

HALTON BOROUGH COUNCIL



*Municipal Building,
Kingsway,
Widnes.
WA8 7QF*

25 February 2019

**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, 4 March 2020 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.

A handwritten signature in black ink, appearing to read 'David W. R.', is centered on the page.

Chief Executive

-AGENDA-

Item No.		Page No.
1.	COUNCIL MINUTES	
	a) 18 December 2019	SEE MINUTE BOOK
	b) 22 January 2020	
2.	APOLOGIES FOR ABSENCE	
3.	THE MAYOR'S ANNOUNCEMENTS	
4.	DECLARATIONS OF INTEREST	
5.	LEADER'S REPORT	
6.	MINUTES OF THE EXECUTIVE BOARD	SEE MINUTE BOOK
	a) 12 December 2019	
	b) 16 January 2020	
7.	MINUTES OF THE HEALTH AND WELLBEING BOARD	
8.	QUESTIONS ASKED UNDER STANDING ORDER 8	
9.	MATTERS REQUIRING A DECISION OF THE COUNCIL	
	a) Major Schemes and Funding Update (Minute EXB 71 refers)	1 - 6
	Executive Board considered the attached report.	
	RECOMMENDED: That Council be recommended to approve the amendment of the Capital Programme to £50m in respect of the SJB Delinking and Runcorn Station Quarter, to reflect the updated position with respect to opportunities for grant funding.	

<p>b) Budget 2020/21 - KEY DECISION (Minute EXB 81 refers)</p> <p>Executive Board considered the attached report.</p> <p>RECOMMENDED: That Council be recommended to</p> <ol style="list-style-type: none"> 1) adopt the resolution set out in Appendix A, which includes setting the budget at £115.770m, the Council Tax requirement of £52.179m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,475.70; 2) approve the revenue budget proposals for 2020/21 set out in Appendix B and Capital Programme set out in Appendix F; and 3) approve that from 1 April 2020 the level of Empty Homes Premium on dwellings that have been unoccupied for between 2 and 5 years remain at 100%. The level of Premium on dwellings unoccupied for more than 5 years be increased to 200%. 	<p>7 - 40</p>
<p>c) 2019/20 Revised Capital Programme (Minute EXB 82 refers)</p> <p>Executive Board considered the attached report.</p> <p>RECOMMENDED: That Council be asked to approve the revised Capital Programme as set out in the Appendix attached to the report.</p>	<p>41 - 48</p>
<p>d) Capital Strategy 2020/21 (Minute EXB 83 refers)</p> <p>Executive Board considered the attached report.</p> <p>RECOMMENDED: That Council approve the 2020/21 Capital Strategy, as presented in the Appendix attached to the report.</p>	<p>49 - 64</p>
<p>e) Treasury Management Strategy Statement 2020/21 (Minute EXB 84 refers)</p> <p>Executive Board considered the attached report.</p> <p>RECOMMENDED: That Council adopt the policies, strategies, statements, prudential and treasury indicators outlined in the report.</p>	<p>65 - 88</p>

<p>f) Calendar of Meetings 2020/21 (Minute EXB 86 refers)</p> <p>Executive Board considered the attached report.</p> <p>RECOMMENDED: That Council approve the Calendar of Meetings for the 2020/21 Municipal Year, as appended to the report.</p>	<p>89 - 92</p>
<p>g) Pay Policy Statement 2020/21</p> <p>RECOMMENDED: That Council adopts this Pay Policy Statement for the Financial Year 2020/21.</p>	<p>93 – 102</p>
<p>10. MINUTES OF THE POLICY AND PERFORMANCE BOARDS</p> <p>a) Children, Young People and Families</p> <p>b) Employment, Learning, Skills and Community</p> <p>c) Safer</p> <p>d) Corporate Services</p>	<p>SEE MINUTE BOOK</p>
<p>11. COMMITTEE MINUTES</p> <p>a) Development Control</p> <p>b) Standards</p>	<p>SEE MINUTE BOOK</p>
<p>12. NOTICE OF MOTION – FIREWORKS</p>	<p>103 - 104</p>
<p>13. NOTICE OF MOTION - VOTER IDENTIFICATION</p>	<p>105 - 106</p>
<p>14. RECOMMENDATION FROM MAYORAL COMMITTEE</p> <p>The Mayoral Committee considered a Part II item making a recommendation on the appointment of Mayor and Deputy Mayor for the 2020/21 Municipal Year.</p> <p>Council is requested to note the following recommendations, formal confirmation of which will be sought at Annual Council.</p> <p>1) Councillor Christopher Rowe be appointed as the Mayor; and</p> <p>2) Councillor Mark Dennett be appointed as the Deputy Mayor.</p>	

REPORT TO:	Executive Board
DATE:	16 January 2020
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
PORTFOLIO:	Transportation & Physical Environment
SUBJECT:	Major Schemes and Funding Update
WARDS:	Boroughwide

1.0 PURPOSE OF THE REPORT

- 1.1 Significant investment is underway to enhance the Borough's infrastructure. This comprises the Silver Jubilee Bridge (SJB) maintenance package; deconstruction of the SJB access road and viaducts in Runcorn ('delinking'); and the enhanced access into the Runcorn Station Quarter (RSQ) to deliver that masterplan. Junction construction at 'Widnes Loops', to enhance connectivity into Widnes and West Bank, is being undertaken consecutively with the delinking works in Runcorn. Individually these are complex pieces of work, even more so when tackled in combination, with each project impacting on the other.
- 1.2 This report provides an update on the above major projects that are in delivery, together with new relevant funding opportunities that have arisen. If secured, these funds will allow scheme enhancements, programme refinements, and additional phases of the Runcorn Station Quarter Masterplan to be brought into scope. The total of all funding opportunities could provide Runcorn with an investment of between £50m and £71m.

2.0 RECOMMENDATION: That

- 1) Project progress is noted;**
- 2) Funding bids are submitted with a view to securing funding for the full programme of works, enhancements, and additional phases of the Runcorn Station Quarter Masterplan and wider Runcorn Vision (see section 5.1 – 5.8); and**
- 3) In association with recommendation 2), Council be asked to approve the amendment of the capital programme to £50m in respect of the SJB Delinking and Runcorn Station Quarter, to reflect the updated position regarding opportunities for grant funding.**

3.0 SUPPORTING INFORMATION

- 3.1 Capitalising on the closure of the Silver Jubilee Bridge (SJB) for major maintenance, the development of an enhanced access into Runcorn's west coast mainline station is underway, together with the removal of the 'Trumpet Loop' and associated elevated infrastructure. Site work has been challenging with a number of constraints that have had to be overcome. These have included a significant number of uncharted services that have needed relocation; the discovery of asbestos bonded into construction materials; and an enhanced project scope to include additional road connections. However, the pace of work on site has been rapid, and recently the new roundabout has begun to take shape, with new surfaced road connections between the roundabout and Shaw Street now visible. Most of the old 'Trumpet Loop' itself has been removed, and demolition will start in January of the western overhead viaduct that once carried traffic onto the SJB. Based on the current programme, the scheme is expected to be fully complete by summer 2020. The closure order on the Weston Expressway is in place until September 2020.
- 3.2 The major maintenance programme on the Grade II listed SJB is almost complete. This could not be undertaken while the bridge carried traffic, and therefore this has been the first opportunity since 1961 for comprehensive refurbishment. The entire steel arch structure has now been completely repainted. A new paint system has been applied from bare metal up to a decorative coat. A structural cable has been successfully replaced, the first time this has been attempted. Taking two years of advanced modelling and planning due to all cables being under maximum load, it was impossible to simply remove one cable. A means of transferring the stresses onto a temporary arrangement had to be devised, before removing the old cable, inserting a new hanger, and then transferring the load back onto the new section. The final aspect of this project is the preparation of the road deck in preparation for the reopening to vehicles. This will involve the existing carriageway surface being planed off and renewed, with new expansion joints installed, and new lines and demarcations, including splitter islands that will form the protected lanes for cyclists. The bridge will be reopened to vehicles at the same time as the RSQ works complete in summer 2020.
- 3.3 A permanent junction into West Bank and Widnes from the Mersey Gateway Bridge is under formation. This replaces the temporary road and offset mini-roundabout with a new signal controlled junction. The legacy of previous development in this area had resulted in a significant amount of ground condition issues (for example old basements and foundation slabs) together with intertwined services from almost all major utility companies. Delays have been experienced while these constraints were resolved and the utility companies have moved and protected their assets to allow construction of the new junction to continue. At the present time, kerb lines and road surfacing has been carried out,

together with the installation of a splitter island. As a consequence of the ground conditions, the new junction is expected to fully complete by summer 2020.

4.0 POLICY IMPLICATIONS

- 4.1 The significant investment described in this report flows from the Council's strategic policies contained in the Local Plan, the Mersey Gateway Plus regeneration strategy, and the Local Transport Plan.
- 4.2 These strategic documents are supported at a more detailed level through documents that capture ambitions at a more focussed scale, for example the Runcorn Station Quarter Masterplan and Runcorn Vision documents. The ambition for the Runcorn Old Town area is:
- Build a stronger town centre
 - Improve linkages, accessibility and movement
 - Utilise assets, waterways, culture and heritage
 - Grow the residential offer
 - Realise the full potential of the mainline station and connectivity to major cities.
- 4.3 Project delivery relies upon having a clear strategy for the Borough's development. This process identifies the infrastructure and regeneration schemes needed to support that development. Schemes need to be supported by quality feasibility, options appraisal, and design work to turn them into deliverable projects. The value of this approach yields significant advantages when grant funding bids are pursued because they can be supported by a robust business case demonstrating value for money. The limiting factor with this approach are the up-front costs of financing this feasibility work, as costs for large multi-million pound schemes can require up to £250k to be invested in the production of a full business case with scheme designs that are suitable for procurement and start on site.

5.0 OTHER IMPLICATIONS

New Funding Opportunities

- 5.1 Newly announced funds could provide Runcorn with access to pot of up to £71m, giving Runcorn a 'once in a lifetime' transformative opportunity. The following bullet points summarise the funds that could bring significant additional investment to the Runcorn Station Quarter (RSQ) project and move subsequent phases into delivery, including the Station Piazza, public transport hub, and connectivity into the Town Centre. Beyond the RSQ Masterplan, the Runcorn Vision document highlights the opportunities for regeneration within the town centre.
- Town Deals – up to £25m Government (MHCLG) funding allocated for Runcorn (launched at the end of September). Not competitive.

- Future High Street Fund – bids of up to £25m (£675m national pot) for Runcorn Old Town. Competitive. £150k capacity fund provided.
- Liverpool City Region Combined Authority Mayoral Fund - Transforming Cities Fund - £19.9m bid in for Runcorn Station Quarter. Competitive.
- LCR Town Centre Commission Fund – Combined Authority / Mayoral fund of £1m allocated for Halton Lea. Not competitive.

Town Deals

- 5.2 Eligible Activities for funding include urban regeneration to ensure towns are thriving places for people to live and work. Example outputs include increasing density in town centres; strengthening local economic assets including local cultural assets; improving transport and digital connectivity; and site development (site acquisition, remediation, and preparation). There is strong strategic fit between the eligible activity criteria and the ambitions for regeneration in Runcorn Town Centre.

Future High Streets Fund

- 5.3 The objective of the funding is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. To bid, local authorities are required to define the specific challenges faced by their high streets, to set out their overarching strategic ambition for what the high street or town centre should become, and what needs to be done to make this possible. However, this funding cannot be used for ‘superficial enhancements’ e.g. shop frontages; business grants etc.

Transforming Cities Fund

- 5.4 A bid for up to £19.9m has been submitted to the Combined Authority to enhance the programme of works to improve access to Runcorn Station and regenerate the vicinity of the station and town centre. The bid seeks to deliver the next phase of the RSQ masterplan including a transport hub, new Piazza, new road linkages, and improved connectivity.

Halton Lea Town Centre Commission Fund

- 5.5 For completeness, the funding allocated to Halton Lea from the Liverpool City Region Mayoral Fund is referenced as part of the overall funding opportunity that has been directed towards Runcorn.

Runcorn Station Quarter and Town Centre - Next Phases

- 5.6 If the bids into the funds described above are successful, that investment will secure the full programme of works that are in delivery, provide an element of contingency, and allow the next phases of the masterplan to move to implementation.
- 5.7 Together with the transport hub linking the station to Runcorn Town Centre, facilitating greater mobility and promoting active travel for residents and visitors, the next phase of works includes construction of

the Cavendish Street Link which involves highway improvements, including a new direct connection through to Shaw Street, and additional taxi stand facilities. The works will also deliver a new 'Piazza' area outside Runcorn Station that will offer inviting, high quality public realm helping to create an improved sense of place and facilitate modal transfer between the station, buses and taxis calling at Cavendish Street. Improvements to footways and cycleways will also be delivered to enhance active mode connections between the Station Quarter and town centre. The high utilisation of private cars for journeys in the wider Runcorn area will be addressed through the prioritisation of pedestrians and cyclists and the implementation of a new bus service timetable that will increase the number of buses calling at Runcorn Station from 4 to 15 services per hour.

- 5.8 Beyond the improvements and new infrastructure described above, future phases of the project envisage relocation of existing station car-parking, and housing and commercial development surrounding the station. If the total funding described in 5.1 could be secured, then these future phases could be implemented.
- 5.9 Depending on the success of the bids for funds outlined in this report the Council will need to keep the project constantly under review and will have to exercise a degree of prioritisation as the scheme progresses. Executive Board will be kept apprised of the progress on each element of the programme. However, this is clearly a great opportunity to regenerate this area of the Borough, which also presents wider opportunities for the whole of Halton.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Indirect benefits will be gained from a much improved physical environment for local communities. There will be benefits to this group from the health and safer implications described below.

6.2 Employment, Learning and Skills in Halton

Good transport networks are fundamental to economic growth and employment. In the long-term there are strong prospects of new job creation as a result of an enhanced leisure, business, retail and cultural offers in Runcorn town centre. Investment in the station will ensure this facility continues to attract high passenger numbers and its connections to London and other major cities.

6.3 A Healthy Halton

The project will deliver active travel linkages between the station, town centre, canal, and over the SJB. The improved rail and bus offer will increase opportunities to use public transport, thereby engaging an element of active travel and also environmental benefits. Removal of the overhead viaduct will have a positive local impact on air quality.

6.4 A Safer Halton

Upon completion, the projects will provide safer, off-road and interconnected routes between the station, town centre, canal and SJB for cyclists and pedestrians. Removal of bridges, embankments, and overhead viaducts increases natural surveillance and the perception of light and space. This will make the local area feel safer to those who travel through these new areas.

6.5 Halton’s Urban Renewal

The combination of projects will provide a much improved urban environment for visitors and residents. There will be direct implications for the Council’s priorities through the achievement of regeneration projects as set out in in the relevant strategic documents (Local Plan, Mersey Gateway Regeneration Strategy Plus, RSQ masterplan, and Runcorn Vision).

7.0 RISK ANALYSIS

7.1 With any regeneration or construction scheme there are risks associated with uncertainty arising from various aspects of the process, such as securing funding, the need to acquire land, material availability and fluctuating prices (Brexit), severe weather, securing regulatory consents, environment factors (breeding birds), and from ground conditions that are experienced when work starts (such as contamination, uncharted utilities). These risks are impossible to eradicate and are dealt with by the inclusion of contingencies to draw upon. Consequently, if any of these key risks arise in project delivery, the consequence usually translates into increased costs and extended programmes for completion of the works. To mitigate these risks, detailed project planning and survey work is always undertaken.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no Equality and Diversity implications arising from this report.

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

Document	Place of Inspection	Contact Officer
Local Plan	Municipal Building	Tim Gibbs
Runcorn Station Quarter Masterplan	Municipal Building	Wesley Rourke
Runcorn Vision	Municipal Building	Wesley Rourke

REPORT TO: Executive Board

DATE: 27 February 2020

REPORTING OFFICER: Operational Director – Finance

SUBJECT: Budget 2020/21

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To recommend to Council the revenue budget, capital programme and council tax for 2020/21.

2.0 RECOMMENDATION: That

- 1) Council be recommended to adopt the resolution set out in Appendix A, which includes setting the budget at £115.770m, the Council Tax requirement of £52.179m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,475.70;
- 2) Council be recommended to approve the revenue budget proposals for 2020/21 set out in Appendix B and capital programme set out in Appendix F; and
- 3) From 1 April 2020 the level of Empty Homes Premium on dwellings that have been unoccupied for between 2 and 5 years remain at 100%. The level of Premium on dwellings unoccupied for more than 5 years be increased to 200%.

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

- 3.1 The Executive Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 14 November 2019. In summary, funding gaps of around £7.9m in 2020/21, £15.1m in 2021/22 and £4.4m in 2022/23 were identified. The Strategy had the following objectives:

- Deliver a balanced and sustainable budget
- Prioritise spending towards the Council's priority areas
- Avoid excessive Council Tax rises
- Achieve significant cashable efficiency gains

- Protect essential front line services and vulnerable members of the community
- Deliver improved procurement

Budget Consultation

- 3.2 The Council uses various consultation methods to listen to the views of the public and Members' own experience through their ward work is an important part of that process.
- 3.3 Individual consultations are taking place in respect of specific budget proposals and equality impact assessments will be completed where necessary.

Review of the 2019/20 Budget

- 3.4 The Executive Board receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending may be over budget in the current year by approximately £5.1m against a net budget of £108.6m. The main reason for the projected overspend is the continued significant pressure in respect of Children's Social Care costs. Adult Social Care costs are also greater than forecast for the year due to increasing demand for direct payments and initial set-up costs for a number of care homes which the Council has acquired over the last 18 months. The Community and Environment Department continues to experience significant financial pressures, primarily due to shortfalls in various areas of income. The other significant budget pressure is within the Education, Inclusion and Provision department due to increasing costs for school transport.
- 3.5 The potential overspend is a worst case scenario, as actions are being taken to mitigate the impact of these pressures and bring net spending back in line with budget as far as possible. A review of earmarked reserves is also being undertaken to identify options which might assist with funding the overspend. The general reserve balance is currently around £5.0m, equivalent to approximately 4.3% of the net budget for 2020/21, which is considered a prudent level. Any overspend would reduce the level of the general reserve, however the actions being taken should help to mitigate the impact.

2020/21 Revenue Budget

- 3.6 The proposed revenue budget totals £115.770m. The departmental analysis of the budget is shown in Appendix C and the major reasons for change from the current budget are shown in Appendix D.
- 3.7 Included at Appendix B are proposed budget savings for 2020/21 totalling £4.203m.

- 3.8 The proposed budget incorporates the grant figures announced in the Local Government Grant Settlement. It includes £2.207m for the New Homes Bonus 2020/21 grant. This is inclusive of additional grant of £0.339m for 2020/21, confirmed by Government that it would be paid for one year only rather than a four year legacy payment which has been the case in past years.
- 3.9 The budget includes Better Care Funding (BCF) of £6.777m, this is inclusive of £5.234m for the improved BCF element, £0.904m for the additional BCF element and £0.639m covering Winter Care Pressures. The grant has been awarded at the same allocation levels as for 2019/20.
- 3.10 Announced in the Government's 2019 Spending Review was additional funding for both Adult and Children's Social Care. Confirmation was given that the 2019/20 grant used for wider social care measures of £1.092m was to continue in 2020/21. An additional £1bn grant was announced for 2020/21, the value of the allocation to Halton is in the region of £2.915m. This funding will be included in the Council budget to help fund existing pressures within Social Care services.
- 3.11 Government have confirmed the continuation of the 100% Business Rates Retention pilot within the Liverpool City Region for 2020/21. The pilot comes with a no detriment guarantee from Government that no authority will be worse off than had they not been in the pilot. In balancing the budget for 2020/21 £2m of gain from the pilot scheme has been used to fund future spending.
- 3.12 Pay rates for 2020/21 have not yet been agreed but the budget provides for an increase in pay awards in the region of 2.5%.
- 3.13 Inflation of 2% has been applied to contractual (non-controllable) budgets for 2020/21. Additional inflation has been applied to social care contract costs which will increase at above normal inflation rates due to the increase of 6.2% in National Living Wage rates from April 2020.
- 3.14 The risk to the Council's budget continues over the next year due to increasing service demand pressures. To mitigate the risk budgets have been increased in 2020/21 to help manage the current departmental budget overspends, inclusive of £5.2m across adults' and children's social care and £0.490m for the Community and Environment Department.
- 3.15 It is considered prudent for the budget to include a general contingency of £1.0m. At this stage it is considered sufficient to cover the potential for price changes, increases in demand led budgets, as well as a general contingency for uncertain and unknown items. The latter includes potential increased costs arising from the retendering of bus

support contracts previously operated by Halton Borough Transport Limited.

- 3.16 The Council invited the LGA to conduct a Peer Review during September 2019, from which a number of recommendations were made. An amount of £0.5m has been allocated within the 2020/21 budget to provide resources to implement the resulting action plan.
- 3.17 The Local Government Act 2003 places a requirement on the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In my view the budget setting process and the information provided should be sufficient to allow the Council to come to an informed view regarding the 2020/21 revenue budget, capital programme and council tax. Balances and reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events.

Local Government Finance Settlement

- 3.18 The Government announced the provisional Local Government Finance Settlement on 20 December 2019. At the time of writing the report the final settlement is still to be announced. In addition, the Council are waiting on confirmation of some 2020/21 grant allocations, including the Public Health grant.
- 3.19 As part of the Liverpool City Region, the Council will continue to participate in a pilot scheme of 100% business rates retention. Government have reiterated that the pilot scheme will operate under a “No Detriment” policy, in that no council operating as part of the pilot will see a reduction in their funding in comparison to what it would have received under the 49% national scheme. The pilot will result in additional business rates being retained by the Council although offset by Revenue Support and Better Care Fund grants no longer being received.
- 3.20 From 2021/22 it is expected the Business Rates Retention Scheme will be rolled-out on a national basis, with the level of retained rates for each Council being set at 75%. In conjunction with this, Government will continue to undertake a review of needs and resources of Local Government, the first review since April 2013, and will also reconsider the business rate “baselines” for each council.
- 3.21 For 2020/21 the Council’s total Government Settlement Funding Allocation is £52.372m. This is made up of £46.857m Business Rates Baseline Funding and Top-Up grant of £5.515m. Excluding the rolled in Better Care Funding grant, the increase to the Settlement Funding Assessment from 2019/20 is 1.6%.

- 3.22 The Government's Spending Power analysis (the total of business rates, council tax and Government grant funding available to each council) calculates that over the period 2011/12 to 2020/21, in cash terms there has been a reduction in funding for Halton of £27.5m or 19.7%. This compares with a national average reduction over the same period of 10.3%.
- 3.23 The Council is required to provide an annual forecast of business rates to Government by the end of January of the preceding year. The forecast has been undertaken and the Council expect net collectable rates to be £54.250m for 2020/21.
- 3.24 As far as non-domestic premises are concerned, the business rates multiplier rate is fixed centrally by Government and then applied to each premises' rateable value. For 2020/21 the multiplier rate has been set at 51.2p in the pound and 49.9p in the pound for small businesses.
- 3.25 In 2016/17 the Council set an Adult Social Care council tax precept level of 2%. For the three years from 2017/18 to 2019/20 Government extended the flexibility in order that councils could apply a further precept of up to 6% over the period, with a limit of 3% being in place for the first two years and a limit of 2% for 2019/20. In 2017/18 and 2018/19 the Council set Adult Social Care precept levels of 3% in each of the years.
- 3.26 The Government Spending Review published 04 September 2019 confirmed that a further Adult Social Care council tax precept of 2% could be applied for 2020/21.

Budget Outlook

- 3.27 Beyond 2020/21 there is great uncertainty regarding the funding of Local Government, due to the potential impact of a number of changes to the Local Government funding regime and other associated areas. There is therefore further continued uncertainty regarding the Council's funding resources in 2021/22.
- 3.28 The impact of the following developments will have to be assessed when considering the 2021/22 budget and beyond. Further information will be known as we progress through the coming year:
- Fair Funding Review – A review of how cumulative Local Government funding should be apportioned between Councils. The last review was in April 2013 and since then reductions made to Local Government funding have been made on a percentage basis. This has had the impact of protecting those authorities less reliant on Government grant funding, whilst those councils who are more reliant (such as Halton) have had to deal with the larger reductions in funding on a per capita basis.

- 75% Business Rate Retention – Government have indicated that from 2021/22 the percentage share of retained rates at a local level will be 75%. It is unclear how this will impact on pilot authorities, such as Halton, as to whether they will continue at 100% or switch to 75% retention.
- Business Rates Baseline Reset – It is proposed there will be a reset of the business rates baseline in April 2021, which could work against Halton and similar authorities who have seen significant growth in business rates since the current baseline was set in 2013. It is not yet known if there will be a transition process put in place to protect authorities from excessive losses in funding from an increase to the baseline position.
- 2020 Public Spending Review – The next medium term review of public spending for the period from 2021 onwards is expected to be announced during the coming year.
- Social Care Green Paper – It is uncertain what impact this will have on the future of Local Government funding.

3.29 The Medium Term Financial Strategy has been updated to take into account the 2020/21 Local Government Finance Settlement and multi-year allocations and saving measures already agreed or proposed. It includes a number of assumptions for 2021/22 including:

- Settlement Funding Assessment as per 2020/21 plus 2% inflation.
- Business rate growth since 2013 to be lost as a result of the reset to business rates system.
- Pay, prices and income growth of 2%.
- Reversal of 2020/21 one-off savings proposals.

3.30 The resulting funding gap over the subsequent three financial years (2021/22 to 2023/24) is forecast to be in the region of £22.7m.

Halton's Council Tax

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

3.32 The Government have confirmed the council tax referendum threshold at 2% for 2020/21.

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

- From 01 April 2019, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished for more than two years.

- From 01 April 2020, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, and 200% premium for dwellings unoccupied for more than five years.
- From 01 April 2021, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, 200% for dwellings unoccupied between five and ten years, and 300% for properties unoccupied for more than ten years.

3.34 As a result of the additional council tax premium applied in April 2019 the number of long term empty properties in Halton reduced from 160 to 117. The number of properties empty for over five years and therefore billed a 200% premium from April 2020 is currently 51.

3.35 The tax base (Band D equivalent) for the Borough has been set by Council at 35,359.

3.36 The combined effect of the budget proposals presented within this report, Government grant support, business rate retention and the council tax base, requires the Council to set a Band D council tax for Halton of £1,475.70 (equivalent to £28.38 per week), in order to deliver a balanced budget for 2020/21 as required by statute. This is an increase of 3.99% (£56.62 per annum or £1.09 per week) over the current year.

Parish Precepts

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

	Precept	Precept Increase		Additional Council Tax	Basic Council Tax
	£	£	%	£	£
Hale	49,002	5,777	13.4%	73.91	1,549.61
Daresbury	5,359	424	8.6%	29.94	1,505.64
Moore	5,225	473	10.0%	15.98	1,491.68
Preston Brook	12,084	296	2.5%	32.84	1,508.54
Halebank	39,235	18,330	87.7%	75.02	1,550.72
Sandymoor	36,799	4,240	13.0%	29.09	1,504.79

Average Council Tax

3.38 In addition, it is also necessary to calculate the average Council Tax for the area as a whole. This is the figure required by Government and used for comparative purposes. For a Band D property the figure is £1,479.88, an increase of £57.42 per annum.

Police Precept

- 3.39 The Cheshire Police and Crime Commissioner has set the precept on the Council at £7.441m which is £210.44 for a Band D property, an increase of £10.00 or 4.99%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

- 3.40 The Cheshire Fire Authority has set the precept on the Council at £2.804m which is £79.29 for a Band D property, an increase of £1.55 or 1.99%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Liverpool City Region Mayoral Precept

- 3.41 The Liverpool City Region Combined Authority has set the precept on the Council at £0.672m which is £19.00 for a Band D property, an increase of £0.00 or 0%. The figures for each Band are shown in Recommendation 7 in Appendix A.

Total Council Tax

- 3.42 Combining all these figures will give the Total Council Tax for 2020/21 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £1,784.43 an increase of £68.17 or 3.98%. The inclusion of parish precepts means the increase in Hale is 4.30%, in Daresbury is 3.99%, in Moore is 4.03%, in Preston Brook is 3.90%, in Halebank is 5.89% and in Sandymoor is 4.04%.
- 3.43 It is expected that Halton's total council tax will continue to be amongst the lowest in the North West. Given that nearly half of all properties in the Borough are in Band A, and also 82% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced council tax bills through discounts, and these adjustments will be shown on their bills.
- 3.44 A complex set of resolutions, shown in Appendix A, needs to be agreed by Council to ensure that the Budget and Council Tax level are set in a way which fully complies with legislation, incorporating changes required under the Localism Act 2012.

Capital Programme

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

	2020/21	2021/22	2022/23
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	£000	£000	£000
<u>Spending</u>			
Scheme estimates	38,536.9	35,826.5	8,145.0
Slippage between years	1,335.8	591	5,536.3
	<u>39,872.7</u>	<u>36,417.5</u>	<u>13,681.3</u>
<u>Funding</u>			
Borrowing and Leasing	7,822.0	11,791.9	6690.0
Grants and External Funds	26,273.4	20,853.5	586.0
Direct Revenue Finance	443.0	0.00	0.0
Capital Receipts	2,907.3	2,330.0	1,869.0
Slippage between years	2,427.0	1,442.1	4,536.3
	<u>39,872.7</u>	<u>36,417.5</u>	<u>13,681.3</u>

3.46 The committed Capital Programme is shown in Appendix F.

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

Prudential Code

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

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

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

School Budgets

3.50 Schools are fully funded by Government Grants, primarily the Dedicated Schools Grant (DSG) which is mainly used to fund the Individual School Budgets. DSG is now allocated in four blocks; Schools Block, Central Schools Services Block, Early Years Block and

High Needs Block. The funding is allocated to schools by way of a formula in accordance with the National Funding Formula introduced in 2018/19.

- 3.51 Schools Block pupil numbers in mainstream primary and secondary schools have increased slightly from 18,148 for 2019/20 to 18,281 for 2020/21. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2019 census. The DSG settlement was announced on 19 December 2019 giving a total of £92.6m for the Schools Block for 2020/21, which is a significant increase of £5.7m (6.2%) from the previous year. This includes an amount of £0.7m for 'growth funding'.
- 3.52 The Central Schools Services Block (CSSB) was split from the Schools Block for the first time in 2018/19, following the introduction of the ring-fenced requirement for the Schools Block to be wholly passed to primary and secondary schools, with the exception any agreed transfer to the High Needs Block. For 2020/21 we are not transferring any Schools Block funding to High Needs. There are regulations in place which limit what the CSSB grant can be used for and limit budgets to the same level as previous years. The CSSB includes budgets that are de-delegated from maintained schools. As more schools convert to academy status, so the de-delegated funds are reduced, unless schools are asked to contribute a higher amount
- 3.53 The Early Years Block allocation for 2019/20 was £9.629m and the indicative Early Years Block grant for 2020/21 is £9.982m. The hourly rate the Council are funded at for 3 and 4 year old provision, as opposed to the hourly rate we pay providers, is remaining the same at £5.12 per hour. This includes transitional protection of £0.44 per hour. The hourly rate the Council are funded at for 2 year old provision has increased from £5.28 per hour to £5.36 per hour.
- 3.54 The High Needs Block for 2019/20 was £16.771m with £2.907m recouped by the Department for Education for commissioned places in special academies and independent special schools, leaving £13.864m available. For 2020/21 the High Needs Block is £19.041m with £2.884m recouped for commissioned places leaving £16.157m available, an increase of £2.29m.
- 3.55 The Minimum Funding Guarantee has been agreed by Schools Forum at plus 1.84% which is the highest level possible.
- 3.56 The Teachers' Pay Grant and Teachers' Pension Grant are continuing to be paid separately to the DSG but the indications are that these will be rolled into the DSG in future years. There has been a request for transparency when the new grants are combined and we have been told that we will be consulted on this change. However, there is some support for the grant to be left as a separate entity, including the impact on the Minimum Funding Guarantee. There is also an issue around

the inclusion of these grants in the High Needs Block and Early Years Block determinations.

3.57 There is consideration being given to the design of the funding formula to make it fairer to smaller schools. Whilst this should have minimal impact on the majority of Halton's schools, it should be beneficial to our small schools.

3.58 The Pupil Premium has been increased to £1,345 per Primary pupil and £955 per Secondary pupil who are or have been eligible for Free School Meals in the last six years. Children who have been adopted from care and children who leave care under a special guardianship order or residence order will be funded at £2,345 per pupil. Eligibility for the Service Children Premium remains at £310 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,345 per pupil. The Pupil Premium will be added to school budgets on top of the Minimum Funding Guarantee.

4.0 POLICY IMPLICATIONS

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

5.0 FINANCIAL IMPLICATIONS

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

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.1 **Children and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

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

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

Document	Place of Inspection	Contact Officer
Local Government Finance Report (England) 2020/21	Financial Management Halton Stadium	Steve Baker

10.0 REASON FOR THE DECISION

10.1 To seek approval for the Council's revenue budget, capital programme and council tax for 2020/21.

11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

12.0 IMPLEMENTATION DATE

12.1 4 March 2020.

APPENDIX A

**DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL
AT ITS MEETING ON 04 March 2020**

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2020/21, the savings set out in Appendix B and the Capital Programme set out in Appendix F.
2. That it be noted that at the meeting on 18 December 2019 the Council agreed the following:
 - (a) The Council Tax Base 2020/21 for the whole Council area is 35,359 (item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act) and
 - (b) For dwellings in those parts of its area to which a Parish precept relates, be set out as follows:

Parish	Tax Base
Hale	663
Daresbury	179
Moore	327
Preston Brook	368
Halebank	523
Sandymoor	1,265

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

3. Calculate that the Council Tax requirement for the Council's own purposes for 2020/21 (excluding Parish precepts) is £52,179,276.
4. In accordance with the relevant provisions of the Local Government Finance Act 1992 (Sections 31 to 36), the following amounts be now calculated by the Council for the year 2020/21 and agreed as follows:
 - (a) £395,341,557 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the said Act, taking into account all precepts issued to it by Parish Councils.

- (b) £343,014,531– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £52,327,026 – being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).
- (d) £1,479.88 – being the amount at 3(c) above (item R), all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £147,704 – being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual Parish precept being:

	£
Hale	49,002
Daresbury	5,359
Moore	5,225
Preston Brook	12,084
Halebank	39,235
Sandymoor	36,799

- (f) £1,475.70 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (g) Part of the Council's Area

	£
Hale	73.91
Daresbury	29.94
Moore	15.98
Preston Brook	32.84
Halebank	75.02
Sandymoor	29.09

being the amounts given by adding to the amounts at 3(e) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the

Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings of its area to which one or more special items relate.

(h) Part of the Council's Area

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	1,033.07	1,003.76	994.45	1,005.69	1,033.81	1,003.19	983.80
B	1,205.25	1,171.05	1,160.20	1,173.31	1,206.12	1,170.39	1,147.77
C	1,377.43	1,338.35	1,325.94	1,340.92	1,378.42	1,337.59	1,311.73
D	1,549.61	1,505.64	1,491.68	1,508.54	1,550.72	1,504.79	1,475.70
E	1,893.97	1,840.23	1,823.16	1,843.77	1,895.32	1,839.19	1,803.63
F	2,238.33	2,174.81	2,154.65	2,179.00	2,239.93	2,173.59	2,131.57
G	2,582.68	2,509.40	2,486.13	2,514.23	2,584.53	2,507.98	2,459.50
H	3,099.22	3,011.28	2,983.36	3,017.08	3,101.44	3,009.58	2,951.40

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

5. It is further noted that for the year 2020/21 the Cheshire Police and Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

	£
A	140.29
B	163.68
C	187.06
D	210.44
E	257.20
F	303.97
G	350.73
H	420.88

6. It is further noted that for the year 2020/21 the Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	52.86
B	61.67
C	70.48
D	79.29
E	96.91
F	114.53
G	132.15
H	158.58

7. It is further noted that for the year 2020/21 the Liverpool City Region Combined Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

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

8. That, having calculated the aggregate in each case of the amounts at 4h, 5, 6 and 7 above, the Council, in accordance with Section 30(2) of

the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown below:

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	1,238.89	1,209.58	1,200.27	1,211.51	1,239.63	1,209.01	1,189.62
B	1,445.38	1,411.18	1,400.32	1,413.43	1,446.24	1,410.52	1,387.89
C	1,651.87	1,612.78	1,600.37	1,615.36	1,652.85	1,612.03	1,586.17
D	1,858.34	1,814.37	1,800.41	1,817.27	1,859.45	1,813.52	1,784.43
E	2,271.30	2,217.56	2,200.50	2,221.11	2,272.66	2,216.52	2,180.97
F	2,684.26	2,620.75	2,600.58	2,624.94	2,685.86	2,619.52	2,577.50
G	3,097.23	3,023.95	3,000.68	3,028.78	3,099.08	3,022.53	2,974.05
H	3,716.68	3,628.74	3,600.82	3,634.54	3,718.90	3,627.04	3,568.86

being satisfied that:

- (a) The total amount yielded by its Council Taxes for the said financial year will be sufficient, so far as is practicable, to provide for items mentioned at 4(a) to (c) above; and, to the extent that they are not, to be provided for by any other means.
 - (b) Those amounts which relate to a part only of its area will secure, so far as is practicable, that the precept or portion of a precept relating to such part will be provided for only by the amount yielded by such of its Council Taxes as relate to that part.
9. The Operational Director Finance be authorised at any time during the financial year 2020/21 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m on an individual bank account (£0.5m net across all bank accounts) as the Council may temporarily require.

APPENDIX B

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM /TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
DIRECTORATE: PEOPLE							
INCOME GENERATION OPPORTUNITIES							
1	Childrens & Families Dept/ Children in Care Division	Income target for the generation of income from reviewing how additional accommodation at Inglefield (no longer required for use by Ashley School) might be utilised	N/A	53	0	P	M
2	Education, Inclusion & Provision Dept/ Education Div	Increase in income received from the LEP/BSF	N/A	30	0	P	D
3	Education, Inclusion & Provision Dept/ IYSC & Troubled Families Div	One-off increase in income from the payment-by-results grant received in respect of the Troubled Families Programme.	N/A	50	-50	T	M
SHARED SERVICES / PARTNERSHIP ARRANGEMENTS							
4	Adult Social Care Dept/	Reduction in the cost of supporting the Halton Safeguarding Board as a result of the new Chairmanship arrangement	77	10	0	P	M

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM /TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
PROCUREMENT OPPORTUNITIES							
5	Adult Social Care Dept/ Commissioning Div	Reduction in the grant provided to the Carers Association.	109	56	0	P	D
6	Adult Social Care Dept/ Commissioning Div	Reduction of 10% in the contract with Age UK (Age Concern)	183	18	0	P	D
7	Education, Inclusion & Provision Dept/ IYSS & Commissioning Div	Target reduction of 10% in the Youth Service budget. This will involve a review of the service specification, comparison with independent providers and doing more targeted work.	550	55	0	P	D
EFFICIENCY OPPORTUNITIES							
8	Adult Social Care Dept/ Community Svcs Div	Review of premium pay arrangements for the Halton Supported Housing Network.	2,148	140	0	P	D
9	Adult Social Care Dept	One-off use of earmarked reserves established due to uncertainty with funding levels.	400	400	-400	T	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM /TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
10	Children & Family Services/ Education, Inclusion & Provision/ Community & Environment Departments	Review of community based facilities including community centres, children's centres and other locality based facilities, in order to seek an overall reduction in costs. The proposed saving is at this stage an initial target for the review and reports will be brought to Executive Board detailing the specific proposals.	N/A	200	0	P	M
11	Education, Inclusion & Provision Dept/ IYSS & Commissioning Div	Deletion of a vacant Commissioning Post.	276	50	0	P	D
12	Education, Inclusion & Provision Dept/ Policy, Provision & Perform Div	Restructure of the 14-19 Advisory Service	210	73	0	P	M
13	Education, Inclusion & Provision Dept/ Inclusion Div	Restructure of the Portege Service which provides a home-visiting educational service for pre-school children with SEND.	74	15	0	P	M
14	Children & Family Services Dept/ Locality Services	Change in funding of the home equipment budget as now part-funded by Halton CCG.	14	9	0	P	M

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM /TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
15	Adult Social Care Dept/ Commissioning Div	Deletion of a vacant Policy Support Officer post.	340	20	0	P	D
16	Adult social Care Dept/Community Services Div	Target for efficiency savings to be achieved within the Halton Supported Housing Network.	994	50	0	P	M
TOTAL PERMANENT				779	0		
TOTAL TEMPORARY (ONE-OFF)				450	-450		
GRAND TOTAL				1,229	-450		

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
			£'000	2020/21 £'000	2021/22 £'000		
DIRECTORATE: ENTERPRISE, COMMUNITY & RESOURCES							
INCOME GENERATION OPPORTUNITIES							
17	Community & Environ Dept / School Meals	Increase the price of "snack" food items by between 5p and 10p which have been set at 20p for over 10 years.	578	25	0	P	D
18	Community & Environ Dept / School Meals	Apply an above inflation increase in the price of "less healthy" food items in Secondary Schools.	2,305 total paid meal income	100	0	P	D
19	Community & Environ Dept / Waste Management Div	Introduction of a single charge of £35pa for the collection of Green Waste (currently £32pa online £37pa at HDL).	523	40	0	P	D
20	Finance Dept / Audit, Procuremt & Op Fin Div	Income generation from the introduction of late payment penalties to be applied to debts owed to the Council by commercial organisations.	N/A	5	0	P	D
21	Finance Dept / Audit, Procuremt & Op Fin Div	Income generation following the introduction of legislation permitting the charging of penalties in respect of fraudulently claimed council tax discounts and reliefs.	N/A	4	0	P	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
22	EE&P Dept / Employment Learning and Skills Div	Additional contribution towards overhead costs from grant funding provided for Adult Learning courses and externally funded contracts.	4	10	0	P	D
23	EE&P Dept / Property Services/Asset Management Div	Introduction of charges for property/asset management support and advice e.g. leases; land transfer work.	0	10	0	P	D
24	Policy, People, Performance & Efficiency Dept	Increased income from school SLAs for the provision of Employee Relations and Payroll, through extending the range of services available and increased charges.	76	18	0	P	D
25	Planning, Provision & Tran Dept / Planning	Introduction of a charge on Section106 agreements, as permitted by legislation, to cover the Council's cost of monitoring compliance with those agreements.	N/A	47	0	P	M
26	Planning, Provision & Tran Dept / Traffic	Increase in income generation relating to road work permits provided to the Utilities. This will be both from an increase in charges and by increased vigilance of poor reinstatements or road works time overruns.	188	100	0	P	M
PROCUREMENT OPPORTUNITIES							
27	Community & Environ Dept / Waste Management Div	Capitalise the purchase of new waste bins with a corresponding reduction in the required revenue budget.	40	35	0	P	M

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
28	Finance Dept / Audit, Procuremt & Op Fin Div	Reduction in budget for vehicle insurance which has been achieved following the retendering of insurance contracts.	135	10	0	P	M
EFFICIENCY OPPORTUNITIES							
29	Community & Environ Dept / School Meals	Review Nursery/Special school meals provision in order to identify efficiencies without affecting service delivery, in order to ensure provision of meals is cost effective.	1,271	25	0	P	D
30	Community & Environ Dept / School Meals	Review the school meals Service Level Agreement in respect of Academy Schools, in order to ensure that it is provided on a cost effective basis.	436	75	0	P	D
31	Community & Environ Dept / Waste Management Div	Deletion of a vacant part-time Community Development Officer post.	153	25	0	P	D
32	Finance Dept / Audit, Procuremt & Op Fin Div	Deletion of a vacant Purchase to Pay Assistant post.	265	24	0	P	M
33	Finance Dept / Revenues and Financial Management Div	Reduction in the budget for court costs relating to council tax and business rates cases, but usually underspent.	33	10	0	P	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
34	EE&P Dept / Property Services	Remaining balance of the saving from completion of the relocation of staff from Kingsway House, taking into account relocation and dilapidation costs.	190	175	0	P	D
35	EE&P Dept / Property Services	A reduction in the building maintenance budget. This would result in only being able to deliver essential maintenance, plus no further accommodation moves and no internal decoration projects could be supported from this budget.	1,959	50	0	P	D
36	EE&P Dept / Regeneration	Fund two vacant Regeneration Officer posts from the forthcoming allocation of Town Centre grant funding, as they will be fully utilised to deliver these initiatives.	83	83	0	P	D
37	EE&P Dept Regeneration	Implement a reduction in hours in the Business Support Team through use of flexible retirements.	156	15	0	P	D
38	ICT & Support Services / Support Svcs Div	Increase staff turnover target by increasing the period for filling vacancies within the Support Services Division to approximately six months, other than for certain key roles.	3,616	307	0	P	D
39	ICT & Support Services / Support Svcs Div	Cease providing minute taking services for non-statutory meetings across all Services. This will enable approximately 9fte posts to be removed from the Support Services Division. There will be an increased workload for officers involved in those meetings.	3,616	226	0	P	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
40	ICT & Support Services / Support Svcs Div	Cease the corporate provision of the majority of stationery supplies for all Services. Existing stocks would be run down and thereafter Services or staff would provide for themselves, other than key items eg. printer paper.	69	50	0	P	D
41	ICT & Support Services / ICT Services	Review of ICT Services staffing structures, without affecting service delivery, in order to adapt our approach to delivery with changing technologies eg. Virtual Desktop Infrastructure (VDI).	2,335	400	0	P	D
42	Legal & Democratic Dept/ Members Services	Reduced leasing cost achieved for the mayoral vehicle.	11	3	-3	T	D
43	Legal & Democratic Dept/ Members Services	Reduction in allowances following the reduction of two Members in total.	877	20	0	P	D
44	Legal & Democratic Dept/ Legal Services	Realignment of the Legal Services Practice Manager post.	41	12	0	p	D
45	Legal & Democratic Dept/ Legal Services	Budget reduction arising from a temporary reduction in hours already approved for a member of staff in the Licensing Team.	40	12	-12	T	M

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
46	Policy, People, Performance & Efficiency Dept	Temporary reduction to funding arrangements for the salary costs of new apprenticeship placements, whereby relevant Departments provide funding themselves from existing budgets. The position will be reviewed after a year to see whether it can be made permanent.	192	96	-96	T	D
47	Policy, People, Performance & Efficiency Dept	Review and restructuring of some functional areas of the Department, resulting in the reconfiguration of activity in Learning & Development, Employment Relations, Policy, and Performance Management.	1,172	40	0	P	D
48	Planning, Provision & Tran Dept / Highways	Reduction in the Highways development and Highways maintenance technical surveys budgets. These budgets provide highways modelling work and asset surveys, therefore, slightly older data will be used in some instances when considering asset management decisions.	140	40	0	P	M
49	Planning, Provision & Tran Dept	Reduction in various supplies and services budgets eg. contracted services, personal protective equipment etc. by creating a centralised budget which can be better utilised across the whole Department.	81	60	0	P	D
OTHER BUDGET SAVINGS							
50	Community & Environ Dept / School Meals	Net saving from replacing plastic bottles of water with re-usable bottles, from the set lunch meal of secondary schools.	40	40	0	P	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
			£'000	2020/21 £'000	2021/22 £'000		
51	Community & Environ Dept / Open Spaces Div	Seek alternative sources of funding for the Borough fireworks display, with options being reported to Executive Board.	48	48	0	P	D
52	Community & Environ Dept / Community Safety Div	Commence discussions with Police and other Partners regarding all potential options for how the CCTV monitoring service should be provided and funded. Reports will then be presented to Executive Board outlining potential options.	119	119	0	P	D
53	Policy, People, Performance & Efficiency Dept	Restructuring of the Unison Office.	140	8	0	P	D
54	Policy, People, Performance & Efficiency Dept	Consolidate employee training budgets and reduce by 5% (Training Resources, In-house consultants, PET and short courses).	132	7	0	P	D
55	Planning, Provision & Tran Dept / Traffic	Release of a reserve accumulated from charging developers a service fee for providing works as part of their developments eg. installation of street lights and signage.	300	300	-300	T	D
56	Corporate	Reduction in the capital financing budget as a result of holding increased cash sums which reduce the need for additional borrowing.	300	300	0	P	D

	DEPARTMENT/ DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2020/21 £'000	2021/22 £'000		
TOTAL PERMANENT				2,563	0		
TOTAL TEMPORARY (ONE-OFF)				411	-411		
GRAND TOTAL				2,974	-411		

APPENDIX C

DEPARTMENTAL OPERATIONAL BUDGETS

£000

People Directorate

Children and Families Service	20,663
Education, Inclusion & Provision	5,044
Adult Social Care	12,260
Complex Care Pooled Budget	29,883
Public Health & Public Protection	156
	<hr/>
	68,006

Enterprise, Community & Resources Directorate

Finance	6,691
Policy, Planning & Transportation	9,119
ICT & Support Services	7,038
Legal & Democratic Services	1,848
Policy, People, Performance & Efficiency	1,875
Community and Environment	14,021
Economy, Enterprise and Property	4,339
	<hr/>
	44,931

Departmental Operational Budgets

Corporate and Democracy	<hr/>
	2,833
Total Operational Budget	<hr/>
	115,770

APPENDIX D

2020/21 BUDGET – REASONS FOR CHANGE

	£000
2019/20 Approved Budget	108,621
Add back One-Off savings	4,920
	<hr/> 113,541
<u>Policy Decisions</u>	
Capital Programme	44
<u>Inflation and Service Demand Pressures</u>	
Pay (including Increments)	1,940
Prices	3,058
Income	-607
Existing Service Demand Pressures	4,435
<u>Other</u>	
Net Adjustment to Specific Grants	-687
Contingency Increase	36
Peer Review	500
Social Care Grant	-2,915
Reserves	628
Base Budget	<hr/> 119,973
Less Savings (Including savings agreed by Council)	-4,203
Total 2020/21 Budget	<hr/> 115,770

APPENDIX E

MEDIUM TERM FINANCIAL FORECAST

	2021/22 £000	2022/23 £000	2023/24 £000
Spending			
Previous Year's Budget	115,770	105,464	106,394
Add back one-off savings	861	0	0
<u>Inflation</u>			
Pay	1,278	1,673	1,707
Prices	968	988	1,008
Income	-613	-625	-638
<u>Other</u>			
Capital Financing	374	2	0
Contingency	1,000	1,500	2,000
Reduction to New Homes Bonus Grant	851	687	670
Reverse Use of Reserves (Business Rates Retention)	-5,555	0	0
Loss of S31 Business Rate Grant	5,351	0	0
Terms and Conditions – 4 Day Xmas Saving	0	750	0
Budget Forecast	120,285	110,439	111,141
Resources			
Baseline Business Rates Funding and Top-Up Grant	53,284	54,214	55,163
Council Tax	52,180	52,180	52,180
	105,464	106,394	107,343
Funding Gap	-14,821	-4,045	-3,798

APPENDIX F

COMMITTED CAPITAL PROGRAMME 2020/23

SCHEME	2020/21 £000	2021/22 £000	2022/23 £000
Schools Capital Projects	1,714.5	-	-
ALD Bungalows	199.0	-	-
Disabled Facilities Grant	-	-	-
Adapted Properties	-	-	-
Care home acquisition and refurbishment	1,437.0	-	-
People Directorate	3,350.5	-	-
Stadium Minor Works	30.0	30.0	30.0
Brookvale Pitch Refurbishment	500.0	-	-
Leisure Centre	5,000.0	10,000.0	5,000.0
Children's Playground Equipment	65.0	65.0	65.0
Landfill Tax Credit Schemes	340.0	340.0	340.0
Crow Wood Park Play Area	14.9	-	-
Open Spaces Schemes	-	-	-
Peelhouse Lane Cemetery	40.0	20.0	-
Sandymoor Playing Fields	30.0	-	-
Widnes & Runcorn Cemeteries - garage & storage	8.9	-	-
Runcorn Town Park	280.0	280.0	280.0
Bowling Greens	2.0	-	-
Litter Bins	20.0	20.0	20.0
IT Rolling Programme	700.0	700.0	700.0
3MG	-	-	-
Widnes Waterfront (Including Bayer)	1,000.0	-	-
Linnets Club House	58.5	-	-
Murdishaw Redevelopment	38.0	-	-
Equality Act Improvement Works	300.0	300.0	300.0
Widnes Market Refurbishment	39.8	-	-
Broseley House	4.7	441.0	-
Advertising screen at The Hive	100.0	-	-
Foundary Lane Residential Area	1,800.0	-	-
Street Lighting - Structural Maintenance	200.0	200.0	200.0
Street Lighting – Upgrades	1,799.6	-	-
SJB Lighting Upgrade	500.0	-	-
Sustainable Urban Development	435.0	267.5	-
Risk Management	120.0	120.0	120.0
Fleet Replacements	1,760.0	3,043.0	1,090.0
Early Land Acquisition Mersey Gateway	-	-	-
Runcorn Station Quarter / Runcorn Delinking	20,000.0	20,000.0	-
Economy, Community & Resources Directorate	35,186.4	35,826.5	8,145.0
Total Capital Programme	38,536.9	35,826.5	8,145.0
Slippage between years	1,335.8	591	5,536.3
GRAND TOTAL	39,872.7	36,417.5	13,681.3

REPORT TO: Council

DATE: 4 March 2020

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

SUBJECT: 2019/20 Revised Capital Programme

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To seek approval to a number of revisions to the Council's 2019/20 capital programme.

2.0 RECOMMENDED: That the revisions to the Council's 2019/20 capital programme set out in paragraph 3.2 below, be approved

3.0 SUPPORTING INFORMATION

3.1 On 27 February 2020 Executive Board received a report of spending against the Council's revenue budget and capital programme as at 31 December 2019. A number of revisions to the 2019/20 capital programme were recommended for approval by Council as outlined below.

3.2 It is proposed to revise the Council's 2019/20 capital programme, to reflect a number of changes in spending profiles and funding as schemes have developed. These are reflected in the revised capital programme presented in Appendix 1. The schemes which have been revised within the programme are as follows

1. Stadium Reconfiguration
2. Community Shop
3. Venture Fields
4. Murdishaw Redevelopment
5. Advertising Screen at The Hive
6. Foundary Lane Residential Area
7. Mersey Gateway Land Acquisitions
8. Mersey Gateway Construction
9. Bridge & Highway Maintenance
10. Integrated Transport & Network Management
11. Strategic Cycling & Walking Network
12. Grangeway Court Refurbishment
13. Carehome acquisitions & refurbishment
14. Millbrow
15. Madeline McKenna Care Home
16. Basic Need

- 17. SEND capital allocation
- 18. The Grange – Brookfields Provision

4.0 POLICY AND OTHER IMPLICATIONS

- 4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 There are no direct implications; however, the capital programme supports the delivery and achievement of all the Council's priorities.

6.0 RISK ANALYSIS

- 6.1 There are a number of financial risks within the capital programme. However, the Council has internal controls and processes in place to ensure that spending remains in line with budget.
- 6.2 In preparing the 2019/20 budget and capital programme, a register of significant financial risks was prepared which has been updated as at 31 December 2019.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 None.

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

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

Capital Programme as at 31 December 2019

Directorate/Department	Actual Expenditure to Date £'000	2019/20 Cumulative Capital Allocation		Capital Allocation 2020/21 £'000	Capital Allocation 2021/22 £'000
		Quarter 3 £'000	Quarter 4 £'000		
<u>Enterprise Community & Resources Directorate</u>					
Community and Environment					
Stadium Minor Works	0	0	39	30	30
Stadium Pitch	0	0	21	0	0
Stadium Reconfiguration	532	532	553	0	0
Brookvale Pitch refurbishment	0	0	0	500	0
New Leisure Centre	0	0	0	5,000	10,000
Open Spaces Schemes	284	300	560	0	0
Children's Playground Equipment	88	100	154	65	65
Upton Improvements	0	0	13	0	0
Crow Wood Play Area	13	13	20	15	0
Crow Wood Park Pavillion	240	250	320	0	0
Peelhouse Lane Cemetery & Enabling Works	478	707	950	40	20
Phoenix Park	3	3	3	0	0
Victoria Park Glass House	233	235	305	0	0
Sandymoor Playing Fields	39	30	40	30	0
Widnes & Runcorn Cemeteries	183	150	190	9	0
Landfill Tax Credit Schemes	2	10	20	340	340
Runcorn Town Park	65	150	200	280	280
Bowling Greens	2	20	32	2	0

Directorate/Department	Actual Expenditure to Date £'000	2019/20 Cumulative Capital Allocation		Capital Allocation 2020/21 £'000	Capital Allocation 2021/22 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Litter Bins	0	0	20	20	20
Community Shop	50	50	100	0	0
Libraries IT equipment	90	94	94	0	0
ICT & Support Services					
ICT Rolling Programme	574	574	700	700	700
Economy, Enterprise & Property					
3MG	41	41	126	0	0
Widnes Waterfront	0	0	0	1,000	0
SciTech Daresbury – EZ Grant	96	96	96	0	0
Venture Field	55	55	61	0	0
Linnets Clubhouse	33	33	50	58	0
The Croft	0	0	30	0	0
Murdishaw redevelopment	0	0	0	38	0
Former Crosville Site	127	127	127	0	0
Advertising Screen at The Hive	0	0	0	100	0
Widnes Market Refurbishment	40	40	100	40	0
Broseley House	13	13	15	5	441
Solar Farm	309	309	1,209	0	0
Moor Lane Bus Depot	4	4	247	0	0
Manor Park	0	0	37	0	0

Directorate/Department	Actual Expenditure to Date £'000	2019/20 Cumulative Capital Allocation		Capital Allocation 2020/21 £'000	Capital Allocation 2021/22 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Equality Act Improvement Works	211	211	300	300	300
Foundary Lane Residential Area	0	0	350	1,800	0
Kingsway Learning Centre	0	0	0	745	0
Mersey Gateway					
Land Acquisitions	835	835	3,270	0	0
Development Costs	54	79	105	0	0
Construction Costs	83	83	125	0	0
Other					
Risk Management	87	87	377	120	120
Fleet Replacements	644	644	1,471	1,760	3,043
Policy, Planning & Transportation					
Bridge & Highway Maintenance	3,914	3,914	5,985	0	0
Integrated Transport & Network Management	275	275	692	0	0
Street Lighting – Structural Maintenance & Upgrades	171	171	1,755	2,000	200
STEPS Programme	1,922	1,922	2,013	0	0
Silver Jubilee Bridge Major Maintenance	2,654	2,654	4,126	0	0
Silver Jubilee Bridge Decoupling / Runcorn Station Quarter	5,794	5,794	5,705	20,000	20,000
Widnes Loops	228	228	4,553	0	0

Directorate/Department	Actual Expenditure to Date £'000	2019/20 Cumulative Capital Allocation		Capital Allocation 2020/21 £'000	Capital Allocation 2021/22 £'000
		Quarter 3 £'000	Quarter 4 £'000		
KRN – Earle Road Gyratory	7	7	238	0	0
Travelodge/Watkinson Way Footpath	161	161	128	0	0
SUD Green Cycle / Walk Corridors	19	19	245	435	267
Strategic Cycling & Walking Network	289	289	289	0	0
Total Enterprise Community & Resources	20,942	21,309	38,159	35,432	35,826
People Directorate					
Adult Social Care					
ALD Bungalows	0	0	0	199	0
Grangeway Court Refurbishment	0	0	0	0	0
Bredon Reconfiguration	26	26	30	0	0
Purchase of 2 adapted properties	124	130	512	0	0
Orchard House	34	34	407	0	0
Carefirst Upgrade	362	362	362	0	0
Complex Pool					
Disabled Facilities Grant	413	450	601	0	0
Stairlifts (Adaptations Initiative)	173	190	256	0	0
RSL Adaptations (Joint Funding)	181	190	260	0	0

Directorate/Department	Actual Expenditure to Date £'000	2019/20 Cumulative Capital Allocation		Capital Allocation 2020/21 £'000	Capital Allocation 2021/22 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Carehome Acquisitions and refurbishment	2,054	2,060	2,400	1,437	0
Oakmeadow refurbishment	70	70	105	0	0
Millbrow	80	80	107	0	0
Madeline McKenna Care Home	14	14	20	0	0
Schools Related					
Asset Management Data	3	5	5	27	0
Capital Repairs	361	608	882	800	0
Asbestos Management	6	20	43	35	0
Schools Access Initiative	4	17	17	50	0
Basic Need Projects	0	0	188	437	0
Fairfield Primary School	0	34	34	0	0
Kitchen Gas Safety	32	50	68	0	0
Small Capital Works	48	75	126	0	0
Bridge School Vocational Centre	9	27	27	0	0
Simms Cross	1	1	1	0	0
SEND capital allocation	528	550	618	253	0
Healthy Pupils Capital Fund	9	17	17	0	0
The Grange – Brookfields Provision	37	37	37	0	0
Chesnut Lodge	8	225	300	0	0
School Condition Grant - unallocated	0	0	0	112	0
Total People Directorate	4,577	5,272	7,423	3,350	0
TOTAL CAPITAL PROGRAMME	25,519	26,581	45,582	38,782	35,826
Slippage (20%)			-9,116	-7,756	-7,165

				9,116	7,756
TOTAL	25,519	26,581	36,466	40,142	36,417

REPORT TO: Executive Board

DATE: 27 February 2020

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

TITLE: Capital Strategy 2020/21

WARDS: Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Council's Capital Strategy for 2020/21 and recommend it's approval by Council.

2.0 RECOMMENDATION: That Council be recommended to approve the 2020/21 Capital Strategy, as presented in the Appendix.

3.0 SUPPORTING INFORMATION

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

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

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

3.3 The Capital Strategy should be read in conjunction with the Treasury Management Strategy Statement, found elsewhere on the Agenda, which details the expected activities of the treasury management function and incorporates the Annual Investment Strategy and the Minimum Revenue Provision (MRP) policy for 2020/21.

4.0 POLICY IMPLICATIONS

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

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

HALTON BOROUGH COUNCIL

CAPITAL STRATEGY

2020/21

Revenues and Financial Management Division
Finance Department
February 2020

CAPITAL STRATEGY STATEMENT 2020/21**1 Background**

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

2 Capital Expenditure and Financing

- 2.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion as to what is treated as capital expenditure, for example assets costing below £35,000 are not capitalised and are charged to revenue in year. Further detail on how the Council differentiates between revenue and capital spend is shown in the Capital Guidance included at Appendix 1.
- 2.2 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves or capital receipts) or debt (borrowing, leasing or Private Finance Initiative).
- 2.3 Capital expenditure and financing for 2018/19 is shown below, along with estimates for 2019/20 and the following three years:

Table 1 – Capital Expenditure and Funding

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Expenditure:					
People	3,426	7,062	3,351	-	-
Enterprise, Community & Resources	18,475	38,524	35,431	35,827	8,145
	21,901	45,586	38,782	35,827	8,145
Financed By:					
Capital receipts	(4,156)	(4,567)	(3,152)	(2,330)	(1,869)
Capital grants	(14,146)	(17,946)	(26,818)	(20,854)	(586)
Revenue	(344)	(524)	(443)	-	-
Net financing need for the year	3,255	22,549	8,369	12,643	5,690

3 Governance

- 3.1 The Council maintains a three year rolling programme of capital schemes (The Capital Programme). A summary of the three year Capital Programme is included in the Budget Report approved annually by Council. In addition a more detailed capital programme report is approved in June of each year, this contains detail of all known grant funded capital projects.
- 3.2 In line with Finance Standing Orders specific capital schemes are reported throughout the year to Executive Board with a recommendation for Council to subsequently approve. Changes to the Capital Programme during the year are reported quarterly to Council.
- 3.3 Capital project managers must complete a capital project form (Appendix 2) giving details of the financial impact of their capital schemes. The form will be completed in conjunction with Financial Management and will help to evaluate whether capital schemes are fully, correctly and effectively funded, that consideration has been given to contingency costs within the project and known future revenue costs are fully budgeted for. The project form should be included with reports to Executive Board by way of evidencing that the financial implications of schemes have been fully addressed.

4 Repayment of Borrowing:

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

Table 2 – Minimum Revenue Provision

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Minimum Revenue Provision					
General Fund	2,214	2,116	2,115	1,831	1,837
Leases and PFI Schemes	952	614	535	479	558
Mersey Gateway unitary charge	5,636	5,941	6,310	6,518	6,766
Net financing need for the year	8,802	8,671	8,960	8,828	9,161

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

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

5 Outstanding Debt – Capital Financing Requirement

- 5.1 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The table below shows the Council's Capital Financing Requirement for 2018/19 and how this is expected to change in 2019/20 and over the following three years.

Table 3 – Capital Financing Requirement

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Financing Requirement	608,870	599,950	603,841	599,218	602,521
Movement in CFR due to:					
Net financing need for the year	3,255	22,549	8,369	12,643	5,690
PFI / Finance Leases	-	-	-	-	-
Mersey Gateway unitary charge	(3,373)	(9,988)	(4,033)	(513)	(526)
Less Minimum Revenue Provision	(8,802)	(8,670)	(8,959)	(8,827)	(9,161)
Increase / (Decrease) in CFR	(8,920)	3,891	(4,623)	3,303	(3,997)

6 Asset Management

- 6.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management plan in place. This summarises how the Council manages its land and property assets and sets out the Council's strategy to ensure that these assets can make the maximum contribution to achieving the aims and the objectives of the organisation.
- 6.2 The Council's Asset Management Plan comprises a number of sections including the accommodation plans; assets disposal plan and maintenance programme which are presented to the Asset Management Working Group, on a quarterly basis.

7 Asset Disposals

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

Table 4 – Capital Receipts Reserve

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Receipts - 1st April	(10,775)	(7,741)	(3,856)	(3,106)	(2,976)
Asset Sales	(4,495)	(10,182)	(5,935)	(2,200)	(1,000)
Use of Capital Receipts					
- New Capital Expenditure	4,156	4,567	3,152	2,330	1,869
- Repayment of debt	3,373	9,500	3,533	-	
Capital Receipts - 31st March	(7,741)	(3,856)	(3,106)	(2,976)	(2,107)

8 Treasury Management

- 8.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 8.2 The Treasury Management Strategy, elsewhere on the Agenda, details all aspects of the Treasury Management function and the associated risks as detailed below.
- Borrowing strategy
 - Investment strategy
 - Capital Financing Requirement
 - Capital Prudential Indicators
 - Treasury Indicators – Operational Boundary and Authorised Limit
 - Prospects for interest rates
 - MRP Policy

9 Knowledge and Skills

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

- The Operational Director - Finance is a CIPFA qualified accountant with over 35 years' experience in local government finance
- The Operational Director – Economy, Enterprise and Property has over 20 years' experience in Regeneration
- The Treasury Manager is a CIMA qualified accountant with 14 years' experience in local government finance and treasury management.
- The Council ensures all staff receive appropriate training for their roles including formal training and courses to support their development.
- The Council currently employs Link Asset Services to provide treasury management services in order to access specialist skills, advice and resources

CAPITAL GUIDANCE

1. Background & Purpose

- 1.1 The difference between capital and revenue expenditure is by no means simple to establish. In recent years it has become even more difficult, with the increasingly multi-funded and complex nature of many of the Council's services.
- 1.2 There is now an increased focus on the treatment of capital and revenue expenditure from Government and other funding bodies, along with the external auditor who have previously identified and reported upon capital transactions which had been incorrectly categorised. It is therefore essential to ensure the correct accounting treatment of capital and revenue transactions.
- 1.3 This Guidance is intended to clarify the difference between capital and revenue expenditure. It will also assist those involved in managing capital projects or processing capital transactions, to ensure the correct approval, accounting treatment, coding, monitoring, control and funding of capital expenditure.

2. Introduction

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

3. Capital Definition

- 3.1 All costs must be treated as revenue expenditure, unless it is correct and proper to treat them as capital expenditure.
- 3.2 Capital expenditure is defined as expenditure on the acquisition of an asset (eg. land, property, plant, equipment, vehicles) or expenditure which adds to (rather than merely maintains) the value of an existing asset, or considerably extends the life of the asset. The asset must also provide benefit to the Council for more than one year.
- 3.3 For example, the construction of a Council office building will be treated as capital expenditure. Whereas, the on-going annual running costs for that building (eg. staffing, heating, lighting, contracts, supplies) will be treated as revenue expenditure.

4. What Constitutes Capital Expenditure?

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

- 4.2 Directly attributable costs incurred after a capital scheme has been formally approved in detail by Council, should be treated as capital expenditure.
- 4.3 Preparatory or feasibility costs incurred “prior” to the formal approval of a capital scheme must initially be treated as revenue expenditure, as these costs may prove abortive if the scheme does not ultimately go ahead and so may not ultimately result in the creation of an asset. However, once the scheme has been formally approved and will therefore proceed, the related preparatory or feasibility costs may be treated as part of the capital scheme costs.
- 4.4 The cost of providing an extension to a building should be treated as capital expenditure, as it is likely to increase the value of the building.
- 4.5 Major structural maintenance costs such as re-roofing, re-wiring, re-plumbing, boiler replacement, full window replacement etc., which are considered to considerably extend the life of a property, should also be treated as capital expenditure.
- 4.6 However, day-to-day building maintenance and repair costs such as roof repairs, electrical and plumbing repairs, decorating, building and window repairs must be treated as revenue expenditure.
- 4.7 Individual expenditure transactions of less than £1,000 should usually be treated as revenue expenditure, unless they form part of a larger capital cost which meets the capital definition eg. the balance of capital contract payments, monthly recharges of capital fees, invoices for specific elements of capital works.
- 4.8 Professional fees in respect of Valuers, Highway Engineers, Landscape Architects, and Regeneration staff are considered to add value to the assets they deal with and may therefore be charged to the relevant capital schemes. However, it is important to ensure that sufficient capital allocation exists to fund these costs. All other staffing costs must be treated as revenue expenditure.
- 4.9 Project support and implementation costs such as room hire, printing, hospitality, training, advertising, publicity etc. must be treated as revenue expenditure.
- 4.10 Expenditure on the initial, one-off purchase of computer software may be capitalised as an intangible asset. However, the on-going cost of annual software licences, support contracts, implementation consultancy and system training must be treated as revenue expenditure.
- 4.11 Where capital schemes are part or fully externally funded, the definition of what constitutes capital expenditure applied by the external funding body may differ to that presented in this Guidance and therefore the requirements of the external funding body should take precedence.

5. The Council’s Capital Programme

Scheme Approval

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

prioritised in the light of the Council's Medium Term Financial Strategy, the Asset Management Plan, and delivery of the Council's corporate priorities.

- 5.2 Reports seeking approval for individual capital schemes should include the following financial information;
- (i) the gross cost of each scheme before any external contributions, reimbursements, or capital grants;
 - (ii) the estimated cashflows over the life of the scheme;
 - (iii) the expected revenue expenditure consequences of the scheme and how these will be funded;
 - (iv) details of any specific funding attributable to the scheme such as from capital grants, external contributions and other reimbursements.
- 5.3 The Operational Director, Finance will ensure that the estimated capital financing costs of the approved Capital Programme are incorporated within the annually set revenue budget.
- 5.4 Once a detailed scheme has been formally approved the designated Project Manager should contact the Revenues and Financial Management Division, providing details of the approval, in order for the appropriate capital accounting codes to be set-up to enable orders to be raised and expenditure incurred against the scheme.

Variations to the Capital Programme

- 5.5 Variations to the Capital Programme may be addressed by transfers (virements) between capital schemes within the Programme. This must be with the written approval of the Operational Director, Finance, and may only be up to 10% on schemes costing less than £5m or up to £500,000 on schemes costing more than £5m, as set out in the Council's Standing Orders Relating to Finance.
- 5.6 Any variations in excess of £500,000 must be reported for approval by Council. The report should include the reasons for the variation, details of how the variation might be contained or mitigated, revised cost estimates profiled over the life of the scheme, and the impact upon the scheme of the potential cost overrun.

Year-end Carry Forward / Slippage

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

6. Funding the Capital Programme

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

Capital Receipts

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

Capital Grants

- 6.3 Capital grants are provided with the specific purpose of funding capital expenditure. This will be stated within the grant conditions and therefore they cannot be used for revenue purposes.
- 6.4 Where funding agencies indicate that capital grants may be utilised for expenditure which does not meet the capital definition or constitute capital expenditure as per Sections 3 and 4 above, then the funding agency should be asked to re-assign part of the capital grant as a revenue grant.

Prudential Borrowing

- 6.5 The Council is able to borrow funds from approved external institutions. However, this must be in accordance with the Prudential Borrowing Code of Practice (The Prudential Code).
- 6.6 The fundamental requirements for compliance with the Prudential Code is that the Council must be able to demonstrate that its borrowing is prudent, affordable and sustainable ie. that it is able to repay the annual financing costs (principal and interest) over the life of the loan.

Revenue Contributions

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

External Contributions and Reimbursements

- 6.8 External contributions or reimbursements from partner organisations or other bodies may be received towards the funding of capital schemes.
- 6.9 Where capital schemes are part or fully funded from external funding sources, the “gross” rather than “net” cost of the scheme must be included within the Council’s Capital Programme. All approval limits etc. will then apply to the gross expenditure total for the scheme.
- 6.10 Any external funding should be claimed regularly and as early as possible, in order to minimise the cash flow costs associated with schemes.
- 6.11 Where funding organisations indicate that their contribution may be utilised for expenditure which does not meet the capital definition or constitute capital expenditure as per Sections 3 and 4 above, then the funding organisation should be asked to re-assign part of their contribution as revenue funding.

7. Capital Expenditure Controls

- 7.1 Full narrative descriptions must be input on the Agresso system in respect of all capital transactions, to support their correct accounting treatment and to assist with reporting.
- 7.2 In order to ensure that all capital expenditure is correctly treated within the accounts, the Revenues and Financial Management Division will periodically check that all transactions charged to capital schemes meet the definition of capital expenditure outlined above.
- 7.3 Where transactions are identified which do not meet the capital expenditure definition they will be transferred to the revenue account.

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

8. Capital Monitoring and Reporting Requirements

- 8.1 Comments should be sought from the Operational Director, Finance on all draft reports to Management Team or Members regarding capital proposals, spending and funding.
- 8.2 It is the responsibility of each designated Capital Project Manager to monitor expenditure for their schemes, in order to ensure they remain within the approved Capital Programme allocations.
- 8.3 Where expenditure is anticipated to exceed allocation, Capital Project Managers should liaise with their Finance Officer at the earliest opportunity, in order to agree the corrective action required to bring the scheme back in line with the Capital Programme.
- 8.4 Capital Project Managers are required to provide the Revenues and Financial Management Division with estimated quarterly expenditure profiles for each of their capital schemes, by 31 May each year. Any significant revisions to the profiles should also be notified to the Revenues and Financial Management Division during the year. The profiles will be used to monitor the Capital Programme and to provide quarterly Councilwide reports to Executive Board
- 8.5 The Revenues and Financial Management Division will provide access to appropriate financial reports, to assist Capital Project Managers with monitoring expenditure for each of their capital schemes.

9. Accounting for Capital Expenditure

- 9.1 Where capital expenditure does not increase the value of an asset or considerably extend its life, then at year-end the expenditure will be deemed "impaired" and certified as such by a Valuer. The impaired expenditure will then be charged against the Council's revenue budget.
- 9.2 The Council operates a five year rolling programme of land and property re-valuations, whereby a fifth of the land and property assets are re-valued each year. Changes in valuation arising from this exercise are then reflected in the value of assets held on the Council's balance sheet at year-end.
- 9.3 Changes in the valuation of assets are required by accounting regulations to be recorded and maintained as a historic record for each individual asset. This is to enable revaluations and impairments to be identified and accounted for on an individual asset basis.

APPENDIX 2

Capital Project Financial Assessment Form

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

Notes for completion of form

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

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REPORT TO: Executive Board

DATE: 27 February 2020

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

TITLE: Treasury Management Strategy Statement 2020/21

WARDS: Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Treasury Management Strategy Statement which incorporates the Annual Investment Strategy (AIS) and the Minimum Revenue Provision (MRP) Strategy for 2020/21.

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

3.0 SUPPORTING INFORMATION

3.1 This Treasury Management Strategy Statement (TMSS) details the expected activities of the treasury function in the forthcoming financial year (2020/21). Its production and submission to Council is a requirement of the CIPFA Prudential Code and the CIPFA Treasury Management Code.

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

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

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

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

4.0 POLICY IMPLICATIONS

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

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY
STATEMENT

2020/21

Revenues and Financial Management Division
Finance Department
February 2020

TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

1 INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes requires all local authorities to prepare, a capital strategy report, which will provide the following:

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

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

Treasury Management Reporting

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

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

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

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

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

Scrutiny

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

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues

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

Treasury Management Issues

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury

management. This especially applies to Members responsible for scrutiny and therefore training was undertaken by Members in February 2018. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

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

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

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23

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

2.1 Capital Expenditure

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

Table 1 shows planned capital spend by directorate and summarises how these plans are being financed by capital or revenue resources, any shortfall of resources results in the need to borrow.

Table 1 – Capital Expenditure

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Expenditure:					
People	3,426	7,062	3,351	-	-
Enterprise, Community & Resources	18,475	38,524	35,431	35,827	8,145
	21,901	45,586	38,782	35,827	8,145
Financed By:					
Capital receipts	(4,156)	(4,567)	(3,152)	(2,330)	(1,869)
Capital grants	(14,146)	(17,946)	(26,818)	(20,854)	(586)
Revenue	(344)	(524)	(443)	-	-
Net financing need for the year	3,255	22,549	8,369	12,643	5,690

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

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

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

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

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

Table 2 – Capital Financing Requirement

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Financing Requirement	608,870	599,950	603,841	599,218	602,521
Movement in CFR due to:					
Net financing need for the year	3,255	22,549	8,369	12,643	5,690
PFI / finance leases	-	-	-	-	-
Use of Reserves to reduce MRP liability	(3,373)	(9,988)	(4,033)	(513)	(526)
Less Minimum Revenue Provision	(8,802)	(8,670)	(8,959)	(8,827)	(9,161)
Increase / (Decrease) in CFR	(8,920)	3,891	(4,623)	3,303	(3,997)

Please note that the CFR has been restated in 2018/19 following the change in the valuation of the Mersey Gateway bridge included in the 2018/19 accounts.

2.3 Minimum revenue provision (MRP) statement

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

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

The Council is recommended to approve the following MRP Statement.

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

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

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

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

2.4 Affordability prudential indicators

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

2.5 Ratio of financing costs to net revenue stream

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

Table 3 – Ratio of financing costs to net revenue stream

Ratio of finance costs to net revenue stream	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Council's net budget	109,227	108,621	111,655	106,457	107,543
Finance Costs					
Net interest costs	4,637	4,521	4,533	4,546	4,558
Minimum Revenue Provision	2,214	2,116	2,115	1,831	1,837
	6,851	6,637	6,648	6,377	6,395
	6.3%	6.1%	6.0%	6.0%	5.9%

The MRP and Interest cost relating to PFI schemes and finance leases have been excluded from the figures above as they have no impact on the revenue budget.

3 BORROWING

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

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and the position as at 31 December 2019 are shown in Table 4 for borrowing and investments.

Table 4 – Current Portfolio Position

	31st March 2019		31st December 2019	
	£000	%	£000	%
Treasury Investments				
UK banks and building societies	15,900	16%	35,631	34%
Non-UK banks	15,500	16%	10,000	9%
Local authorities	50,000	52%	55,000	52%
Money market funds	10,450	11%		0%
Property funds	5,000	5%	5,000	5%
Total	96,850	100%	105,631	100%
Treasury External Borrowing				
Public Works Loans Board (PWLB)	(162,000)	94%	(162,000)	94%
Other long term borrowing	(10,000)	6%	(10,000)	6%
Total	(172,000)	100%	(172,000)	100%
Net treasury investments / (borrowing)	(75,150)		(66,369)	

The Council's treasury portfolio position at 31 March 2019, with forward projections are summarised in Table 5. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 5 – External debt

	2018/19 Actual £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
External debt					
Borrowing					
Debt at 1 April	172,000	172,000	192,000	192,000	172,000
Expected change in debt	-	20,000	-	-	-
Debt at 31 March	172,000	192,000	192,000	192,000	172,000
Other long-term liabilities					
Debt at 1 April	387,663	381,075	374,520	367,676	360,679
Expected change in debt	(6,588)	(6,555)	(6,844)	(6,997)	(7,324)
Debt at 31 March	381,075	374,520	367,676	360,679	353,355
Total external debt at 31 March	553,075	566,520	559,676	552,679	525,355
Capital Financing Requirement	608,870	599,950	603,841	599,218	602,521
Under / (over) borrowing	55,795	33,430	44,165	46,539	77,166

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years.

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

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary

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

Table 6 – Operational Boundary

	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate
Operational boundary	£000	£000	£000	£000
Debt	192,000	212,000	212,000	212,000
Other long term liabilities	381,075	374,520	367,676	360,679
Operational boundary	573,075	586,520	579,676	572,679
Total external debt at 31 March	553,075	566,520	559,676	552,679
Estimated headroom	20,000	20,000	20,000	20,000

The authorised limit for external debt

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

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

Table 7 – Authorised Limit

	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate
Authorised limit	£000	£000	£000	£000
Capital Financing Requirement	599,950	603,841	599,218	602,521
Contingency	20,000	20,000	20,000	20,000
Total	619,950	623,841	619,218	622,521
Total external debt at 31 March	553,075	566,520	559,676	552,679
Estimated headroom	66,875	57,321	59,542	69,842

3.3 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Table 8 and supporting narrative gives their central view:

Table 8 – Interest rate forecast

Quarter average	Bank rate %	PWLB borrowing rates %			
		(including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar-20	0.75	2.4	2.7	3.3	3.2
Jun-20	0.75	2.4	2.7	3.4	3.3
Sep-20	0.75	2.5	2.7	3.4	3.3
Dec-20	0.75	2.5	2.8	3.5	3.4
Mar-21	1.00	2.5	2.9	3.6	3.5
Jun-21	1.00	2.7	3.0	3.7	3.6
Sep-21	1.00	2.8	3.1	3.7	3.6
Dec-21	1.00	2.9	3.2	3.8	3.7
Mar-22	1.00	2.9	3.2	3.9	3.8
Jun-22	1.25	3.0	3.3	4.0	3.9
Sep-22	1.25	3.1	3.3	4.0	3.9
Dec-22	1.25	3.2	3.4	4.1	4.0
Mar-23	1.25	3.2	3.5	4.1	4.0

Overview

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty

is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 09 October 2019.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC

decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 09 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.
- While the Council may not be able to avoid borrowing to finance new capital expenditure there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Operational Director - Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

3.5 Policy on borrowing in advance of need

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

3.6 Debt Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

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

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

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

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

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. These are split into specified and non-specified investments, as detailed below:

Specified investments

These are sterling denominated with maturities up to a maximum of 1 year and include the following:

- Debt Management Agency deposit facility
- UK Government gilts
- Bonds issued by an institution guaranteed by the UK Government
- Term deposits – UK Government
- Term deposits – other local authorities
- Term deposits - banks and building societies
- Certificates of deposit with banks and building societies

- Money market funds (rated AAA)

Non-specified investments

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

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

5. Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being 40% of the total investment portfolio at the time of investing. Please note that the limit has been increased from 30% to 40% for 2020/21 to take advantage of high rates payable by other local authorities on investments over 12 months.
6. Lending limits, (amounts and maturity), for each counterparty will be set through applying the creditworthiness policy detailed in 4.2, and the Counterparty Limits detailed in 4.4.
7. The Council will set a limit for the amount of its investments which are invested for longer than 1 year, (see paragraph 4.4).
8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).
9. The Council has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
10. All investments will be denominated in sterling.
11. Following the change in accounting standards in 2018/19 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

4.2 Creditworthiness Policy

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

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

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

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

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

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

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

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

4.3 Country Limits

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

4.4 Counterparty Limits for 2020/21

The Council has set the following counterparty limits for 2020/21, and will invest in line with the creditworthiness policy detailed in 4.2.

Table 11 – Counterparty limits

	Maximum limit per institution £m
UK Government	40
UK banks/building societies with:	
- Minimum rating of AAA	30
- Minimum rating of AA	25
- Minimum rating of A	20
- Minimum rating of BBB	10
Foreign banks in countries with a sovereign rating of AAA and:	
- Minimum rating of AAA	20
- Minimum rating of AA	10
- Minimum rating of A	5
Money market funds	
- Minimum rating of AAA	20
Local authorities	40
Property fund	10
Note: No more than 25% of the total portfolio will be placed with one institution at the time of investing, except where balances are held for cash-flow purposes	

4.5 Investment strategy

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

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

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

Investment return expectations

Base Rate is forecast to increase steadily but slowly over the next few years to reach 1.25% by June 2022. Base Rate forecasts for financial year ends (March) are:

- 2019/20 0.75%
- 2020/21 1.00%
- 2021/22 1.00%
- 2022/23 1.25%

Investment treasury indicator and limit – Total principal funds invested for greater than 1 year

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Table 12 – Maximum principal sums invested over 365 days

Upper limit for principal sums invested for longer than 1 year	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Upper limit of principal sums invested for longer than 1 year	40,000	40,000	40,000	40,000
Current investments in excess of 1 years outstanding at year-end'	35,000	15,000	-	-

4.6 Investment rate benchmarking

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

4.7 End of year investment report

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

Minimum Revenue Provision

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

Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

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

Government Guidance

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

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

1. although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
2. it is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

Option 1: Regulatory Method

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

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

Option 2: Capital Financing Requirement Method

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

Option 3: Asset Life Method

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

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

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

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

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

Option 4: Depreciation Method

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

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

Date of implementation

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. Transitional arrangements included within the guidance no longer apply for

the MRP charge for 2009/10 onwards. Therefore, options 1 and 2 should only be used for Supported Capital Expenditure (SCE). Authorities are however reminded that the DCLG document remains as guidance and authorities may consider alternative individual MRP approaches, as long as they are consistent with the statutory duty to make a prudent revenue provision.

Strategy Adopted for 2020/21 and future years

In order to determine its MRP for 2020/21 and taking into consideration the available options the Council has applied the following strategy:

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

REPORT TO: Executive Board

DATE: 27 February 2020

REPORTING OFFICER: Strategic Director – Enterprise, Community and Resources

SUBJECT: Calendar of Meetings – 2020/21

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2020/21 Municipal Year attached at Appendix 1 (N.B. light hatched areas indicate weekends and Bank Holidays, dark hatched areas indicate school holidays).

2.0 RECOMMENDATION: That Council be recommended to approve the Calendar of Meetings for the 2020/21 Municipal Year, attached at Appendix 1.

3.0 SUPPORTING INFORMATION

3.1 Members are asked to consider and recommend approval of the calendar of meetings for the 2020/21 Municipal Year.

4.0 POLICY IMPLICATIONS

None.

5.0 OTHER IMPLICATIONS

None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None.

6.2 Employment, Learning and Skills in Halton

None.

6.3 A Healthy Halton

None.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

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

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

None under the meaning of the Act.

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

	MAY 2020	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2021	FEB	MARCH	APR	MAY
M		1 Dev Control Cttee		3 Dev Control Cttee						1 Dev Control Cttee	1		3 Early Spring Bank Holiday
T		2 Corporate PPB		4	1			1 SEMINAR		2 SEMINAR	2 Dev Control Cttee		4
W		3	1 Regulatory	5	2			2 B E Board		3	3 COUNCIL		5
T		4	2	6	3	1		3		4	4	1	6 Local Elections
F	1	5	3	7	4	2		4	1 New Year Bank Holiday	5	5	2 GOOD FRIDAY	7
S	2	6	4	8	5	3		5	2	6	6	3	8
S	3	7	5	9	6	4	1	6	3	7	7	4	9
M	4	8 CYP&F PPB	6 Dev Control Cttee	10	7 Dev Control Cttee	5 Dev Control Cttee	2 Dev Control Cttee	7 Dev Control Cttee	4 Dev Control Cttee	8 ELS&C PPB	8 SEMINAR	5 EASTER MONDAY	10 Dev Control (prov)
T	5	9 Safer PPB	7 SEMINAR	11 SEMINAR	8 Corporate PPB	6 SEMINAR	3 Corporate PPB	8	5	9 Safer PPB	9	6	11
W	6	10	8 H W Board	12	9 SEMINAR	7 HW Board Regulatory	4	9 COUNCIL	6	10 Mayoral Comm Standards Comm	10 Regulatory	7	12
T	7 Elects Local/ Parish/ Mayoral/ PCC	11	9	13	10	8	5	10 Executive Board	7	11	11	8	13
F	8 Early Spring Bank Holiday	12	10	14	11	9 SEMINAR	6	11	8	12	12	9	14
S	9	13	11	15	12	10	7	12	9	13	13	10	15
S	10	14	12	16	13	11	8	13	10	14	14	11	16
M	11 Dev Control Cttee	15	13	17	14 CYP&F PPB	12	9 CYP&F PPB	14	11	15	15	12 Dev Control Cttee	17
T	12	16 Health PPB	14	18	15 Safer PPB	13	10	15	12 SEMINAR	16	16	13	18 Exec Board Select Com (prov)
W	13	17 Schools Forum	15 COUNCIL	19	16	14 Schools Forum COUNCIL	11 Environment PPB	16	13 Reg Cttee	17	17	14	19
T	14	18 Executive Board	16 Executive Board	20	17 Executive Board	15 Executive Board	12	17	14	18	18 Executive Board	15 Executive Board	20
F	15	19	17	21	18	16	13	18	15	19	19	16	21 ANNUAL COUNCIL (prov)
S	16	20	18	22	19	17	14	19	16	20	20	17	22
S	17	21	19	23	20	18	15	20	17	21	21	18	23
M	18	22 ELS&C PPB	20	24	21 ELS&C PPB	19	16 ELS&C PPB	21	18	22	22	19	24
T	19 Exec Board (Select Comm)	23	21	25	22	20	17 Safer PPB	22	19	23 Health PPB	23	20	25
W	20	24 Environment PPB	22	26	23 B E Board	21	18	23	20 H W Board Schools Forum	24 Environment PPB - Sch Forum	24 H W Board B E Board	21	26
T	21	25	23	27	24	22	19 Executive Board	24	21 Executive Board	25 Executive Board	25	22	27
F	22 ANNUAL COUNCIL	26	24	28	25	23	20	25 Christmas Day	22	26	26	23	28
S	23	27	25	29	26	24	21	26 Boxing Day	23	27	27	24	29
S	24	28	26	30	27	25	22	27	24	28	28	25	30
M	25 Spring Bank Holiday	29	27	31 Summer Bank Holiday	28	26	23	28 Bank Holiday	25 CYP&F PPB		29	26	31 Spring Bank Holiday
T	26	30 SEMINAR	28		29 Health PPB	27	24 Health PPB	29	26 Corporate PPB		30	27	
W	27		29 B E Board		30 Environment PPB	28	25 Regulatory Cttee	30	27		31	28	
T	28		30			29	26	31	28			29	
F	29		31			30	27		29			30	

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REPORT TO:	Council
DATE:	4 March 2020
REPORTING OFFICER:	Strategic Director Enterprise, Community and Resources
PORTFOLIO:	Resources
SUBJECT:	Pay Policy Statement 2020 – 2021
WARD(S):	Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The Localism Act 2011 requires every local authority to prepare a pay policy statement each year which details the Council's approach to a range of issues relating to the pay of its workforce, particularly its senior staff (Chief Officers) and its lowest paid employees.
- 1.2 This report details the Council's recommended Pay Policy Statement for 2020/21. The statement will be subject to annual review and approval by Full Council. In exceptional circumstances, the statement may be reviewed/amended in-year by the Full Council.
- 1.3 On approval the statement will be published on the Council's website following each annual review.

2.0 RECOMMENDATION: That Council adopts this Pay Policy Statement for the Financial Year 2020/21

3.0 SUPPORTING INFORMATION

- 3.1 The Council is committed to transparency and fairness in the pay and remuneration of all its employees. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant legislation and has had regard to the Guidance issued by the Department for Communities and Local Government in February 2012.
- 3.2 The Localism Act requires the Council to produce a policy statement that covers a number of matters concerning the pay of the Councils staff; principally its Chief Officers and the Authority's lowest paid employees. This pay policy statement meets the requirements of the Localism Act 2011 and takes account of the guidance issued by the Secretary for

Communities and Local Government “Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act”.

- 3.3 The statement complies with the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Worker Regulations 2010, and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2014.
- 3.4 With regard to the equal pay requirements contained within the Equality Act, the Council ensures that there is no pay discrimination in its pay and grading structures and that all pay differentials are objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of grades according to the requirements, demands and responsibilities of the job role.
- 3.5 With effect from April 2018, employers with more than 250 employees have been required to report on Gender Pay Gap to the Government Equalities Office. The calculation is prescribed statutorily and is based on a snapshot date of 31st March of the previous year. For 2020 reporting the Council’s Gender Pay Gap at 31st March 2019 will be reported as follows;
- Median pay gap: 10.4% lower for female employees.
The median gender pay gap for the whole UK economy is 17.8% (October 2019 ONS figures).
 - Mean pay gap: 13.4% lower for female employees.
The mean gender pay gap for the whole UK economy is 17.2% (October 2019 ONS figures).

Further detailed information is published on the Council website at: <https://www4.halton.gov.uk/Pages/councildemocracy/Equality-and-Diversity.aspx>

- 3.6 This pay policy statement does not apply to schools maintained by the Council and there is not a requirement for it to do so.

4.0 THE PAY POLICY STATEMENT

- 4.1 Under Section 112 of the Local Government Act 1972, the Council has the power “to appoint officers on such reasonable terms and conditions as the authority sees fit.” The purpose of the Statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior staff, i.e., chief officers, as defined by relevant legislation;

- The Committee responsible for ensuring the provisions set out in this Statement are applied consistently throughout the Council and recommending any amendments to the Full Council.

5.0 BACKGROUND – PAY STRUCTURE

- 5.1 The Council uses the National Joint Council (NJC) nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, based on the application of the job evaluation process to determine the salaries of the majority of its staff.
- 5.2 The Council adopts the national pay bargaining arrangements in respect of the national pay spine and any agreed annual pay increases negotiated with the joint trade unions.
- 5.3 From 1st April 2019, a revised NJC pay spine was introduced which consolidated the twelve lowest points from the previous version into six. This was designed to promote equity within the pay and grading model. The Council adopted this model.
- 5.4 The Council has determined that it will pay the Living Wage, as calculated annually by the Living Wage Foundation. From 1 April 2020, the minimum hourly rate paid will be £9.30.
- 5.5 From 1st April annually, the minimum hourly rate paid will be the higher of the hourly rate of the bottom NJC pay point (SCP 1), or the hourly rate as calculated by the Living Wage Foundation and announced in the prior November. At the time of writing, the NJC rate for SCP1 has not yet been negotiated at the national level as pay negotiations are ongoing.
- 5.6 For staff on Joint Negotiating Committee (JNC) terms and conditions (Chief Officers), the Council operates a locally determined pay structure, in accordance with JNC guidance, and any agreed annual pay increases negotiated with the joint trade unions.
- 5.7 In late 2018 employees of the Council were consulted and agreed to vary their contracts of employment by taking four days unpaid leave for a period of three years as a budget saving measure. This was endorsed by Council. This agreement follows three similar successive agreements, which ended in 2018/19. This has the effect of a 1% annual pay cut but contributes to enabling the Council to present a balanced budget. The variation of contract covers the three financial years to 2021/22, ending on 31st March 2022.
- 5.8 All other pay related allowances are the subject of either national or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined locally.

- 5.9 Starting salaries for new appointments will normally be made at the minimum spinal column point for the grade, although this can be varied where necessary to secure the best candidate for the job. From time to time it may be necessary to take account of the external pay market in order to attract and retain the best employees with particular experience, skills and abilities. Where necessary, the Council will ensure that the requirement for such payments is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the public sector and where such retention payments are necessary, they will be considered with the framework provided by the NJC, and be subject to local negotiations.
- 5.10 There is a formal job evaluation process for new positions created or for proposed changes to existing job descriptions. For positions which are subject to the National Joint Council (NJC) for Local Government Services ('Green Book'), the grading review is undertaken with representation from the Human Resources Service, the Trade Unions and the Manager, using the Local Government Single Status Job Evaluation Scheme (the NJC scheme) which is used to evaluate posts up to grade HBC11.
- 5.11 Apprentices within the Council are paid a minimum of 75% of the Council's grade HBC3. From April 2019, this equated to £7.30 per hour. The April 2020 rate remains subject to national negotiations, but will be uprated when the 2020/21 pay points have been agreed. Apprentices aged 21 or over, who have completed the first year of an apprenticeship are paid the relevant National Minimum Wage, in line with prevailing legislation.
- 5.12 The following employee groups are not presently paid in accordance with an evaluated grade/role determined by the Council and instead nationally or locally determined rates apply:
- Employees whose pay and conditions are determined by the Soulbury Committee
 - Employees within the Council whose pay is determined by the annual review of the School Teachers Pay and Conditions document (STPCD)
 - Employees who have transferred from the NHS to the Council on NHS terms and conditions
 - Employees who have retained terms and conditions following a TUPE transfer to the Council
- 5.13 Any temporary supplement to the salary scale for any grade is approved in accordance with the 'Green Book' criteria on such matters and can only be approved by the Chief Executive in consultation with the Operational Director – Policy, People, Performance & Efficiency (PPPE).

6.0 SENIOR MANAGEMENT REMUNERATION

- 6.1 For the purposes of this Statement, senior management means 'chief officers' as defined within the Localism Act. The posts falling within the statutory definition are set out below:
- Chief Executive
 - Strategic Directors
 - Operational Directors
 - Director of Public Health
- 6.2 The basis of salary levels for Chief Officers was established following a review exercise in April 2005 carried out by Tribal Resources, using the Hay system to evaluate grades and salary points.
- 6.3 The salary details of the Council's Chief Officers can be found on the Council website and are published as part of the Council's Annual Statement of Accounts.
- 6.4 The arrangements and factors considered in determining progression through the relevant grade is incremental progression awarded on an annual basis until the top of the grade is reached.
- 6.5 The terms and conditions applicable to officers on director grade and above are determined by the JNC for Chief Executives, the JNC for Chief Officers of Local Authorities or NHS as amended, supplemented or superseded by the Council from time to time.

7.0 RECRUITMENT OF CHIEF OFFICERS

- 7.1 The Council's policy and procedures with regard to the recruitment of Chief Officers is as contained in the Council's Constitution which is reviewed annually by Full Council.
- 7.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law, its recruitment guidance and equal opportunities policies.
- 7.3 The remuneration of any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

8.0 ADDITIONS TO SALARY OF CHIEF OFFICERS

- 8.1 Incremental progression through the grade is time related i.e. employees are entitled to receive an increment (the next salary point on the pay spine, unless at top of grade) on an annual basis. This cannot be withheld or varied from the agreed pay spine under the employment

contract, unless formal proceedings on capability have been implemented.

- 8.2 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. honoraria, acting up) are dependant upon the provision and approval of a business case to the Chief Executive and relevant Strategic Director in consultation with the Operational Director PPPE.
- 8.3 Officers required to use a vehicle for Council business are currently entitled to an essential car user allowance, currently £1,000pa (from April 2013). The Chief Executive, Strategic Directors and Operational Directors are also entitled to this payment.
- 8.4 The Chief Executive also receives reimbursement for the duties undertaken as a Returning Officer.
- 8.5 Additions to pay are negotiated for all employees, including those covered by the NJC ('Green Book') and JNC terms and conditions.

9.0 PENSION CONTRIBUTIONS

- 9.1 Where employees have exercised their right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the Scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Pension Fund and reviewed on a triennial basis in order to ensure the Scheme is appropriately funded. The current employer's rate, set at April 2017, is 18.6%.
- 9.2 The employee contribution rates, which are defined by statute, are currently based on their annual full time equivalent rate of pay at the following rates:

Rate of Contribution	Annual Rate of Pay
5.5%	Up to £14,400
5.8%	£14,401 - £22,500
6.5%	£22,501 - £36,500
6.8%	£36,501 - £46,200
8.5%	£46,201 - £64,600
9.9%	£64,601 - £91,500
10.5%	£91,501 - £107,700
11.4%	£107,701 - £161,500
12.5%	More than £161,501

These salary bands may be revised for 2020/21, however at the time of writing no notification has been issued.

10.0 PAYMENTS ON TERMINATION

- 10.1 The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age is set out within its Pensions Discretions Policy and in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (and if adopted) Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.
- 10.2 The Council's Policy on Voluntary Redundancy is contained in its Staffing Protocol which was approved by the Appointments Committee on 21st September 2009 with revised terms to reflect the changes to the Local Government Pension Scheme in April 2014 being agreed by the Committee on 4th February 2015. These arrangements apply to all employees at all levels.
- 10.3 The Council will have regard to the 'The Public Sector Exit Payment Regulations, 2016' and the 'Repayment of Public Sector Exit Payments Regulations 2016', upon Parliamentary approval and implementation, which remains pending.

11.0 PUBLICATION

- 11.1 Upon approval by full Council, this Statement will be published on the Council's website.
- 11.2 For posts where the full time remuneration is £50,000 or above, the Council's Annual Statement of Accounts will include a note setting out the total amount of:
- Salary, fees or allowances paid to or receivable by the person in the current and previous years;
 - Any bonuses so paid by way of expenses allowance that are chargeable to UK Income Tax;
 - Any compensation for loss of employment and any other payments connected with termination;
 - Any benefits received that do not fall within the above.

12.0 LOWEST PAID EMPLOYEES

- 12.1 Employees not on Chief Officer, Soulbury, or STPCD terms and conditions are paid in accordance with the National Joint Council (NJC) for Local Government Services ('Green Book'). The basic pay for each 'Green Book' employee consists of a salary scale containing a number of spinal column points on the NJC pay spine.

- 12.2 An increment is awarded on an annual basis up to the maximum of the salary grade. The normal increment date is 01 April. Pay awards are generally awarded with effect from 01 April, although the date can be influenced by the negotiation process.
- 12.3 From April 1st 2020, the lowest rate of pay for established employees will be £9.30 per hour.
- 12.4 The relationship between the rate of pay for the highest paid employee and the mean average earnings across the Council is recommended as the best way of illustrating the relationship between the two. This is called the pay multiple and for this Authority, the pay multiple is 1:7.13.
- 12.5 The Hutton Review (2011) stipulated that a pay multiple between the highest and the lowest paid median average salary should not exceed 1:20. On this basis, the Council has a pay multiple of 1:8.47, well within the recommended range.
- 12.6 From April 2019, the Council committed to pay the Living Wage, as calculated by the Living Wage Foundation. In doing so, it will meet all statutory requirements in respect of paying the National Minimum Wage and the National Living Wage, by default.

13.0 ACCOUNTABILITY AND DECISION MAKING

- 13.1 In accordance with the Constitution of the Council, the Appointments Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements relating to employees of the Council.

14.0 POLICY IMPLICATIONS

- 14.1 The requirements under the Localism Act to produce and publish this Pay Policy Statement supplements existing duties and responsibilities that the Authority, as an employer has, particularly its responsibilities under the Equality Act 2010, to avoid discrimination and provide equal pay.

15.0 FINANCIAL IMPLICATIONS

- 15.1 The Pay Policy Statement must be prepared for the financial year 2020/21 and each subsequent financial year. Once in place, it will provide the public with a clear rationale to explain the Authority's approach to pay.
- 15.2 The Council employs 2585 staff in 2667 posts and is responsible for spending annually over £300 million of public money.

16.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

16.1 Employees are a key element of the delivery of services that contribute to all of the Council's priorities. As such, appropriate and relevant payment to employees enables the delivery of those priorities.

17.0 RISK ANALYSIS

17.1 The adoption of this Pay Policy Statement, and use of the frameworks and mechanisms described within, provides assurance that the Council is mitigating any legislative and ethical risk linked to the remuneration of its employees.

18.0 EQUALITY AND DIVERSITY ISSUES

18.1 The Pay Policy Statement will assist the Council to monitor remuneration across the Council and provide a fair system which avoids discrimination.

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

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



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NOTICE OF MOTION

To be submitted to the meeting of Full Council to be held on:

Wednesday 4th March 2020

in accordance with Standing Order Number 6.

	Name (in capitals)	Signature
Proposer:	Cllr Ellen Cargill	
Seconder:	Cllr June Roberts	

MOTION TO COUNCIL: FIREWORKS

This Council expressed concern at harm that can result from the irresponsible use of fireworks. While safely displayed fireworks bring enjoyment to some people, the uncontrolled misuse of fireworks can result in distress, injury or anxiety to people, as well as death, injury or distress to animals. In advance of Bonfire Night there is increased likelihood of fireworks being a cause of nuisance in anti-social behaviour incidents.

Council endeavours to dissuade people from risks by holding a safety led annual fireworks display each November and to actively enforce the existing laws on the control of fireworks, this includes the licensing and inspection of firework retailers and investigation into unlicensed traders. However, Council considers the existing laws do not go far enough to protect the public and added actions are required.

Council resolves to support the RSPCA campaign aimed at strengthening actions to prevent distress, injury or anxiety to people, as well as death, injury or distress to animals.

This Council agrees:

- 1) To actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks.
- 2) To write to the government urging it introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays and to introduce a limit on the public use of fireworks on or close to specific dates and times.
- 3) To encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.

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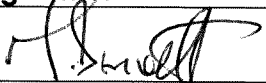
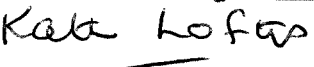
NOTICE OF MOTION

To be submitted to the meeting of Full Council to be held on:

Wednesday 4th March 2020

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in accordance with Standing Order Number 6.

	Name (in capitals)	Signature
Proposer:	Cllr Mark Dennett	
Seconder:	Cllr Kath Loftus	

MOTION TO COUNCIL: VOTER IDENTIFICATION

This Council expresses grave concern at proposals within the Queen's Speech to prevent people from voting at elections unless they provide photographic ID at polling stations. Further Council considers the proposal would suppress voters' rights and lead to many electors being unfairly prevented from voting.

Council notes specifically that:

- Cases of electoral fraud involving people falsely claiming another person's identity are extremely low in the UK and no cases have ever been known in Halton.
- An Electoral Commission study of trails has previously found that requiring voter identification many voters were turned away from polling stations for not having the correct form of ID - with some not returning later to vote.
- The Electoral Reform Society (ERS) have stated the plan risks 'raising the drawbridge to huge numbers of marginalised voters', including the elderly and BAME voters. It said that out of millions of votes cast in the UK last year, there were just eight allegations of personation fraud – the type of fraud that voter ID is meant to prevent.

This Council agrees to write to the Prime Minister calling upon government to abandon plans to implement restrictive identification requirements that will make it harder for people to vote and to express the Council's view that enforcing stricter voter identification measures are wholly unnecessary, more likely affect residents who do not have a passport or driving licence and will lead to people not exercising their right to vote.

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