HALTON BOROUGH COUNCIL

Municipal Building,
Kingsway,
Widnes.
WA8 7QF

14th April 2009

TO: **MEMBERS OF THE HALTON BOROUGH COUNCIL**

You are hereby summoned to attend an Ordinary Meeting of the Halton Borough Council to be held in the Council Chamber, Runcorn Town Hall on Wednesday, 22 April 2009 commencing at 6.30 p.m.. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.

David W R

Chief Executive

-AGENDA-

1. **MINUTES**

2. **APOLOGIES FOR ABSENCE**

3. **THE MAYOR'S ANNOUNCEMENTS**

4. **DECLARATIONS OF INTEREST**

5. **LEADER'S REPORT**

6. **MINUTES OF THE EXECUTIVE BOARD**

   a) 29th January 2009

   b) 12th February 2009

   c) 5th March 2009

   d) 19th March 2009

   e) 2nd April 2009

   f) 9th April 2009

7. **MINUTES OF THE EXECUTIVE BOARD SUB COMMITTEE**

   a) 29th January 2009

   b) 12th February 2009

   c) 5th March 2009

   d) 19th March 2009

   e) 2nd April 2009

8. **MINUTES OF 3MG EXECUTIVE SUB-BOARD**

a) 2 April 2009

9. MINUTES OF MERSEY GATEWAY EXECUTIVE BOARD

a) 29th January 2009

b) 19th March 2009

10. QUESTIONS ASKED UNDER STANDING ORDER NO. 8

11. MATTERS REQUIRING A DECISION OF THE COUNCIL

a) Treasury Management and Investment Strategy 2009/10 - Executive Board 12th February 2009 (Minute No. EXB104 refers)

The Executive Board considered the attached report.

RECOMMENDED:

(1) the policies, strategies and statements outlined in the Treasury Management Strategy be adopted; and

(2) delegated authority be given to the Operational Director, Financial Services to set the Minimum Revenue Provision repayment periods.

b) Transport Implementation Capital Programme 2009/10 - Executive Board 19th March 2009 (Minute No. EXB121 refers)

The Executive Board considered the attached report.

RECOMMENDED: That

(1) the incorporation of the Transport Implementation Programme for 2009/10, (shown in Appendix A), in the sum of £ 10,840,200, into the Council's 2009/10 Capital Programme;

(2) the carrying forward of £1,608,000 of the Local Transport Plan's Highways Maintenance Borrowing Power approvals for 2008/09 into 2009/10, to facilitate a re-profiling of works associated with the Primary Route Network Bridge Strengthening and Maintenance allocation; and

(3) the authority to agree the detail of the programmes of work for: Primary Route Network Bridge Strengthening and Maintenance; Adoptions; Flood Defence; and Street Lighting, for the periods 2009/10 and 2010/11, be delegated to the Strategic Director, Environment, in consultation with the Executive Board Member for Planning, Transportation, Regeneration and Renewal.

c) Health and Community Capital Programme - Executive Board 2nd April 2009 (Miinute No. EXB138 refers)

The Executive Board considered the attached report.

RECOMMENDED: the Council approve the proposed capital programme for 2009/10 as set out in Appendix 1of the attached report.

d) Phase 3 Children's Centre Capital - Executive Board 9th April 2009 (Minute No. EXB151 refers)

The Executive Board considered the attached report

RECOMMENDED: That

(1) Approval is given to the proposal to request that the Phase 3 capital funding is made available to Halton for the enhancement and maintenance of current children centre stock'; and

(2) Members note the positive developments at Windmill Hill Children's Centre and Primary School and approve a lease for up to 5 years to the Primary Care Trust to establish a temporary health facility on the school site.

e) Arrangements for Appointment of Mayor, Mayoral Committee 25 February 2009 (Minute No. MYR1 refers)

The Mayoral Committee considered a Part II report making recommendations for the appointment of Mayor and Deputy Mayor for the 2009/10 Municipal Year.

Council is requested to note these recommendations as follows. Formal confirmation will be sought at the annual meeting.

Mayor – Councillor Fraser
Deputy Mayor – Councillor Wright

f) Flexible Framework on Sustainable Procurement, Business Efficiency Board 25th February 2009 (Minute No. BEB19 refers)

The Business Efficiency Board considered the attached report.

RECOMMENDED: That the Council endorses the Sustainable Procurement Policy and approves the actions necessary to enable Halton to meet the challenge of the Flexible Framework in that,

- Sustainable Procurement Champions were identified at both member and executive level;
- Key Procurement Officers were identified and trained at senior level to act as mentors to other procurement staff in their directorates; and
- Progress on the Flexible Framework be monitored by the Procurement and Commissioning Group and regular reports on progress be made to the Business Efficiency Board.

g) Village Green Designation - Halebank

To consider the attached report.

12. MINUTES OF POLICY AND PERFORMANCE BOARDS AND BUSINESS EFFICIENCY BOARD

a) Children and Young People - cream pages

b) Employment, Learning and Skills - yellow pages

c) Healthy Halton - blue pages

d) Safer Halton - pink pages

e) Urban Renewal - green pages

f) Corporate Services - salmon pages

g) Business Efficiency Board - white pages

13. COMMITTEE MINUTES

a) Development Control - pink pages

b) Standards - white pages

c) Regulatory - blue pages

Agenda Item 11a

REPORT TO:	Executive Board
DATE:	12th February 2009
REPORTING OFFICER:	Operational Director – Financial Services
SUBJECT:	Treasury Management and Investment Strategy 2009/10
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To propose the Treasury Management Strategy for 2009/10.

2.0 RECOMMENDED that:

(1) the Council adopt the policies, strategies and statements outlined in the Treasury Management Strategy; and

(2) delegated authority be given to the Operational Director Financial Services to set the Minimum Revenue Provision repayment periods.

3.0 SUPPORTING INFORMATION

3.1 The Treasury Management Strategy Statement is shown in Appendix A and details the expected activities of the Treasury function in the forthcoming financial year (2009/10). Its production and adoption by Council is a requirement of the CIPFA Code of Practice on Treasury Management.

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 therefore requires the Council to set out its treasury strategy for borrowing as well as an Investment Strategy; which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.4 A new requirement for 2009/10 is the production of a Minimum Revenue Provision Policy Statement. There is a detailed explanation of why this is required in the Strategy, together with a formal statement for approval.

4.0 POLICY IMPLICATIONS

4.1 The successful delivery of the strategy will assist the Council in meeting its budget commitments and help deliver all its priorities.

5.0 FINANCIAL IMPLICATIONS

5.1 Over the years the Council's Treasury Management has made a major contribution to balancing the budget. The Council is expecting to borrow significant sums over the next few years and it is opportune that low interest rates currently prevail. Conversely, low rates will result in significant reductions in the Council's investment returns.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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 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

7.2 This strategy sets out clear objectives within these guidelines. Regular monitoring is undertaken during the year and reported on a quarterly basis to the Executive Board Sub-Committee.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 REASON(S) FOR DECISION

9.1 The Authority must have an approved annual strategy in place before the year commences.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10.1 None.

11.0 IMPLEMENTATION DATE

11.1 1st April 2009.

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

Document	Place of Inspection	Contact Officer
Working papers	Accountancy Section	J. Viggers

APPENDIX A

TREASURY MANAGEMENT STRATEGY 2009/10

1.0 INTRODUCTION

1.1 The Treasury Management Strategy for 2009/10 covers the following aspects of the treasury management function and is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor.

- treasury limits in force which will limit the treasury risk and activities of the Council;
- prudential indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- debt rescheduling;
- minimum revenue provision.

2.0 TREASURY LIMITS FOR 2009/10

2.1 It is a statutory duty under S.3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

2.2 The Council must have regard to the Prudential Code when setting its Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax is 'acceptable'.

2.3 Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

3.0 PRUDENTIAL INDICATORS FOR 2009/10-2011/12

3.1 A requirement of the Prudential Code is that various prudential indicators must be approved by the Council. These are shown in Annex 1 and are relevant for the purposes of setting an integrated treasury management strategy.

4.0 CURRENT PORTFOLIO POSITION

4.1 The Council's treasury portfolio position at 15 January 2009 comprised:

		Principal		Average Rate
		£m	£m	%
Fixed Rate Funding	PWLB	10.00		3.70
	Market	12.45	22.45	3.66
Variable Rate Funding	PWLB	0.00		-
	Market	0.00	0.00	-
Total Borrowing			22.45	3.68
Other Long Term Liabilities			0.00	
Total Debt			22.45	
Total Investments			54.05	5.62

5.0 BORROWING REQUIREMENT

5.1 The table below summarises the net borrowing requirement for the authority for the next three years based on the current level of supported borrowing indicated by the government and prudential borrowing contained in the capital programme.

	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
New Borrowing	12,283	12,688	14,916	27,818
Alternative Financing Arrangements	-	-	-	-
Replacement Borrowing*	-	-	-	-
TOTAL	12,283	12,688	14,916	27,818

5.2 The £10m Lender's Option Borrower's Option (LOBO), currently with Euro Hypo bank is on 6 month options As such it could fall to be replaced in any of the years.

5.3 The advanced land acquisition for the Mersey Gateway project is the major factor for the new borrowing. This will significantly increase total debt in the short to medium term.

6.0 PROSPECTS FOR INTEREST RATES

6.1 The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Annex 2 draws together a number of current City forecasts for short term or variable (the base rate or repo rate) and longer fixed interest rates.

6.2 Sector View: Interest rate forecast – 6th December 2008

	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011	Q/E3 2011	Q4 2011	Q1 2012
	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	1.75	2.50	3.25	3.75	4.00
5 yr PWLB Rate	2.50	2.25	2.15	2.15	2.15	2.45	2.80	3.15	3.65	3.95	4.20	4.45	4.60
10 yr PWLB Rate	3.10	2.75	2.55	2.55	2.55	2.85	3.25	3.65	4.15	4.40	4.70	4.75	4.85
25 yr PWLB Rate	4.00	3.95	3.95	3.95	4.00	4.15	4.35	4.45	4.60	4.85	4.95	5.00	5.05
50 yr PWLB Rate	3.85	3.80	3.80	3.80	3.85	3.90	4.00	4.25	4.40	4.70	4.80	4.95	5.00

Sector's analysis of the economic background is shown in Annex 3 and its current interest rate view is that Bank Rate: -

- will fall from current levels because of the intensifying global recession
- Starting 2009 at 2.00%, Bank Rate is forecast to fall to 0.5% in Q1 2009
- It is then expected to remain there until starting to rise gently up from Q2 2010 till it reaches 4.0% in Q1 2012.
- There is downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected.

7.0 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

7.1 The Sector forecast is as follows.

(These forecasts are based around an expectation that there will normally be variations of +/- 25bp during each quarter around these average forecasts in normal economic and political circumstances. However, greater variations can occur if should there be any unexpected shocks to financial and/or political systems.) These forecasts are for the PWLB new borrowing rate: -

- The 50 year PWLB rate is expected to remain around current levels of about 3.80 - 3.90% until Q2 2010 when it is forecast to rise to 4.00%. The rate then edges up gradually to reach 5.00% at the end of the forecast period.

- The 25 year PWLB rate is expected to drop to 3.95% in Q1 2009 and stay around there until starting to rise in Q1 2010 and then to eventually reach 5.05% at the end of the forecast period.

- The 10 year PWLB rate is expected to drop to 2.55% in Q3 2009 but then to start rising again in Q2 2010 to eventually reach 4.85% at the end of the forecast period.

- The 5 year PWLB rate is expected to fall to a floor of 2.15% during Q3 2009. The rate then starts rising in Q2 2010 to eventually reach 4.60% at the end of the forecast period.

7.2 This forecast indicates, therefore, that there is a range of options available for borrowing strategy for 2009/10. Variable rate borrowing is expected to be cheaper than long term borrowing and will therefore be attractive throughout the financial year compared to simply taking long term fixed rate borrowing. Under 10 year PWLB rates are expected to be substantially lower than longer term PWLB rates so this will open up a range of choices for new borrowing for authorities that want to spread their debt maturities away from a concentration in long dated debt. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.

7.3 For authorities wishing to minimise their debt interest costs, the main strategy is therefore as follows:

- For authorities wanting to focus on the very cheapest PWLB borrowing, the under 10 year rates will provide significantly cheaper rates than longer term borrowing. Under 5 year rates are also expected to be significantly lower than 5-10 year rates. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.
- For authorities wanting to lock into historically low long term rates, there is expected to be little difference between 25 year and 50 year rates. However, despite the minimally more expensive new borrowing rates expected in the 25 – 30 year period later in the year, these could be seen as being much more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.
- This strategy would also mean that after some years of focusing on borrowing at or near the 50 year period, local authorities would be able to undertake borrowing in a markedly different period and so achieve a better spread in their debt maturity profile.
- When long term PWLB rates fall back to the central forecast rate of about 3.95%, borrowing should be made at any time in the financial year. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 3.95%. The central forecast rate will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.

- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate if they become available again.

7.4 External v. internal borrowing

- The next financial year is expected to be a time of historically abnormally low Bank Rate. This opens up an opportunity for authorities to fundamentally review their strategy of undertaking external borrowing.
- For those authorities with investments in excess of their borrowing requirement over the next year and access to the cash from maturing investments within the financial year, then consideration also needs to be given to the potential merits of internal borrowing.
- As long term borrowing rates are expected to be higher than rates on the loss of investment income and look likely to be so for the next couple of years or so, authorities may prefer to avoid all new external borrowing in the next financial year in order to maximise savings in the short term.
- The running down of investments also has benefits of reducing exposure to interest rate and credit risk.

7.5 Against this volatile background caution will be adopted with the 2009/10 treasury operations. The Operational Director Financial Services will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Executive Board Sub-Committee at the next available opportunity.

7.6 Sensitivity of the forecast – In normal times the main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp rise in long and short term rates,* perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

- *if it were felt that there was a significant risk of a sharp fall in long and short term rates,* due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

7.7 However, after the freezing of some local authority investments by Icelandic banks now in receivership, many local authorities are currently concerned about the safety of investments and the ability of authorities to rely on credit ratings as a basis for ensuring that investments can be undertaken safely, especially for longer periods of time. The approach of this authority is therefore to be extra vigilant in reviewing its counterparties, especially for larger deals and to minimise the risk by spreading investments across the whole range of counterparties.

8.0 ANNUAL INVESTMENT STRATEGY

8.1 Investment Policy

The Council will have regard to the ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:

(a) the security of capital; and

(b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the approved lending list.

8.2 Specified v non specified investments

There has been an increasing number of innovative investment products being marketed over the past few years. The have arisen due to the relatively low interest rate environment which has prevailed during this period. The initial guidance from the ODPM focused on high security and more particularly credit risk. This approach however does not deal with market risk, which is the sudden adverse movement in interest rates. In some products this could lead to a significant diminution of the maturity value below that of the original sum invested.

Because of this it has been suggested that if any investment other than a straight cash deposit is envisaged the following tests are applied ;-

1. the working of the product is fully understood;

2. the degree of risk exposure the product carries is identified;

3. the level of risk fits within the parameters set by the authority;

4. the product complies with the CIPFA Code of Practice on Treasury Management (prime focus on security and best value applied to optimise returns).

The Council has in the main used straightforward cash deposits, with both fixed and variable rates, but always with options to repay if the counterparty wanted to change the terms and agreement couldn't be reached. The issue therefore still boils down to credit risk and this is handled through the counterparty weighted rankings and prudential indicators which limit the amount that can be placed with non rated organisations at any one time.

8.3 Specified Investments:

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable (i.e. credit rated counterparties).

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term Deposits – UK Government	--	In-house
Term Deposits – Other LAs	--	In-house
Term Deposits – Banks and Building Societies	On Approved List and Rated AA or above	In-house

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

8.4 Non-Specified Investments:

A maximum of 30% will be held in aggregate in non-specified investments for 2-3 years and 60% in 1 to 2 years. This group is to include non credit rated organisations.

	Minimum Credit Criteria	Use	Max % of Total Investments	Max. Maturity Period
Term deposits – UK government (with maturities in excess of 1 year)	-	In-house	30% 60%	2-3 years 1-2 years
Term deposits – other LAs (with maturities in excess of 1 year)	-	In-house	30% 50%	2-3 years 1-2 years
Term deposits – banks and building societies (with maturities in excess of 1 year)	On Approved List and less than AA or Unrated.	In-house	30% 60%	2-3 years 1-2 years

The Council uses Moody's ratings to derive its criteria. Where a counterparty does not have a Moody's rating, the equivalent Fitch rating will be used. All credit ratings will be monitored on a regular basis. The Council is alerted to changes in credit ratings through its use of the Sector 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.

8.5 Investment Strategy

In-house funds: The Council's in-house managed funds have during the past twelve months (January to December) been in the value range of £40.00m to £54.20m with a core balance of around £20m which is available for investment over a longer (say) 2-3 year period. The current balance is £54.05m. Investments will accordingly 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).

The Council already has investments that span the financial year e.g. longer-dated deposits, which were taken out at various peaks of the last rate cycles as shown below.

	Amount (£000)	Maturity	Rate (%)
Cumberland BS	1,000	29/04/2009	5.87
Cumberland BS	500	29/04/2009	5.87
Nationwide BS	2,500	18/05/2009	6.20
West Bromwich BS	2,500	11/08/2009	6.25
Stroud & Swindon BS	2,500	18/08/2009	6.22
HBOS Treasury Services	5,000	04/09/2009	6.35
Nationwide BS	10,000	27/10/2009	5.85
Nationwide BS (ex Cheshire BS)	2,500	02/11/2009	6.15
Dunfermline BS	2,500	07/12/2009	6.56
Newcastle BS	2,500	07/06/2010	6.53
Northern Rock Plc	2,500	23/07/2010	6.41
Skipton BS	5,000	03/11/2010	6.15

It is unlikely therefore that further long dated investments will be undertaken until these investments mature or rates improve.

The interest rate outlook is particularly relevant to the performance of the Council's investment portfolio. Annex 2 shows quite clearly that all economic forecasters are predicting further rate cuts in the next financial year. The timing and severity of the cuts may be different but the trend is the same. It is difficult to argue against this message as the pressure of a recession in the USA will impact on Europe and our own economy will come under pressure. The Council has already placed as much of its current portfolio into fixed rate, fixed period deals as it feels it can do within its current risk spread policy and will adopt a policy of running down its investments as they mature during 2008/9 whilst waiting for the opportune time to borrow to fund it's long term capital projects. This policy should minimise the impact of falling investment rates.

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest.

8.6 End of year Investment Report

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

9.0 DEBT RESCHEDULING

9.1 The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 40 – 50 basis points for the longest period loans narrowing down to 25 – 30 basis points for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. However, significant interest savings may still be achievable through using LOBOs (Lenders Option Borrowers Option) loans and other market loans if these become available after the drying up of their supply during autumn 2008.

9.2 Due to short term borrowing rates being expected to be considerably cheaper than longer term rates, there are likely to be significant 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 their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a rebalancing of an authority's debt maturities towards a flattening of the maturity profile as in recent years there has been a skew towards longer dated PWLB.

Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations.

As average PWLB rates in some maturity periods are expected to be minimally higher earlier on in the financial year than later on, there should therefore be greater potential for making marginally higher interest rate savings on debt by doing debt restructuring earlier on in the year. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 7 above.

9.3 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- help fulfil the strategy outlined in paragraph 7 above; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.4 All rescheduling will be reported to the Executive Board Sub-Committee at the meeting following its action.

10.0 MINIMUM REVENUE PROVISION

10.1 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 and so such expenditure is spread over several years so as 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 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)

10.2 Along with the above duty, the Government issued new guidance in February 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.

10.3 The Council are 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.

10.4 Options Available

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). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the SCE annual allocation..

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.

10.5 Date of implementation

The previous statutory MRP requirements cease to have effect after the 2006/07 financial year. However, the same basis of 4% charge may continue to be used without limit until the 2009/10 financial year, relative to expenditure incurred up to 31/3/2009.

10.6 Statement for 2009/10

The Council will implement the new Minimum Revenue Provision (MRP) guidance in *2008/09,* and assess their MRP for *2008/09* in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. *.*

The major proportion of the MRP for 2008/09 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with *option 1* of the guidance. Certain expenditure reflected within the debt liability at 31st March 2008 will under delegated powers be subject to MRP under *option 3,* which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

MRP will be charged to revenue on the completion of schemes. This is particularly relevant to schemes that span more than one financial year such as the Mersey Gateway project.

ANNEX 1

PRUDENTIAL INDICATORS

	2007/08	2008/09	2009/10	2010/11	2011/12
Affordability					
1. Ratio of financing costs to net revenue stream (estimate) – General Fund %		0.2	2.0	3.0	3.7
2. Ratio of financing costs to net revenue stream (actual) – General Fund %	- 0.6				
3. Incremental impact of capital investment decisions on the Council Tax £		13.66	9.14	10.04	20.29
Capital Expenditure					
5. Total capital expenditure (estimate) (see Note) – General Fund £m Note: These figures will be amended as further allocations and grant approvals are received.		43.6	39.4	30.2	35.2
6. Total capital expenditure (actual) – Actual £m	29.1				
Capital Financing Requirement					
7. Capital Financing Requirement (estimate) – General Fund £m		66.7	79.4	94.3	122.2
8. Capital Financing Requirement (actual) – General Fund £m	54.4				

	2007/08	2008/09	2009/10	2010/11	2011/12
Treasury Management					
Adopted CIPFA Code of Practice for Treasury Management					
9. Authorised limit for external debt £m		56.0	73.4	103.7	108.7
10. Operational boundary for external debt £m		51.0	68.4	98.7	103.7
11. External debt (actual) £m	26.0				
12. Upper limit on interest rate exposure on fixed rate debt %			75	75	75
13. Upper limit on interest rate exposure on variable rate debt %			75	75	75
14. Maturity structure of borrowing as a percentage of fixed rate borrowing %			Lower / Upper		
Under 12 months			0 / 50		
12 months - 2 years			0 / 75		
2 years - 5 years			0 / 50		
5 years - 10 years			0 / 50		
10 years and above			0 / 75		
15. Total principal sums invested for periods longer than 364 days					
1-2 years %			60	60	60
2-3 years %			30	30	30
16. Maturity Structure of new fixed rate borrowing in previous year	None				

ANNEX 2

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.
The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

Sector interest rate forecast – 6 December 2008

	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011	Q/E3 2011	Q/E4 2011	Q/E1 2012
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.75%	2.50%	3.25%	3.75%	4.00%
5yr PWLB rate	2.50%	2.25%	2.15%	2.15%	2.15%	2.45%	2.80%	3.15%	3.65%	3.95%	4.20%	4.45%	4.60%
10yr PWLB rate	3.10%	2.75%	2.55%	2.55%	2.55%	2.85%	3.25%	3.65%	4.15%	4.40%	4.70%	4.75%	4.85%
25yr PWLB rate	4.00%	3.95%	3.95%	3.95%	4.00%	4.15%	4.35%	4.45%	4.60%	4.85%	4.95%	5.00%	5.05%
50yr PWLB rate	3.85%	3.80%	3.80%	3.80%	3.85%	3.90%	4.00%	4.25%	4.40%	4.70%	4.80%	4.95%	5.00%

Capital Economics interest rate forecast –18 December 2008

	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010
Bank Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5yr PWLB rate	1.65%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
10yr PWLB rate	2.65%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
25yr PWLB rate	4.15%	4.00%	3.80%	3.65%	3.65%	3.65%	3.65%	3.65%
50yr PWLB rate	4.05%	3.95%	3.85%	3.75%	3.75%	3.75%	3.75%	3.75%

UBS interest rate forecast (for quarter ends) – 12 December 2008

	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank rate	0.50%	0.50%	0.50%	0.75%
10yr PWLB rate	3.75%	4.15%	4.35%	4.65%
25yr PWLB rate	4.25%	4.55%	4.85%	5.05%
50yr PWLB rate	4.30%	4.65%	5.00%	5.25%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – December 2008 summary of forecasts of 23 City and 12 academic analysts for Q4 2008 and 2009. Forecasts for 2010 – 2012 are based on 21 forecasts in the last quarterly forecast – November 2008.

BANK RATE FORECASTS		quarter ended		annual average Bank Rate		
	actual	Q4 2008	Q4 2009	ave. 2010	ave. 2011	ave. 2012
Median	2.00%	2.00%	1.00%	3.11%	3.97%	4.49%
Highest	2.00%	4.50%	4.00%	4.70%	5.00%	5.25%
Lowest	2.00%	2.00%	0.50%	1.00%	2.25%	3.00%

ANNEX 3

ECONOMIC BACKGROUND

Introduction

The sub prime crisis of early 2008 was supplanted by the banking crisis of autumn 2008. The world banking system came near to collapse and governments around the world were forced to recapitalise and rescue their major banks. The resulting dearth of lending from banks anxious to preserve capital led to economic forecasts being sharply reduced and recession priced into markets. This in turn led to sharp falls in oil and other commodity prices with the result that inflation, which in the UK was running at over 5%, became yesterday's story and recession fears drove interest rate sentiment and policy. A co-ordinated global interest rate cut of 50bp took place on 8th October 2008. Forecasts in the UK were for further sharp cuts in interest rates as recession hove into view.

International

Early in 2008 the US economy was being badly affected by the housing market slump. Interest rates were at 2% and inflation was being dragged higher by the inexorable rise in commodity prices. The ECB was very concerned about rising inflation and less about the state of the economy.

The second quarter of 2008/9 was torn between inflation worries on the one hand, with oil rising towards $150 per barrel, and the deteriorating economic outlook on the other.

In the second and third quarters of the year the financial crisis erupted and escalated as the world became aware of the extent of the sub-prime fiasco and the impact it was having on institutions that had invested in these issues.

In September Fannie Mae/Freddie Mac (the mortgage banks) and AIG, the insurance giant, had to be bailed out by the US Federal Government.

Then in mid September, Lehman Bros., the investment bank, was allowed to fail. This triggered a domino effect with other banks and financial institutions having to be rescued or supported by governments around the world.

After the collapse into receivership of the Icelandic banks in early October, other countries then started to feel the strain and a number had to approach the IMF for support.

Eventually even the Asian 'Tiger' economies were affected, including India and China, and it became clear that the crisis had become a global one and no country was insulated from it.

The financial crisis had therefore precipitated an economic crisis and there was a co-ordinated global interest rate cut with the Fed, ECB and MPC all cutting rates by 50bp on 8th October. The Fed subsequently cut rates again by 50bp to 1% on 29th October and again on 16 December to a band of 0.0% to 0.25% in an attempt to stave off the oncoming recession. Inflation was yesterday's problem.

On 4th November the USA elected Barack Obama as President with little immediate financial impact.

The ECB reduced rates again on 6th November by 50bp and by its biggest ever cut of 75bp on 4 December to reach 2.5%.

United Kingdom

GDP: growth was already slowing in 2008 from 2007 before the full impact of the credit crunch was felt. Earlier in 2008 GDP was 2.3% whereas in the autumn the figure fell back to -0.3% and was then expected to continue to be negative going into 2009.

Wage inflation remained relatively subdued as the Government kept a firm lid on public sector pay. Private sector wage growth was kept in check by the slowing economy.

Growth slowed across the economy and unemployment rose throughout the year with forecasts of 2 million unemployed by the end of the financial year and continuing to increase thereafter through 2010.

Notwithstanding the pressures on household finances consumer spending still continued at a reasonable clip although the trend was slowing as the year progressed.

Bank lending came to a virtual standstill in the autumn as the credit crunch tightened its grip and various banks internationally had to be rescued, or supported, by their governments.

The Government and Bank of England supplied massive amounts of liquidity to the banking market in an attempt to reignite longer interbank lending.

The Government took action in September to either supply finance itself to recapitalise some of the major clearing banks or to require the others to strengthen their capital ratios by their own capital raising efforts. This was so that these banks would be seen to have sufficient reserves to last through the coming recession with its inevitable increase in bad loans etc.

The housing market also came to a virtual standstill as lenders demanded larger deposits and higher fees. House sales and prices both dropped sharply.

Government finances deteriorated as income from taxation dropped as the economy slowed and the cost of the bailout of the banks was added to the deficit.

U.K. equity prices declined sharply in the 3rd and 4th quarters as the impending recession was priced into the markets. Prices hit five year lows and volatility was extremely high.

The story of 2008 has been the credit crunch, the banking crisis and the change in economic outlook from slow growth to outright recession. After the initial concerns about the impact of the credit crunch in the earlier part of 2008 it appeared as though the storm had been weathered. The MPC had been very concerned about CPI inflation, which had been rising sharply on the back of higher commodity and food prices. Bank Rate reached a peak of 5.75% in July 2007 after which cuts of 0.25% occurred in December 2007 and February and April 2008 before the major cuts in the autumn. The economic data had been indicating a slowing economy for some while but it was not sufficiently weak to force the MPC into another cut. It was the strength of the banking crisis, pre-empted by the collapse of Lehmans in New York that eventually drove the MPC to cut interest rates by 50bp on October 8th in concert with the Federal Reserve, the ECB and other central banks. It was then appreciated that the economic downturn would be much more severe than previously thought and interest rates were subsequently slashed by 150bps on 6 November and by a further 100bps on 4 December and 50 bps on 8 January 2009.

The LIBOR spread over Bank Rate has also been a feature, and a concern, of 2008/9. Because of the credit fears and the reluctance of lenders to place cash for long periods 3 month LIBOR (this is the London Inter Bank Offer Rate – the rate at which banks will lend to one another) has been substantially higher than Bank Rate. This has meant that the MPC's power over monetary policy has been eroded by the widening of this spread between LIBOR and Bank Rate and it has therefore had a limited ability to bring relief to hard pressed borrowers through lower interest rates. However, the power of the Government over the semi nationalised clearing banks has had considerable impact in enforcing pro rata reductions to the 150 bps Bank Rate cut in November on some borrowing rates.

The Government has abandoned its 'golden rule'. The pre Budget Report on 14 November revealed the Government's plans for a huge increase in Government borrowing over coming years as a result of falling tax revenues and also due to tax cuts and increases in Government expenditure in the short term designed to help stimulate economic growth to counter the recession.

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Agenda Item 11b

REPORT TO: Executive Board

DATE: 19 March 2009

REPORTING OFFICER: Strategic Director, Environment

SUBJECT: Transport Capital Implementation Programme 2009/10

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to seek approval to: i) the inclusion of the 2009/10 Transport Capital Implementation Programme into the Council's 2009/10 Capital Programme; and ii) the carry over of £1,608,000 of the 2008/09 LTP Maintenance Block Borrowing Approval to 2009/10.

2.0 RECOMMENDATION: That the Executive Board recommends the Council to approve:

i) **The incorporation of the Transport Implementation Programme for 2009/10, (shown in Appendix A), in the sum of £ 10,840,200, into the Council's 2009/10 Capital Programme**;

(2) **The carrying forward of £1,608,000 of the Local Transport Plan's Highways Maintenance Borrowing Power approvals for 2008/09 into 2009/10, to facilitate a re-profiling of works associated with the Primary Route Network Bridge Strengthening and Maintenance allocation; and**

(3) **The authority to agree the detail of the programmes of work for: Primary Route Network Bridge Strengthening and Maintenance; Adoptions; Flood Defence; and Street Lighting, for the periods 2009/10 and 2010/11, be delegated to the Strategic Director, Environment, in consultation with the Executive Board Member for Planning, Transportation, Regeneration and Renewal.**

3.0 SUPPORTING INFORMATION

3.1 During the period of the first Local Transport Plan (LTP), (2001/2 – 2005/6), the amount of LTP funding allocated was, in part, dependant on annual assessments on the progress that each authority had made in delivering its LTP.

3.2 However, the commencement of the second LTP (2006/7-2010/11), (LTP2), brought with it a much less rigorous reporting requirement, based on a collaborative approach between the DfT and the local authorities, to enable weaknesses in progress to be jointly addressed and strengths to be built upon.

3.3 This new approach required the de-coupling of the link between funding and performance, which resulted in the DfT, in its November 2007 Settlement Letter confirming the Integrated Transport Capital Block allocations for the period 2008/9 - 2010/11. **The Integrated Transport allocation for 2009/10 is £1,831,000.**

3.4 Similarly, three year allocations for the Highways Capital Maintenance Block, which were based on a new formula, were also notified. These allocations were between 11 & 16% less than the indicative allocations previously announced for LTP2 maintenance programmes. The Road Maintenance element of the Highways Block allocation has been reviewed in the context of Performance Indicators for highway maintenance. **This has led to a prioritisation of non PRN footway reconstruction for the next two years, after which the position will be reassessed.** Although the condition of footways has historically remained average, in 2007/08 the indicator value doubled, dropping Halton to amongst the worst performers. This is despite positively targeting footway maintenance towards the higher use walking routes that make up the indicator data set. It is therefore felt prudent to increase the resources available for footway maintenance by diverting funding away from capital carriageway maintenance to address this issue. This, in conjunction with a similar review of priorities in the revenue road maintenance programme, will provide an overall budget, for 2009/10 and 2010/11, which will enable around a doubling in the length of footway reconstruction to be carried out each year. Carriageways, particularly those forming the PRN, are in very good condition and Halton is the best performer of all Authorities for this indicator. Over £450,000 will be available for carriageway structural maintenance, and this will continue to be supplemented by revenue funding. We do not expect performance on the principal and classified road condition indicators to fall below the top quartile as a result of re-profiling over this two year period.

The Highways Capital Maintenance allocation for 2009/10 is £2,023,000.

3.5 The individual schemes for the Integrated Transport and Highway Maintenance Blocks will be drawn from the programmes included in LTP2, which are shown in Appendix A.

3.6 It was agreed at the Executive Board meeting of 2 March 2006 that authority to agree each year's detailed implementation programme of the LTP 2006/7-2010/11 be delegated to the Strategic Director, Environment, in consultation with the Executive Board Member for Planning Transportation and Development (Minute EXB181), (now the Executive Board Member for Planning, Transportation, Regeneration and Renewal).

3.7 In addition to the LTP Capital Maintenance block, Halton was also allocated £14,288,000 of additional funding for use between 2008/09 and 2010/11. This was from the national Primary Route Network (PRN) Bridge Strengthening and Maintenance allocation to enable much needed maintenance and inspection work on the Silver Jubilee Bridge, (SJB), to be undertaken. This funding replaces some of that identified in the SJB Major Maintenance Scheme bid, which was submitted to Government in March 2006: a decision on which is still awaited. **The PRN Bridge Strengthening and Maintenance allocation for 2009/10 is £4,906,000.**

3.8 In order to increase the efficiency in the procurement and delivery of all bridge maintenance works in the Borough, a single partnering contractor approach has been pursued. Due to the timescales involved in developing this partnership, there is a need to defer £1,608,000 of the PRN Bridge Strengthening and Maintenance allocation, (Section 31 Grant), from 2008/09 to 2009/10. The DfT are happy to support the principle of this proposal, but has indicated that Section 31 Grant cannot be carried over from one year to the next. Instead, it has agreed for the Council to spend the £1,608,000 of Section 31 Grant on works normally funded through the LTP Integrated Transport & Maintenance 'Supported Borrowing' blocks. This will then enable £1,608,000 of unallocated 'Supported Borrowing Powers' to be carried over into 2009/10 to fund the 'additional' PRN Bridge Strengthening and Maintenance works and hence facilitate the revised expenditure profile. **It is therefore proposed to carry over £1,608,000 of LTP Highways Capital Maintenance 'Supported Borrowing Power' approvals from 2008/09 to 2010/11.**

3.9 **The total PRN Bridge Strengthening and Maintenance programme for 2009/10 is in the sum of £6,514,000** and the provisional programme of works is shown in Appendix A.

3.10 **During 2009/10, the Council has allocated the sum of £100,000 of capital funding to enable a programme of works to be implemented to bringing unadopted roads up to adoptable standards - the 'Adoptions Programme'**. A report will be presented to Urban Renewal Policy and Performance Board in March setting out a proposed policy and procedure for the identification and approval of schemes and how the funding arrangements for each proposal will be determined.

3.11 The Council's 'Flood Defence' programme comprises a range of maintenance and improvement schemes. It is proposed that the completion of de-silting work at Keckwick Brook, together with a possible contribution to a planned Environment Agency flood relief scheme for Sandymoor will form a major part of the 2009/10 programme. Work will also continue to de-silt culverts and highway /

land drainage systems at a number of known flooding 'hotspots' throughout the Borough. **The Council's capital 'Flood Defence' Programme for 2009/10 is in the sum of £100,000**.

3.12 **The Council's 'Street Lighting' capital programme for 2009/10 is in the sum of £200,000**. This allocation will be used for the renewal of street lighting equipment (lighting columns, lanterns, signs bollards, etc) and will address the replacement of age expired equipment and enable improvements to save energy.

3.13 It is proposed that the authority to agree details of the programmes of work for: PRN Bridge Strengthening and Maintenance; the Adoptions; Flood Defence; and Street Lighting, for the periods 2009/10 and 2010/11, be delegated to the Strategic Director, Environment, in consultation with the Executive Board Member for Planning Transportation, Regeneration and Renewal.

3.14 Halton's Road Safety Grant, which is the funding used to help support the Cheshire Safer Roads Partnership was also confirmed in the November 2007 Settlement Letter. The revenue element of this grant, (which for 2009/10 is £324,350), is incorporated into the area based grant. **The capital element of the Road Safety Grant for 2009/10, which will be paid as direct capital grant, is in the sum of £72,167.**

3.15 The final Transport Capital Implementation Programme for 2009/10 will be in line with the capital budget to be agreed by the Council. This programme will be included in the Highways, Transportation and Logistics Department's Service Plan.

3.16 Halton continues to be allocated an element of De-trunked Roads Maintenance Grant, which is used to maintain the Widnes Eastern Relief Road. The De-trunked Roads Maintenance Revenue Grant for 2009/10 is £213,830, which will also be included in the area based grant allocation.

4.0 POLICY IMPLICATIONS

4.1 The programmes of work are to deliver the strategies contained within the Council's second Local Transport Plan, which was approved by the Executive Board on 22 June 2006.

5.0 OTHER IMPLICATIONS

5.1 **Resource Implications**:- The report describes outline programmes of work to be implemented during 2009/10, which are proposed to be the subject of detailed approval by the Strategic Director Environment, in consultation with the Executive Board Member for Planning, Transportation, Regeneration and Renewal.

5.2 **Social Inclusion & Sustainability**:-The LTP is targeted at improving transport opportunities for those without access to private cars and has therefore positive impacts on social inclusion and sustainability issues.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

The 2009/10 Transport Capital Implementation Programme will assist children and young people in accessing services in the Borough and improve road safety.

6.2 Employment, Learning and Skills in Halton

Measures contained within the 2009/10 Transport Capital Implementation Programme are expected to improve access to employment, training, and learning facilities within the Borough thereby contributing to the Council's efforts to tackle unemployment, worklessness and the problems associated with the current economic downturn .

6.3 A Healthy Halton

The 2009/10 Transport Capital Implementation Programme will help to encourage local communities to adopt more healthy lifestyles through the introduction of measures to increase the use of cycling and walking for local journeys and which could help address health problems such as obesity.

6.4 A Safer Halton

The 2009/10 Transport Capital Implementation Programme incorporates measures to reduce road casualties in the Borough and to improve road safety.

6.5 Halton's Urban Renewal

The 2009/10 Transport Capital Implementation Programme will continue to support the ongoing regeneration of Halton, although funding is not proposed to be targeted at specific regeneration initiatives, during 2009/10.

7.0 RISK ANALYSIS

7.1 A risk associated with the report is the failure to deliver against the Transport Capital Implementation Programme. This risk will be managed through regular progress meetings with senior managers to enable early action to be taken, should the need arise.

7.3 In addition, there is a risk that the transport related funding that has been pooled into the area based pot will not be fully allocated for transport measures. If this is the case, then it will not be possible to undertake all of the works proposed.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Accessibility and connectivity are essential issues for equality and diversity and every effort is made to facilitate barrier free movement around the Borough. Particular emphasis is given to improving access for people with disabilities and to education and training, employment, health, shopping and leisure facilities, which are key services impacting on quality of life.

9.0 REASON FOR DECISION

9.1 The decision is required to include the 2009/10 Transport Capital Implementation Programme into the Council's 2009/10 Capital Programme and thereby enable the identified works to be undertaken.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED.

10.1 There are no appropriate alternative options to the proposed course of action**.**

11.0 IMPLEMENTATION DATE.

11.1 The 2009/10 Transport Capital Implementation Programme will commence during April 2009.

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

Document	**Place of Inspection**	**Contact Officer**
Letter from DfT 27 November 2007	Highways, Transportation & Logistics Department Rutland House, Runcorn	Phil Cornthwaite 0151 471 7376
Correspondence on PRN funding.	Highways Transportation & Logistics Department Rutland House Runcorn	Mike Bennett Tel No:-0151 471 7550

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Appendix A

TRANSPORT CAPITAL IMPLEMENTATION PROGRAMME 2009/10

(£000's)

Local Transport Plan Element	£000
Highways Capital Maintenance Allocation	
Bridge Assessment, Strengthening & Maintenance	
Bridge Assessment	25
Bridge Strengthening	100
Minor Bridge Works (SJB Complex)	100
Other Bridges	275
Subtotal	**500**
Road Maintenance	
Structural Maintenance of Carriageways	456
Independent Footpath Network	138
Footway Reconstruction	708
Lighting	160
Cycleways	61
Subtotal	**1523**
Total for Bridge & Highway Maintenance	**2,023**
LTP Integrated Transport Allocation	
Local Safety Schemes	**150**
Quality Corridors:	
Walking	197
Cycling	174
Bus Route Improvements	239

Subtotal	**610**
Interventions Outside Quality Corridors	
Cycling	115
Walking	75
Bus Interchanges	299
Integrated Transport	292
Intelligent Traffic Systems	40
Subtotal	**821**
Other Improvements	
Rail Station Improvements	
❖ Hough Green;	250
❖ Beechwood (design)	0
Direct Contribution to Regeneration	0
Subtotal	**250**
Integrated Transport Total	**1,831**
Halton's Capital Programme	
• Adoptions	100
• Flood Defence	100
• Street Lighting	200
Halton's Capital Programme Sub Total	**400**
Road Safety Grant – Contribution to Cheshire Safer Roads Partnership (Capital only)	**72.2**
PRN Bridge Strengthening & Maintenance	
Bridge Maintenance (on SJB Complex)	**6114**
Other Bridges	**400**
Bridge Assessment	
	6,514
Total Capital Programme 2009/10	**10,840.2**

Agenda Item 11c

REPORT TO: Executive Board

DATE: 2 April 2009

REPORTING OFFICER: Strategic Director Health and Community

SUBJECT: Health & Community Capital Programme 2009/10

WARD(S): Boroughwide

1.0 PURPOSE OF REPORT

1.1 To inform the Board of the likely provisional carry forward to 2009/10, and to seek approval for the draft 2009/10 capital programme.

2.0 RECOMMENDATION: That the Board recommend that the Council approve the proposed capital programme for 2009/10 as set out in Appendix 1.

3.0 INTRODUCTION

3.1 Supporting Information

This report details the provisional outturn for Health & Community's 2008/09 capital programme, the provisional carry forward to 2009/10 and the draft programme for 2009/10. The table below details the 2009/10 allocations from grants.

	£
Provisional Housing Grant	622,000
Disabled Facilities Grant	453,000
Mental Health SCP	101,000
Social Care SCP	60,000
Total	**1,236,000**

3.2 Appendix 2 details the provisional outturn for Health & Community's 2008/09 capital programme. A further report will be presented to Board when the final outturn is available.

3.3 Unavoidable delays, for example, contractors being delayed on other projects, have caused expenditure to be less than programmed, although it should be noted that some of the schemes were planned over a 2 year period. Details of the individual projects are shown in Appendix 2.

However, of the £825,180 carry forward, £397,000 relates to 2 and 3 year projects due to finish in 2009/10 (Skate Park - £50,000; Multi-Use Games Area - £60,000; Halton Lea Library - £267,000; and Facilities at Runcorn Town Hall - £20,000) and £356,180 is fully committed in 2009/10.

3.4 Appendix 1 details the draft Health & Community capital programme for 2009/10. It should be noted that:-

- the carry forward figures are subject to variations and will not be finalised until year-end.

- at the time of writing, there had been no formal announcement of the 2009/10 housing capital allocation, and therefore an estimated figure has been used in order to get a budget approved in time for the new financial year.

4.0 POLICY IMPLICATIONS

4.1 The Government, as detailed in ‘Our Health Our Care Our Say’ (2006), has clear expectations that councils will support vulnerable people by promoting independence and wellbeing. Capital projects detailed in this report support these objectives, and also promote social inclusion through sport and leisure.

5.0 OTHER IMPLICATIONS

5.1 The financial implications are as set out in the body of the report and Appendices.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 **Children and Young People in Halton**

Improved housing conditions funded through this programme will benefit any children and young people living in those dwellings, and particularly benefit those who need housing adaptations.

Culture & Leisure schemes provide play opportunities for young people.

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

Halton Lea Library will promote formal and informal learning opportunities for all.

6.3 **A Healthy Halton**

DFGs will help the chronically sick and disabled to maintain a better lifestyle at home rather than in residential care, and energy efficiency grants will help vulnerable households with fuel poverty issues.

Culture & Leisure schemes offer sport and recreation opportunities to increase the health and well being in Halton.

Refurbishment at Oakmeadow residential home will improve quality of life for vulnerable adults.

6.4 **A Safer Halton**

Culture & Leisure schemes provide diversionary activities for young people.

6.5 **Halton's Urban Renewal**

Helping vulnerable individuals to maintain/improve their homes will help minimise the incidence of dilapidated housing that can blight an area.

Runcorn Town Hall Park will improve the green environment

7.0 **RISK ANALYSIS**

7.1 The allocation for adaptations is anticipated to reduce year-on-year but the demand and complexity will continue to rise.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The proposed programme of work will help tackle the housing problems of some of those in greatest housing need.

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

DOCUMENT	PLACE OF INSPECTION	CONTACT
Executive Board Report Independent Living Services 18th December 2008	Municipal Building Widnes	Ruth McDonogh 0151 906 4847

Appendix 1 - Health & Community's Draft Capital Programme

Project	Existing 2009/10 Capital Programme	Carry Forward	New Allocation	Total 2009/10
Health & Partnerships				
IT Costs			28,000	28,000
Screened Tip Area - Runcorn Cemetery			25,000	25,000
Headstone Safety Programme	25,000			25,000
Total	**25,000**		**53,000**	**78,000**
Adult Social Care				
PODS utilising DFG		17,000		17,000
ILC Market Garden Canopy			16,000	16,000
Re-design Oakmeadow Phase 2			60,000	60,000
Bridgewater Refurbishment			2,000	2,000
Major Adaptations for Equity Release/Loans Schemes		72,000		72,000
Total	**-**	**89,000**	**78,000**	**167,000**
Culture & Leisure				
Show Pitches		20,180		20,180
Skate Park	50,000	50,000		100,000
Halton Lea Library Refurbishment HLF	430,000	267,000		697,000
Installation of 5 Multi Use Games Areas	40,000	60,000	100,000	200,000
Installation of Electronic Access Bollards to 6 Parks		66,000		66,000
Dev of Facilities at RTH Park	445,000	20,000		465,000
Improvement to Allotments			65,000	65,000
Total	**965,000**	**483,180**	**165,000**	**1,613,180**
Housing Strategy				
Housing Grants/Loans		40,000	314,000	354,000
Disabled Facilities Grants	249,000	72,000	365,000	686,000
Joint funding - RSL Adaptations	130,000	137,000	183,000	450,000
Modular Buildings	45,000			45,000
Stair lifts	27,000		93,000	120,000
Traveller Transit Site		1,000		1,000
Energy Promotion			100,000	100,000
Refurbishment of Riverview Gypsy site		3,000		3,000
Contingency			50,000	50,000
Total	**451,000**	**253,000**	**1,105,000**	**1,809,000**
HEALTH & COMMUNITY 2009/10 TOTAL	**1,441,000**	**825,180**	**1,401,000**	**3,667,180**

Appendix 2 - Health & Community's 2008/09 Capital Programme (Provisional Outturn)

	Revised Capital Programme 2008/09	Projected Spend	Requested Carry Forward
Health & Partnerships			
Headstone Safety Programme	25,000	25,000	-
Health & Partnerships Total	**25,000**	**25,000**	**-**
Adult Social Care			
Direct Door Access	24,000	24,000	
MH SCE 04/05 - 06/07 Womens Centre	19,000	6,417	
PODS utilising DFG	40,000	23,000	17,000
Re-design Oakmeadow Communal Spaces & Furnishings	72,000	72,000	
Major Adaptations for Equity Release/Loans Schemes	100,000	28,000	72,000
Adult Social Care Total	**255,000**	**153,417**	**89,000**
Culture & Leisure			
Sports Pitches	27,000	6,820	20,180
Skate Park *	50,000	-	50,000
Sports Facilities	30,000	30,000	
Halton Lea Library Refurbishment HLF *	1,140,000	873,000	267,000
Installation of 5 Multi-Use Games Areas **	60,000	-	60,000
Installation of Electronic Access Bollards to 6 Parks	72,000	6,000	66,000
Lewis Carroll HLB	50,000	50,000	
Dev of Facilities at RTH Park *	50,000	29,981	20,000
Improvement to Allotments *	65,000	65,000	
Culture & Leisure Total	**1,544,000**	**1,060,801**	**483,180**
Housing Strategy			
Renovation/Home Repairs Grants	354,000	314,000	40,000
Disabled Facilities Grants	1,052,000	873,000	209,000
Adaptations Initiative	92,000	92,000	
Homelink	10,000	10,000	
Energy Promotion	100,000	100,000	
Refurbishment of River View - Gypsy Site	55,000	84,000	3,000
Belvedere	-	4,692	
Temporary Travellers Site Runcorn	668,000	623,000	1,000
Housing Strategy Total	**2,331,000**	**2,100,692**	**253,000**
HEALTH & COMMUNITY 2008/09 TOTAL	**4,155,000**	**3,339,910**	**825,180**

Note - The capital programme available for Housing Strategy is £23,000 more than reported to Board in April 2008. The underspend in Housing Strategy £230,000 plus £23,000 = £253,000 (additional carry forward)

*** 2 year project due to finish in 2009/10**

**** 3 year project due to finish in 2009/10**

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 Agenda Item 11d

REPORT TO:	Executive Board
DATE:	9th April 2009
REPORTING OFFICER:	Strategic Director – Children and Young People
SUBJECT:	Phase 3 Children's Centre Capital
WARDS:	Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 This report identifies the availability of Phase 3 capital funding for children's centres and proposes deployment of this resource to maximise access to children's centre services.

2.0 RECOMMENDATION: That

(1) Approval is given to the proposal to request that the Phase 3 capital funding is made available to Halton for the enhancement and maintenance of current children centre stock'; and

(2) Members note the positive developments at Windmill Hill Children's Centre and Primary School and approve a lease for up to 5 years to the Primary Care Trust to establish a temporary health facility on the school site.

3.0 SUPPORTING INFORMATION

3.1 Since April 2006, local authorities have had strategic responsibility for delivering children's centres, to reflect the mainstreaming of children's centres as a universal, national programme. Children's centre services are planned and delivered in partnership with the NHS, Jobcentre Plus and a wide range of voluntary, private and community organisations based on local need.

3.2 Children's centres are not currently recognised in legislation, although the integrated services which they offer to children and families have a statutory basis in the local authority duties under the Childcare Act 2006 to provide integrated early childhood services. However, the Government's current proposals contained within The Apprenticeships, Skills, Children and Learning Bill, to establish children's centres as a recognised part of children's services infrastructure has direct bearing on the future developments of the centres.

3.3 The proposed legislation would mean that in future, whether or not an establishment is described as a children's centre would be a matter of law. The Government propose to use the Act to establish that all children's centres in existence at the date of the Royal Assent are captured as children's centres for the purpose of the statutory requirements.

3.4 Local authorities, working with their statutory partners, would be required to assess the need for children's centres in their area, and to establish and maintain sufficient children's centres to meet that need. The purpose of the proposed legislation is to provide children's centres with a statutory footing, so that their provision is not seen as the outcome of time-limited funding regime, but becomes a long term statutory commitment and part of the established landscape of early years provision.

3.5 The intention is to reflect in the legislation and associated statutory guidance practice in localities:

- As statutory partners LA's along with PCT's and Job Centre Plus would need to consider whether to provide their early childhood services through Children's Centres
- The Children's Trust when reviewing their Children and Young People's Plan should consider the case for providing early childhood services through Children's Centres
- Advisory boards for every Children's Centre to be established representing parents and carers of young children, service providers and the local community
- Arrangements for consulting with parents and the whole community
- All staff working in Children's Centres to be checked under the new vetting and barring scheme
- OFSTED inspection of children's Centres

3.6 Under phase 1 and 2 of the programme, twelve children's centres have been established in Halton. Each children's centre is intended to serve a "reach" of between 800 and 1200 children under 5 years within the locality. All twelve centres have been formally designated as children's centres by Government.

3.7 Government requires Phase 3 children's centres (2008-11) to be situated outside the most disadvantaged areas and will therefore offer a less intensive level of support than those phase 1 and 2 centres serving families in the 30% most disadvantaged areas. Local authorities have greater flexibility in deciding what services should be provided in the more affluent areas based on assessment of local need.

3.8 The current stock of children's centres in Halton is sufficient to meet the target "reach" figure of 0-5 year olds. On a local level, families may access the children's centre of their choice and accurate data is kept concerning registrations and access across the borough. Additionally, there is no need to create any further full day child care places in Halton. It is proposed that the case for non-development of any further children's centres is made to government. The rationale for this proposal is:

- The overall "reach" figure for Halton set as 7,610 children under 5 years is currently being met.
- The current stock of children's centres across the borough is sufficient to meet the supply of services required to meet the needs of the target reach figures of 800-1200.
- Current data indicates that families are already accessing services in the existing centres.
- There is a lack of need for any further full day care in some "reach" areas as detailed in the Childcare Sufficiency Assessment 2008.

3.9 Halton will suffer no decrease in the amount of funding currently available to establish phase 3 centres, but capital funding may be used to enhance existing children's centres rather than create new buildings. Guidance concerning the capital approval process for children's centres as from April 2008 has recently been received. For non-building capital spend, projects under £250,000 will be self approved by the local authority.

3.10 Phase 3 is supported by capital funding of £521,866. It is proposed that this funding is used to enhance the facilities at existing children's centres, specifically, the following:

- Windmill Hill Children's Centre – make internal modifications to Windmill Hill Play Centre and formally incorporate this facility within Windmill Hill Children's Centre. This will require Phase 3 children's centre capital deployment £. £260,933
- Upton All Saints Children's Centre. The school will be part of Halton's Phase 1 Primary Capital Programme and the existing Children's Centre facilities will be enhanced and extended. It will require Phase 3 children's centre capital deployment £260,933

Further modifications will be made to Palacefields Children's Centre. These modifications can be funded from extended school's capital and will draw upon investment of approximately £60,000 - £100,000.

3.11 Finally, developments at Windmill Hill Children's Centre and Primary School now include the potential delivery of a new 'Darzi' GP practice on the share site. HBC in partnership with the PCT are exploring the potential co-location of the practice on the shared site, initially on a temporary basis but with a view to a permanent build in the longer term. To support the temporary development discussions are underway to explore a 3 year lease with the PCT with the option to extend for a further 2 years. This provides a significant opportunity to create a 'campus' of service provision at the heart of the community and to join up service delivery to maximise access to a range of services and support.

4.0 POLICY IMPLICATIONS

4.1 The local authority and its statutory partners in the Children's Trust , in the context of preparing or reviewing the Children and Young People's Plan, should consider in their plans for early childhood services, which of those services to provide in or through current children's centres.

4.2 Delivery of services through children's centres will help contribute to outcomes for children, families and young people in the LAA. Statutory partners in the Local strategic Partnership, including Primary Care Trusts and Job Centre Plus, will be under a legal duty to co-operate on establishing the priorities in the LAA and to work together in delivering them.

5.0 OTHER IMPLICATIONS

5.1 Phase 3 is supported by capital funding of £521,866.

5.2 Within the Sure Start, Early Years and Childcare Grant allocations for 2008-2011, the children's centre revenue together with the ring fenced grant for ex-Sure Start local programmes that are now children's centres provides resource for an overall "reach" figure of around 7,610 children under 5 years.

5.3 Additional funding for the maintenance of centres developed under phase 1 and 2 has been allocated as £27,323 (08-09); £47,194 (09-10); £49,661(10-11).

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Children's Centres are key facilities for securing the early identification of additional needs in young children and their families and harnessing, with partner agencies within the Children's Trust appropriate interventions to address those needs early.

Coverage of children's centres in Halton has enabled these to become part of a universal offer to all families, with the facility to target some of the resources to greater social need where appropriate

6.2 Employment, Learning and Skills in Halton

Children's centres play a key role in targeting services to lone parents, promoting and securing adult learning, and providing advice and support to families in need through it's commissioned work with the Citizen's Advice Bureau. Children's centres work closely with Job Centre Plus as a statutory partner within this agenda.

6.3 A Healthy Halton

Children's centres work closely with the Primary Care Trust in delivering health services and wider health advice and support to children and families from their settings.

6.4 **A Safer Halton**

Co-ordination of services to young children via children's centres has provided opportunities to identify needs of young children and their parents/carers early.

6.5 **Halton's Urban Renewal**

The development of 12 children's centres in the Borough has secured significant investment in facilities including schools, libraries, and other community facilities.

7.0 RISK ANALYSIS

Capital spend is required to be completed by 31st March 2011.

8.0 EQUALITY AND DIVERSITY ISSUES

Consideration to access is given in all projects

9.0 REASON FOR DECISION

The Local Authority had been notified that it would receive capital funding to develop two further children's centres in the Borough. Subsequent advice received has indicated that the capital provision could be used to enhance existing stock if locally it is determined that further centres are not required.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Consideration was given to developing further children's centres, however, following analysis of reach figures it was recognised that further centres were not necessary.

11.0 IMPLEMENTATION DATE

This should be confirmed immediately with Together for Children. Work can then progress on developing the existing provisions at Windmill Hill Children's Centre and Upton All Saints Children's Centre and Primary School.

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

Document	Place of Inspection	Contact Officer
Phase 3 Planning and Delivery Guidance 2007	**www.surestart.gov.uk or Grosvenor House, Runcorn**	**Eileen Stein**
Sure Start Children's Centres Performance Management Framework and SEF Update July 2008	**www.surestart.gov.uk or Grosvenor House, Runcorn**	**Eileen Stein**

REPORT TO: **Business Efficiency Board**

DATE: **25th February 2009**

REPORTING OFFICER: **Strategic Director - Corporate & Policy**

SUBJECT: **Flexible Framework on Sustainable Procurement**

WARDS: **N/A**

1.0 PURPOSE OF THE REPORT

To outline the Government's plans for introducing the "Flexible Framework on Sustainable Procurement", and to identify the actions that should be taken to ensure Halton is able to meet their expectations of the role expected of local authorities.

The aim of the Framework is to ensure goods, services, works & utilities procured by the Council are designed, procured used managed and disposed of in an environmentally and socially responsible way. Action will be needed to further embed sustainability into the Council's procurement processes

Sustainable Procurement is defined as – '**A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits, not only to the procuring organisation, but also to society and the economy, whilst minimising damage to the environment'**.

2.0 RECOMMENDED: that

The Board recommends that the Council endorses the Sustainable Procurement Policy (Appendix 2) and approves the actions necessary to enable Halton to meet the challenge of the Flexible framework in that,

- Sustainable Procurement Champions are identified at both member and executive level
- Key Procurement Officers are identified and trained at senior level to act as mentors to other procurement staff in their directorates
- Progress on the Flexible Framework, be monitored by the Procurement & Commissioning Group and regular reports on progress be made to the Board.

3.0 SUPPORTING INFORMATION

Sustainable procurement takes into account the social, economic and environmental impact that such purchasing has on people and communities whilst still achieving value for money. It means improving the efficiency of public procurement while at the same time using public market power to bring about major environmental and social benefits locally and globally.

The Government expects local government, and indeed all public bodies to procure goods and services in a sustainable way. Within the UK Sustainable Development Strategy "Securing the Future" (2005) – Sustainable Consumption and Production was set as one of the priority areas for immediate action. The business led Sustainable Procurement Task Force was established to bring about change in public sector procurement practice. The Governments' aim is for the UK to be a leader in sustainable procurement by 2010.

In March 2007, the Government published the "UK Government Sustainable Procurement Action Plan" detailing how it intends to take Sustainable Procurement forward in the public sector. Following consultation in the summer of 2007, the flexible framework, (see Appendix A) was published to enable local authorities to be benchmarked against how well we are addressing sustainability issues compared to other local authorities.

In addition, the Local Government Association (LGA) published its Commission report on Climate Change (December 2007) which recommended local authorities concentrate on sustainable procurement as a major means of cutting carbon levels, both within the organisation and in their areas. The new Local Government Performance Framework includes National Indicators 185, 186 and 188, which recognises local authorities role to lead on efforts to both reduce carbon dioxide emissions and consider climate change adaptation.

In 2005 the Government introduced the Sustainable Development Strategy (Securing the Future) to "lead by Example" when spending public money. The *Sustainable Procurement Task Force* was established in May 2005, and developed an action plan to bring about a step-change in sustainable public procurement, with the aim of being a leading EU nation on sustainable procurement by 2009. Whilst the Strategy was aimed at the government estate, it sets out a benchmark for all public authorities. Whilst these are soft targets for local government, it is likely that progress against this framework will be considered in assessments and reviews in the future. Halton should be working to meet the challenge
In 2007 the Taskforce agreed a National Sustainable Procurement Action Plan. This introduced The Flexible Framework on Sustainable Procurement, which sets out targets across 5 topic areas and to 5 levels. The Framework is reproduced under Appendix 1

The Levels are;

1 Foundation
2 Embed
3 Practice
4 Enhance
5 Lead

By April 2009 all public sector organisations are expected to reach level 3 (or above) of the flexible framework with leadership (level 5) in at least one area by

December 2009. To date, some of the requirements have partially been achieved.

In order to achieve the foundation level we must identify Sustainable Procurement Champions at member and executive level and, to identify the key officers with a role to play in sustainable procurement to focus attention on the Councils commitment to sustainability. A simple sustainable procurement policy has been prepared (see Appendix 2) and is recommended that this is endorsed for adoption by the council

It will be necessary to address initial training issues on sustainability with targeted refresher courses at appropriate intervals. The cost to commissioning external training will need to be met but it is not envisaged this will be a significant sum.

4.0 THE FLEXIBLE FRAMEWORK

The Topic Areas as identified by the framework are summarised below

4.1 People.

In terms of this topic in the Flexible Framework key staff should have advanced training on sustainable procurement principles with regular refresher training. Sustainability should be included in their appraisals, competencies, selection criteria and induction programme. If the Flexible framework is to be achieved it will be necessary to have a development plan for key procurers and ensure high levels of competence are maintained.

4.2 Policy Strategy & Communications.

These must be endorsed by the CEO, regularly reviewed and enhanced to recognize new technologies and linked to Environmental Management Systems and the Corporate Strategy.

4.3 Procurement Processes.

All key contracts must be assessed for sustainability risk and impact and improvement targets agreed with suppliers. A life cycle approach and analysis must be in place for key commodities and performance indicators agreed with suppliers with rewards or penalties based on achievements. Barriers to sustainable procurement must be removed.

4.4 Engaging Suppliers.

Suppliers will be targeted to promote continual sustainable improvement and attention to supply chain mapping. Key suppliers should be audited on sustainability and supply chain issues as part of the Contract Management process, with recognition of achievements. The Chief Executive Officer is expected to engage with suppliers to underline the vital role of sustainability as a factor in maintaining their supplier status.

4.5 Measurements & Results

Sustainability impacts and appraisals of procurement activity have been undertaken and high-risk impact areas managed. Results are measured and used to drive the sustainability strategy forward and to benchmark with Peer organizations. The council should ensure its achievements are publicised and its status used to demonstrate its commitment to the sustainability agenda.

5.0 WHERE ARE WE NOW

We have partially achieved The Foundation Level (level 1) and if the recommendations of this report are accepted and actioned we will be in a position to complete this level. Achievement of Level 2 will require sustainable procurement to link up to any wider Sustainable Development Strategy of the Council.

6.0 THE NEXT STEPS

The Procurement & Commissioning Group (P&C) will formulate a plan to map progress on the achievement of the Flexible Framework cross all Directorates, with the aim of reaching Level 3 by December 2009 and Level 5 by 2011 as per Government Targets. The P & C Group will require enthusiastic representatives from all key-procuring areas to play a major part in driving and achieving the requirements of the Framework

The initial steps will be

- Identify Member and Executive Officer Champions.
- Adopt the Sustainable Procurement Policy in Appendix 2
- Identify the Key Procurement Officers within each Directorate.
- Develop a key skills Audit & Training Plan for Procurement Officers
- Define an evidence base to ensure key procurement exercises have been planned incorporating sustainability impact & assessment considerations and monitoring.
- Use a key supplier spend analysis to identify any at risk suppliers to enable Contracting Officers to ensure high risk impact areas are effectively managed.

7.0 POLICY IMPLICATIONS

The Corporate Procurement Strategy and Policy will be revised and updated to include sustainable procurement ethics that are linked to the Community Strategy and Corporate Plan

8.0 OTHER IMPLICATIONS

Procurement is a cross cutting topic for all of the Councils Business. Procuring Officers will need to clearly demonstrate that they have considered sustainability issues in all aspects of their tenders.

9.0 RISK ANALYSIS

There is a reputational risk to the Council if it fails to deliver on the issue of sustainable procurement. The Audit Commission's Use of Resources Assessment from 2008 introduces KLOE that focus on commissioning and procuring supplies & services that deliver sustainable outcomes. In order to maintain our position Halton must continue to address increasing expectations in terms of sustainability.

10.0 EQUALITY AND DIVERSITY ISSUES

Sustainability is linked to the socio-economic and environmental facets of Equality & Diversity

Appendix 1

Sustainable Procurement Action Plan –(Annex C of the Flexible Framework)

Flexible Framework	Foundation	Embed	Practice	Enhance	Lead
	Level 1	Level 2	Level 3	Level 4	Level 5
People	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
Policy, Strategy & Communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations' EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.
Engaging Suppliers	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurements & Results	Key sustainability impacts of procurement activity have been identified.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

Appendix 2

Draft Sustainable Procurement Policy

HALTON BOROUGH COUNCIL

Corporate & Policy Directorate

Sustainable Procurement Policy – October 2008

Halton Council recognises that it has a leadership role in advocating sustainable development, through it's procurement of buildings goods works and services. Procurement decisions have a major social, economic and environmental impact both locally and globally now and for future generations.

The Council will aim to develop awareness and expertise in accordance with the Flexible Framework on Sustainable Procurement:

People

Educate train & encourage purchasing & procurement officers and commissioners to review their consumption of goods services, reduce usage and waste, and consider more environmentally friendly alternative products.

Communicate the sustainable procurement policy to all staff, suppliers, members & other stakeholders

Policy Strategy & Communications

Where appropriate the Council will determine whether a contract can be evaluated against sustainable criteria not just lowest cost, and communicate this to staff, suppliers and stakeholders.

Assess the environmental and corporate risks in the supply chain and seek suppliers who are able to commit to improving sustainable performance.

Use Purchase Spend Analysis to identify potential environmental impacts

Investigate opportunities for the re-cycling and reuse of materials where appropriate.

Work in partnership with other organisations such as buying consortia to improve sustainable procurement

Procurement Process

Promote best practice for sustainable procurement

Recognise appropriate environmental credentials through the tendering process and award of contracts

Where possible and practicable specify the use of environmentally friendly goods

Ensure specifications do not preclude suppliers from submitting environmentally friendly goods that will be fit for purpose

Engaging Suppliers

Ensure that low value and OJEU contract opportunities are made available via Council web sites and regional procurement portals

Address barriers for Small & Medium Enterprises, local suppliers and voluntary sector organisations to encourage them to bid for Council Business.

Ensure suppliers are aware of the Council's environmental and sustainable objectives

Work with key suppliers to extend sustainability improvements throughout the supply chain.

Measurements & Results

Comply with all relevant health & safety, diversity, disability and employment legislation

Work to attain the targets set out by the Sustainable Task Force and the National action Plan

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REPORT TO: Council

DATE: 22 April 2009

REPORTING OFFICER: Strategic Director Corporate and Policy

SUBJECT: Village Green designation – Halebank

WARDS: Halebank

1.0 PURPOSE OF THE REPORT

1.1 To make recommendations to the Council in relation to land at Halebank in its capacity as landowner.

1.2 To make recommendations to the Council in relation to land at Halebank in its capacity as Village Green Registration authority.

2.0 RECOMMENDATION: That

(1) the land shown marked by a red outline be dedicated by the Council as Village Green in its capacity as landowner;

(2) the Strategic Director Corporate and Policy and the Operational Director and Monitoring Officer (Legal, Organisation Development & Human Resources) be authorised to take such actions as are necessary to give effect to the dedication of the land identified above as Village Green; and

(3) the Operational Director and Monitoring Officer (Legal, Organisation Development & Human Resources) be authorised to write in the context of the Council's role as Village Green Registration Authority to the Applicant referring to the Council decision as set out in 2.1 and enquiring whether the Applicant would wish, in the interests of avoiding further public expenditure associated with a potential further public inquiry, to withdraw the current undetermined Application for Village Green status.

3.0 SUPPORTING INFORMATION

3.1 There have been two applications for Village Green status for the same plot of Council-owned land in Halebank. Both applications were made by Florence Hurley.

3.2 In broad terms, to be successful with such applications the law requires that the land shall have been used continuously as of right for recreational purposes over a period of at least 20 years. This use is equivalent to establishing squatters rights for the recreational use.

Qualifying uses are widely defined to include dog walking, playing football or cricket, jogging and walking. These uses do not have to be organised. The use has to be exercised without the permission of the landowner and as of right. It has to be a use that is significant and exercised by people who live in a particular locality. What matters is actual use rather than the landowner's intentions for the land. The use is a matter of fact to be proven by the applicant. If the applicant is successful the land can only be used for that claimed purpose although there are certain limited provisions which would allow it to be undesignated subject to compensating land and approval of Secretary of State.

3.3 The first of the two Halebank applications dated from September 2006. This was decided at a full Council meeting in October 2007 after a public inquiry held at the Council's expense in May 2007. The Inspector appointed by the Council found that the application was successful for only part of the land but excluded the whole of the land opposite Lovel Terrace. He made it clear that the reason he had excluded that land was because, on the date the first application was made, twenty years of use had not passed.

3.4 The Council's decision on the first application was in line with the Inspector's recommendations – designating as Village Green the part of the site opposite Clap Gate Crescent and refusing Village Green designation for the rest. The Council's statutory register has been amended to reflect this decision.

3.5 The Council is both owner of the land and the registration authority under the Commons Registration Act 1965 and the Commons Act 2006. It has been careful to distinguish between those two roles. The Council appeared at the May 2007 Inquiry and gave evidence opposing the designation as Village Green but this was in its capacity as landowner.

3.6 The second application dates from Summer 2007 and is for the same area of land as the first application shown with a green outline on the attached plan. It was submitted before the decision on the first application was made and with knowledge of the Inspector's remarks (as reflected in his Report).

3.7 The second application has not been the subject of a public inquiry nor is there any express legal requirement to hold a further Inquiry to examine the second application. No Council decision has been made on this second application whether as Registration Authority or in any other capacity. The Council must come to its own decision based on the test set out above. It may also as landowner intervene and, independent of actual use, choose to dedicate the land or any part of it as Village Green.

3.8 Since receipt of the second application the Council has gathered evidence and taken independent specialist legal advice. The recommendations in this report are in large part based on that work.

3.9 The evidence of actual use of the land edged red on the attached plan is sufficient to satisfy the Council that this land meets the above test. It is therefore recommended that the Council as landowner dedicates this land as Village Green

3.10 The evidence of actual use of the land to the North within the green outline and bordering the railway is however inadequate to meet the above test. It is therefore proposed to exclude that land from the dedication.

3.11 Consequently the overwhelming majority of the site referred to in the second application is proposed to be dedicated as Village Green. This is done independent of the application.

3.12 In light of the recommendation to dedicate the land judged to meet the criteria no further decision is at this time proposed in respect of the land which is the subject of the second application. It is proposed that the Applicant be invited to withdraw this application. Should the Applicant decline this request the Council will then need to decide whether to determine the application with or without a Public Inquiry

4.0 POLICY IMPLICATIONS

4.1 There are none.

5.0 OTHER IMPLICATIONS

5.1 Should the Council be minded to determine the application following a Public Inquiry this will involve the Council in significant expenditure. Such expenditure will be avoided if the Applicant withdraws the application.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 There are none.

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

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

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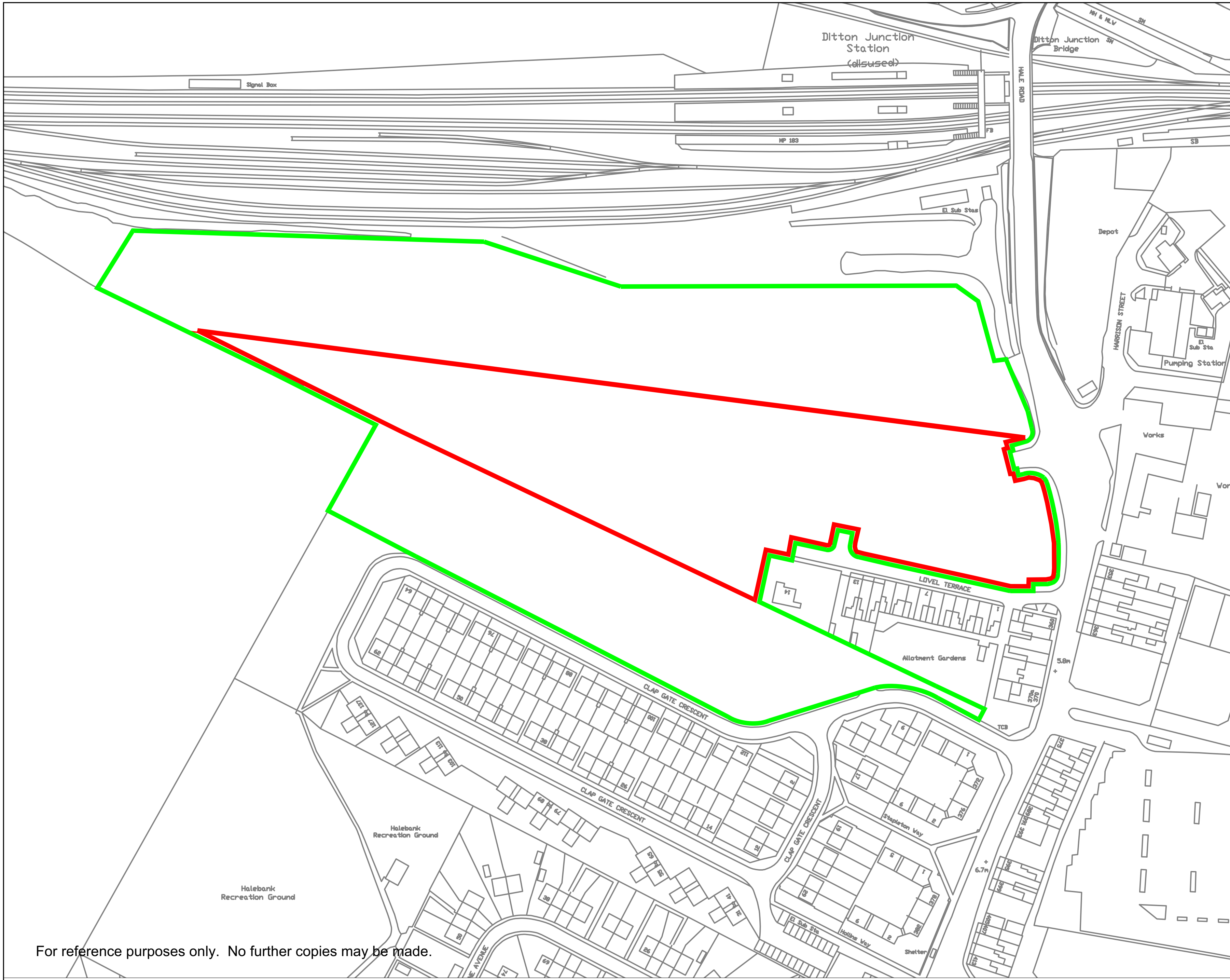

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Notes:

KEY

VILLAGE GREEN APPLICATION AREA

AREA TO BE DEDICATED BY COUNCIL AS VILLAGE GREEN IN ITS CAPACITY AS LANDOWNER

REVISIONS

HALTON BOROUGH COUNCIL

ENVIRONMENT

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VILLAGE GREEN

Scale: NTS	Date: APRIL 09
Drawn by: RP	Checked by: RB
Plan No: -	Rev:

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