.

7.0 RISK ANALYSIS

7.1 There are no risks associated with this report.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no equality and diversity issues associated with this report.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

Appendix

The Violence at Work Charter Standards

To qualify for the UNISON Violence At Work Charter mark, employers must meet the following standards:

1. The employer has a written violence and aggression at work policy, which is available to all staff. The policy should also cover lone working.
2. Responsibility for implementing these policies lies with a senior manager.
3. Measures are taken to reduce staff working in isolated buildings, offices or other work areas to a minimum.
4. Staff are encouraged to report all violent incidents and they are told how to do this.
5. The employer collects and monitors data on violent incidents on a regular and ongoing basis.
6. Where they are in place, union safety reps are able to access this data and are consulted on solutions to issues relating to violence in the workplace.
7. Thorough risk assessments are conducted for staff placed in vulnerable situations.
8. The employer has support pathways in place for staff who are victims of violence at work, so that they know where to turn for advice and support.
9. Training to ensure staff are aware of the appropriate way to deal with threatening situations.
10. Where appropriate, independent counselling services are available to staff who are the victims of violence at work.

Agenda Item 4g

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
PORTFOLIO:	Resources
SUBJECT:	International Holocaust Remembrance Alliance Working Definition of Anti-Semitism
WARDS:	Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to request that the Executive Board recommends that the Council adopts the International Holocaust Remembrance Alliance (IHRA) definition of Anti-Semitism. The Council has been approached by the Jewish Leadership Council and asked that it adopts this definition.

2.0 RECOMMENDATION: That the Council be recommended to adopt the IRHA working definition of Anti-Semitism.

3.0 SUPPORTING INFORMATION

3.1 The International Holocaust Remembrance Alliance (IHRA) is an intergovernmental organisation founded in 1998 which unites governments and experts to strengthen, advance and promote Holocaust education, research and remembrance worldwide and to uphold the commitments of the Declaration of the Stockholm International Forum on the Holocaust. The IHRA has 31 member countries, two liaison countries and nine observer countries.

3.2 IHRA adopted the Working Definition of Anti-Semitism at a plenary session in 2016. On 1 June 2017, the European Parliament voted to adopt a resolution calling on European Union member states and their institutions to adopt and apply the definition. The non-legally binding working definition includes illustrative examples of Anti-Semitism to guide the IHRA in its work. These examples include classical Anti-Semitic tropes, Holocaust denial and attempts to apply a double standard to the state of Israel.

3.3 This is the IHRA working definition:

"Anti-Semitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of Anti-Semitism are directed toward Jewish or non Jewish individuals and/or their property, toward Jewish community institutions and religious facilities".

The following examples may serve as illustrations:

- Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectivity. However, criticism of Israel similar to that levelled against any other country cannot be regarded as Anti-Semitism. Anti-Semitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for "why things go wrong". It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

- Contemporary examples of Anti-Semitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.

- Making mendacious, dehumanising, demonising, or stereotypical allegations about Jews as such or the power of Jews as collective – such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.

- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non Jews.

- Denying the fact, scope, mechanisms (eg gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).

- Accusing the Jews as a people, or Israel as a sate, of inventing or exaggerating the Holocaust.

- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

- Denying the Jewish people their right to self determination, eg by claiming that the existence of a state of Israel is a racist endeavour.

- Applying double standards by requiring of it a behaviour not expected or demanded of any other democratic nation.
- Using the symbols and images associated with classic Anti-Semitism (eg claims of Jews killing Jesus or blood libel) to characterise Israel or Israelis.
- Drawing comparisons of contemporary Israeli policy to that of Nazis.
- Holding Jews collectively responsible for actions of the state of Israel.

4.0 RESOURCE IMPLICATIONS

4.1 There are no resource implications arising directly from this report.

5.0 POLICY IMPLICATIONS

5.1 None.

6.0 OTHER IMPLICATIONS

6.1 None.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 **Children and Young People in Halton**

7.2 **Employment, Learning and Skills in Halton**

7.3 **A Healthy Halton**

7.4 **A Safer Halton**

7.5 **Halton's Urban Renewal**

8.0 RISK ANALYSIS

8.1 There is a risk that failing to make clear the Council' strong support for the IHRA working definition of Anti-Semitism will send a counter message creating space that legitimises by omission hatred of Jews. This will therefore be mitigated by expressing unequivocal support for the IHRA working definition of Anti-Semitism.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 As a recognised ethnic minority, Jews are protection from hate and discrimination by existing UK legislation, such as the Crime and Disorder Act 1998, and the Equality Act 2010.

9.2 The IHRA working definition has therefore been developed and promulgated in order to ensure that culprits will not be able to get away with being Anti-Semitic because the term is ill defined, or because organisations or bodies have different interpretations of it

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

10.1 None.

REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Strategic Director, Enterprise, Community Resources
PORTFOLIO:	Physical Environment
SUBJECT:	Town Centres & Funding
WARD(S)	Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to advise Members on recent announcements concerning Town Centre funding. The report makes an assessment of the funding criteria and seek approval from Members to submit bids for funding to the appropriate funding bodies, as outlined in section 4.4. of the report.

2.0 RECOMMENDATION: That Members approve the proposals set out in sections 4 and 7 of the report and confirm their preferred approach.

3.0 SUPPORTING INFORMATION

3.1 Two major town centre funding streams were announced recently.

In November 2018 the Liverpool City Region Combined Authority (CA) launched its ***Strategic Investment Fund.*** £6m has been allocated by the CA to the six Local Authorities to support their town centres

3.2 On 26th December 2018, the Government launched the ***Future High Streets Fund.*** A summary of the criteria and background to these funds is outlined below

3.3 **A. <u>Future High Streets Fund (FHSF) - £675m – Deadline for Round 1 Expressions Of Interest 22 March 2019</u>**

1. <u>Context</u>

This is a central part of Government's *Our Plan for the High Street* initiative (launched in 2018) that includes:

- cut in business rates by up to a third for a wide range of retail properties for two years
- consultation on planning reform to make it simpler to create more homes, jobs and choice in town centres
- creation of a *High Streets Task Force* to support local leadership
- strengthening community assets, including restoration of historic buildings that make high streets special, supporting community groups to use empty properties and providing business rates relief for public toilets and local newspapers

FHFS provides co-funding towards *innovative capital projects* that bring transformative change (around transport, housing delivery and public services) and support wider economic growth.

3.4

2. **Objectives**

The focus of the fund is, “To renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability”.

In the first bidding round - Local authorities (LAs) will be expected to:

- define the specific challenges faced by their high streets
- set out their overarching strategic ambition for what the high street or town centre should become
- set out what needs to be done to make this possible

The guidance states that FHSF will not accept bids covering town centre areas that are not facing significant challenges. Proposals should cover high streets/town centres as defined as areas that:

- exhibit high levels of social and economic activity
- contain a variety of uses and functions
- act as important service centres for extensive catchment populations. Small parades of shops of purely neighbourhood significance are not regarded as high streets or town centres for purposes of this fund.

Identified local need for investment should fall under the following themes:

- Investment in physical infrastructure;
- Acquisition and assembly of land including to support new housing, workspaces and public realm;
- Improvements to transport access, traffic flow and circulation in the area;
- Supporting change of use including (where appropriate) housing delivery and densification;
- Supporting adaptation of the high street in response to

changing technology.

3. **Process**

3.5 Two bidding rounds are planned. Round 2 will be announced in due course but will not open before 2020.

Round 1 aims to co-fund projects and places that have *already started to formulate a vision* for the future of their town centres. Proposals should comprise a single, transformative submission covering one high street or town centre in their area. This may comprise more than one intervention.

The application process is in two stages.

- **Phase 1** - Expressions of Interest (deadline **22 March 2019**) setting out challenges and strategic approach to regenerating town centres based on FHFS criteria. This phase concerns identifying places to work with, and will not have regard to specific schemes included in submitted proposals when assessing bids. Shortlisted bids will be announced in summer 2019.

NB: EOIs will be sifted on the basis of their responses to three key themes – i) defining the place; ii) setting out the challenges; iii) strategic ambition. Further guidance on the scoring criteria and weighting for EOIs will be published before end of January 2019.

- **Phase 2** – Shortlisted places are invited (with some revenue funding) to develop a full business case - high street strategy shall include specific project plans (deadline late 2019/early 2020). Projects which are '*shovel ready'* may be fast-tracked for funding.

£55m (8%) of the Fund is allocated to the Department for Digital, Culture, Media and Sport to support the regeneration of '*heritage*' high streets.

B. **Town Centre Commission Funding (TCCF) - £1m – Deadline March 2019**

3.6 1. **Context**

This is a programme within the Liverpool City Region's Strategic Investment Fund (SIF). The Town Centre Commission is described as 'an expert-led study into sustainable models for LCR town centres and options to improve services and amenities, and to use them to improve social value in LCR town centres'. Funding proposals are limited to one town centre per local authority (unless by exception).

TCCF is designed to focus on people and the way they use town and district centres. It is a programme intended to improve local participation, wellbeing and inclusivity; it is not a property programme in the first instance. Follow-on property investment may result from the Commission and the Fund. TCCF is aimed at increasing footfall in town centres for '*non-retail*' reasons. Hence, potential projects could look at community, social, well-being, culture, health and sport.

2. Objectives

3.7
- Up to £1 million for each local authority outside Liverpool City Council.
- Up to £1 million for Liverpool City Council.

Each place's set of interventions must together adhere to SIF principles, including Value for Money. An element of the funding will be released for pre-development funding and to fund the Commission described above. A guiding principle for funding is a 50/50 capital/revenue split. Funding can be used to pilot new ideas.

Business Cases/Action Plan will need to be prepared by March 2019. Funding must be fully spent by December 2020.

The TCCF aims to:
- gather and analyse evidence relating to town centre vitality and viability
- implement activities recommended by the Commission
- encourage local, inclusive and regenerative patronage of town centres by empowering our residents to participate in their daily life and improvement
- prepare for long-term investment in identified areas, including long-term property investment
- work alongside other investment in economic opportunities within the city region
- create town centres which people want to use by creating vibrant, safe and welcoming environments
- 'green' our town centres and support the health and wellbeing of our citizens

3. Process

Each Local Authority will need to agree its target town centre in advance with the CA.

3.8

The CA will have regard for each LA's Local Plan in considering its proposal. The ideal town centre will be a recognised town centre in a current Local Plan and form part of the LA's medium to long-term Economic and Investment Plan, for which the Fund can signpost and prepare for greater investment.

It is proposed that each LA will collaborate with the CA on selecting interventions to be funded. Interventions should be supported by the Commission's findings and the LA should set out a clear vision of the place's purpose and audience.

4.0 POLICY IMPLICATIONS

4.1 The funding streams identified above are focused on revitalising town centres, but the funds differ in scale and focus. The FHFS looks to support large scale physical transformation projects with bids being on average £5m up to a maximum of £25m. The TCCF is predominantly orientated towards people and communities, with a maximum grant of £1m.

4.2 Halton has three town centres, Halton Lea, Runcorn and Widnes and this presents some challenges in determining how funding might be allocated. Both funds emphasise the need for a strategic approach which demonstrates a significant economic impact on an area.

4.3 The chances of submitting successful bids will be improved if there are 'oven-ready' bids that can be submitted within a relatively short timeframe. In this regard, Halton Lea and Runcorn Station Quarter benefit from the fact that vision documents and Masterplans have been produced for these centres, thereby making it easier for the Council to submit a bid for these areas. In the past, there have been some tentative discussions with property owners regarding alternative end uses in the town centre, but considerable work would be required to develop this into a worked up funding proposal.

4.4 Taking into account the funding criteria, the main priorities of the Council, resources and capacity available, as well as the funding deadlines, Members are requested to agree the following approach:

1) An Expression of Interest for Runcorn Station Quarter including Runcorn Town Centre is submitted to the FHFS scheme. In terms of capacity, we would ask our recently appointed development partner to lead on this work with input from the Council.

2) A Thematic' bid of £1m is submitted to the TCCF to cover Halton Lea.

3) Further proposals are developed for Widnes which could be funded using the Environment Fund.

4.5 Regarding (2), the types of schemes to be funded might include the continuation of the Youth Zone, Community Shop and development of a Roof Top Garden in Halton Lea.

4.6 Regarding (3) there are some environmental improvements within the public realm that could be introduced to maintain and enhance a strong town centre offer in Widnes.

4.7 There are some risks associated with taking the approach outlined above and these are summarised in section 7 of the report.

5.0 OTHER/FINANCIAL IMPLICATIONS

5.1 Undoubtedly, matching funding will be required to support the bids. However, the guidance does not stipulate the level required and refers to ‘co-financing’. The Council’s existing capital programme could be a useful source of matching funding. The team is also exploring other funding pots such as the (transport-led) transforming cities fund.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 Successful bids will have a positive impact on a wide range of the Council’s priorities because of the investment in the borough both in terms of improvements to the place, but supporting services that promote our community’s participation in our town centres.

7.0 **RISK ANALYSIS**

7.1 There is a risk that if the Council submits too many Expressions of Interest to the FHFS, then the response from funders might be that the Council has not been focused and strategic enough in determining a set of town centre priorities. Therefore, it is proposed that a bid around Runcorn and Runcorn Station Quarter would be the Council’s priority. Further discussions will be needed with the Combined Authority Investment Team to determine whether the approach proposed in section 4 would be acceptable.

8.0 LIST OF BACKGROUND PAPERS UNER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted