Public Document Pack

Executive Board

Thursday, 17 February 2022 2.00 p.m.
Council Chamber - Town Hall, Runcorn

Chief Executive

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

PART 1

Please contact Ann Jones 0151 511 8276 or ann.jones@halton.gov.uk for further information.

The next meeting of the Committee is on Thursday, 17 March 2022

PART II

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

Item	Page No

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

EXECUTIVE BOARD

At a meeting of the Executive Board on Thursday, 20 January 2022 in the Bridge Suite, Halton Stadium, Widnes

Present: Councillors Wharton (Chair), Dennett, Harris, M. Lloyd Jones, J. Lowe, T. McInerney, Nelson, Nolan, Thompson and Wright

Apologies for Absence: None

Absence declared on Council business: None

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

Also in attendance: One member of the press

ITEMS DEALT WITH UNDER POWERS AND DUTIES EXERCISABLE BY THE BOARD

Action

EXB57 MINUTES

The Minutes of the meeting held on 9 December 2021 were taken as read and signed as a correct record.

CORPORATE SERVICES PORTFOLIO

EXB58 AGENCY WORKER CONTRACT PROCUREMENT

The Board considered a report of the Strategic Director – Enterprise, Community and Resources, which sought approval to award a contract for the supply of Agency Workers beyond 2022 for the Liverpool City Region (LCR).

Halton was the lead Authority for the review of agency provision on behalf of the LCR and had led the re-procurement of a further collaborative contract for agency worker supply to LCR authorities. In 2017 the Council accessed the ESPO Framework MSTAR2 and made a direct award to Matrix SCM for the provision of a Natural Vendor Managed Service for Agency Workers. This was due to end in February 2022 so an options appraisal was conducted, with five options considered, as outlined in the report.

The Board agreed that Option 3 – *Direct Award to a single provider accessing the ESPO framework – REF: 653F Managed Services for Temporary Agency Resources (MSTAR3)*, would be the most economically advantageous based on the assessments made in relation to previous years' contract usage. Members were advised that the ESPO Framework was in accordance with the Public Contract Regulations 2015 and was open for access by LCR members, via a direct award option within Lot 1(a) – Neutral Managed Service Provision, which had 8 shortlisted providers. The incumbent provider, Matrix SCM, was the preferred supplier.

RESOLVED: That, in accordance with Procurement Standing Order 1.9.4 and 1.10.1, the Executive Board authorise the Strategic Director – Enterprise, Community and Resources, to enter into a 4 year contract with the preferred supplier, who had been assessed as being the most economically advantageous and effective organisation to supply agency workers to the Council and three other authorities within the Liverpool City Region.

Strategic Director - Enterprise, Community and Resources

Councillor Thompson declared an Other Registerable Interest in the following item, as he is a member of the Runcorn Town Deal Board.

EXB59 WAIVER OF STANDING ORDERS: APPOINTMENT OF A CONSULTANT TO DEVELOP RUNCORN TOWN DEAL PROJECT BUSINESS CASES

The Board received a report from the Strategic Director – Enterprise, Community and Resources, which requested approval to waive procurement standing orders to award a contract to develop the Runcorn Town Deal Project Business Cases.

Halton Borough Council had secured £23.6m to deliver the Runcorn Town Investment Plan, which included seven projects. In order to draw down funding, a robust business case for each project was required against a challenging timetable set by Government for the completion of these. Members were advised that external consultancy support was required to progress the work and it was proposed that the contract for delivering this specialist support be awarded to Amion Consulting Limited.

The report provided some background information in respect of Amion and gave examples of previous Council projects where the Company had provided technical support. It was noted that Amion was knowledgeable of the area, had already established good working relations with project sponsors and had indepth knowledge of project proposals. It was agreed that this approach offered the Council good value for money as well as an opportunity to commence this work quickly, thereby reducing the risks of business cases not being completed within the required timeframe.

RESOLVED: That

Strategic Director - Enterprise, Community and Resources

1) Procurement Standing Orders 3.1 be waived to approve the appointment of Amion Consulting Limited to undertake Town Deal Project Business Cases until August 2022, using the same terms as the original contract. The value of the contract is estimated to be £150k; and

2) in accordance with the provisions of Procurement Standing Orders, 1.14.4 and 1.14.5 (ii) Procurement Standing Orders be waived on this occasion.

CHILDREN AND YOUNG PEOPLE PORTFOLIO

EXB60 SCHOOL ADMISSION ARRANGEMENTS 2023 - KEY DECISION

The Board received a report of the Strategic Director – People, which requested the approval of the School Admissions Policy, Admission Arrangements and Co-ordinated Schemes, for admission to primary and secondary schools for the 2023/24 academic year.

The Board was advised that in October 2021, the Local Authority issued a statutorily required consultation on the proposed admission arrangements and co-ordinated admission schemes for the September 2023 intake for primary and secondary schools (attached as appendices 1 and 2 respectively). The primary scheme also included the proposed oversubscription criteria for community and voluntary controlled schools for whom the Local Authority was the admission authority.

The report provided details of the consultation, which ran from 1 October 2021 and 12 November 2021; no responses to the consultation were received. Additionally, no amendments to the oversubscription criteria were suggested, as these worked well and met the requirements of the Department for Education's School Admissions Code.

It was noted that all Halton's secondary schools were either academies, free schools or voluntary aided and were therefore their own admission authorities, with responsibility for consulting and determining their own admissions criteria and their own Published Admission Number (PAN).

Reason(s) for Decision

The decision was statutorily required.

Alternative Options Considered and Rejected

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

Implementation Date

The Policy and co-ordinated schemes would apply for the September 2023 academic intake.

RESOLVED: That the Board approves the School Admissions Policy, Admission Arrangements and Co-ordinated Schemes, for admission to primary and secondary schools for the 2023/24 academic year. — Strategic Director - People

EXB61 CAPITAL PROGRAMME – 2022/23 - KEY DECISION

The Board considered a report of the Strategic Director – People, which provided a summary of the capital funding received by the Council from central Government to support Schools Capital Programmes for 2022/23.

The Board was advised that the Department for Education (DfE) had not announced the Capital Grant Allocation for 2022/23 however, given the timescales for some of the proposed capital projects, there was a requirement to present this report, so it was compiled using the 2021/22 allocation, which was £903,847.

The report set out details of the indicative funding available to support capital projects across the schools estate and also explained how the School Condition Allocation would be utilised. Members discussed the proposals to create additional teaching space at Cavendish School and the remodelling of two junior classrooms at Fairfield Primary School, details of which were presented in paragraphs 5 and 6 respectively.

Reason(s) for Decision

To deliver and implement the Capital Programmes.

Alternative Options Considered and Rejected

None.

Implementation Date

Capital Programmes for 2021/22 would be implemented with effect from 1 April 2022.

RESOLVED: That the Executive Board

Strategic Director - People

1) notes the position regarding capital funding from the DfE for 2022/23;

2) approves the proposals to be funded from the School Condition Capital Allocation;

3) agrees that the capital allocations are put forward for inclusion in the budget report to full Council;

4) approves the proposal to create additional teaching space at Cavendish School; and

5) approves the proposal to remodel two junior classrooms to create more suitable teaching spaces at Fairfield Primary School.

ADULT SOCIAL CARE PORTFOLIO

EXB62 HALTON SELF ADVOCACY SERVICE

The Board considered a report of the Strategic Director – People, which sought approval of a waiver of parts 2 and 3 of Procurement Standing Orders, in compliance with Procurement Standing Order 1.14.4, to make a Direct Award to Halton Speak Out for the provision of a Self-Advocacy Service.

Halton Speak Out, a registered Charity, currently worked in the Borough with adults and young people with learning disabilities, to deliver person centred planning, self-advocacy support and undertake consultation.

It was noted that the current contract had been extended on a year by year basis since March 2017. Members were presented with a proposal to award a contract for 5 years from April 2022 to March 2027. This would give the provider financial stability and provide an opportunity for a new service delivery model to be firmly embedded. Details of the requirement for a new service delivery model was outlined in the report.

RESOLVED: That Executive Board

Strategic Director - People

1) approves a direct award to Halton Speak Out for the provision of a Self-Advocacy Service, in compliance with Procurement Standing Order 1.14.4; and

2) notes the change in service delivery model.

ENVIRONMENT AND URBAN RENEWAL PORTFOLIO

EXB63 AUTHORISATION FOR THE USE OF THE SCAPE FRAMEWORK FOR PROCUREMENT AND DEVELOPMENT OF THE RUNCORN TOWN INVESTMENT PLAN – HIGH STREET CONNECTIVITY SCHEME

The Board considered a report of the Strategic Director – Enterprise, Community and Resources, which sought authorisation for the use of the SCAPE Framework for procurement and development of the Runcorn Town Investment Plan – High Street Connectivity Scheme.

The report provided Members with a summary of the development of the High Street Connectivity project in support of the Runcorn Town Investment Plan. It discussed two schemes in particular – a replacement footbridge crossing the Bridgewater Canal by the Brindley Theatre; and the improvement of a section of High Street to make it more pedestrian and cycling friendly. Approval was sought to utilise the SCAPE Framework for the development of these schemes. A diagram of the SCAPE process was appended to the report for information.

An amendment to recommendation (3) was made to include consultation with the Portfolio Holder for Environment and Urban Renewal.

RESOLVED: That Executive Board approve

Strategic Director - Enterprise, Community and Resources

1) the use of the SCAPE Framework for development of the replacement footbridge scheme to Project Order stage;

2) the use of the SCAPE Framework for development of the High Street scheme to Project Order stage; and

3) the delegation of authority to the Strategic Director – Enterprise, Community and Resources, in consultation with the Portfolio Holder for Environment and Urban Renewal, to authorise the passing of the SCAPE gateways prior to this stage.

MINUTES ISSUED: 25 January 2022

CALL- IN: 1 February 2022 at 5.00 pm

Any matter decided by the Executive Board may be called in no later than 5.00pm on1 February 2022.

Meeting ended at 2.15 p.m.

Agenda Item 3a

REPORT TO:	Executive Board
DATE:	17th February 2022
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
SUBJECT:	Discretionary Non-Domestic Rate Relief
PORTFOLIO:	Corporate Services
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to consider two applications for discretionary non-domestic rate relief, under Section 47 of the Local Government Finance Act 1988.

2.0 RECOMMENDATION: That;

(i) The request for 15% discretionary rate relief from NMO Spectrum UK in respect of premises at D1 1st Floor Centre Point, Victoria Square, Widnes from 1st January 2020, be approved;

(ii) The request for 15% discretionary rate relief from the Cathie Stankevitch Foundation in respect of premises at Unit 2, Ditton Court, Widnes from 17th June 2021, be approved.

3.0 SUPPORTING INFORMATION

3.1 Under the amended provisions of the Local Government Finance Act 1988, the Council is able to grant discretionary rate relief to any business ratepayer. This relief had previously only been available to organisations that were a registered charity, a community amateur sports club or a not-for-profit organisation.

3.2 From 1st April 2017 the Council became responsible for meeting the full cost of all mandatory and discretionary relief granted, as part of the Liverpool City Region 100% Business Rates Retention Pilot Scheme.

3.3 Applications for discretionary rate relief have been received from two registered charities as outlined below. Currently, where discretionary rate relief has been granted to registered charities, it has been provided until 31st March 2025 in order to provide the organisations with some degree of certainty.

NMO Spectrum UK
D1, 1st Floor Centre Point, Victoria Square, Widnes, WA8 8WL

3.4 NMO Spectrum UK provides funding to the NHS for research into autoimmune illnesses supporting suffers through their patient advocacy groups. They provide grant procedures for medical equipment, help to fund the NHS National Conference and they are a partner and advocate for N.I.C.E (The National Institute for Health and Care Excellence).

3.5 Their premises at D1, 1st Floor Centre Point, Victoria Square, Widnes is used to co-ordinate the charity's activities and to organise local and national events to raise funds and awareness. They also run a care line for people suffering with autoimmune illnesses.

3.6 As a registered charity the organisation automatically receives 80% mandatory rate relief. The organisation has requested 15% discretionary business rate relief for its premises.

3.7 The total annual cost of relief to the Council would be as follows;

Actual cost of 80% mandatory relief	£788.48
Actual cost of 15% discretionary relief	£147.84
Total	£ 936.32

Cathie Stankevitch Foundation
Unit 2 Ditton Court, Widnes, WA8 8WL

3.8 The Cathie Stankevitch Foundation delivers community projects and initiatives. The objectives of the organisation are to promote social inclusion for the public benefit, by preventing people from becoming socially excluded, relieving the needs of those people who are already socially excluded and assisting them to integrate back into society.

3.9 The property in Ditton Court is being used as a storage of furniture and household goods. The goods will be used to supply to those in need or will be stocked within their charity shop in Albert Square, Widnes.

3.10 As a registered charity the organisation automatically receives 80% mandatory rate relief. This application is to request 15% discretionary rate relief. The organisation currently also receives discretionary rate relief in respect of the two charity shops they occupy in Albert Square, Widnes.

3.11 The total annual cost of relief to the Council would be as follows;

Annual cost of 80% mandatory relief	£ 5,398.13
Annual cost of 15% discretionary relief	£ 1,012.15
Total	£ 6,410.28

4.0 POLICY IMPLICATIONS

4.1 The Board is required by the regulations to consider each application on its own merit. Any recommendations provided are given for guidance only, are consistent with Council policy and, wherever possible, previous decisions.

5.0 FINANCIAL IMPLICATIONS

5.1 The Appendix presents the potential annual costs to the Council of granting rate relief, along with the cost in the current financial year.

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

7.1 There are no key risks associated with the proposed action.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The organisations both offer their services to all sections of the community, without any prejudice.

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

9.1	Document	Place of Inspection	Contact Officer
	Application forms	Halton Stadium, Lower House Lane, Widnes	Louise Bate Revenues Manager – Business Rates

APPENDIX

Ratepayer	Address	Annual Rates Liability £	Mandatory Rate Relief Awarded	Annual Cost of Mandatory Rate Relief to HBC £	Disc. Rate Relief Claimed	Annual Cost of Disc. Rate Relief to HBC £	Actual Rates Liability 2021/22 £	Actual Cost of Mandatory Relief to HBC from 1st April 2020 to 31st March 2021 £	Actual Cost of Disc. Rate Relief to HBC from 1st April 2019 to 31st March 2020 £
NMO Spectrum UK	D1 1st Floor Centre Point, Victoria Square, Widnes	985.60	80%	788.48	15%	147.84	985.60	788.48	147.84
Cathie Stankevitch Foundation	Unit 2, Ditton Court, Foundry Lane, Widnes	6,747.66	80%	5398.13	15%	1012.15	5352.85	4282.28	802.93

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICERS:	Strategic Director - Enterprise, Community & Resources
PORTFOLIOS:	Corporate Services
SUBJECT:	Covid Additional Business Rate Relief Fund 2021/22
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to consider and approve a discretionary business rate scheme for the distribution of Government financial support for businesses affected by the covid pandemic but that are ineligible for existing support linked to business rates.

2.0 RECOMMENDED: That;

(1) The Discretionary Covid Business Rate Additional Relief Policy included at Appendix A, be approved.

(2) Approval be given to the Operational Director, Finance in consultation with the Portfolio Holder Corporate Services to amend the Covid Business Rate Additional Relief Policy, to ensure the Council distributes the full amount of Government grant funding allocated for the scheme.

3.0 Supporting Information

3.1 Government announced on 15 December 2021 that they would provide additional relief to businesses who did not qualify for any previous reliefs announced as part of the response to COVID19. Subsequently, the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. The Fund is intended to support those businesses who are affected by the pandemic, but are ineligible for existing COVID-19 support linked to business rates. The CARF support is to be provided to businesses through rate relief to their 2021/22 business rate accounts, rather than via a grant payment.

3.2 Government will, in line with the eligibility criteria, fully reimburse the Council where relief is granted, using discretionary relief powers under section 47 of the Local Government Finance Act 1988. It is for individual billing authorities to adopt a local scheme and determine in each individual case whether, having regard to the guidance, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22 only.

3.3 The £1.5 billion is allocated to local authorities based upon the estimated rateable value in each local authority rating list which falls within the scope of the fund. The amount allocated to Halton is £3,087,468. Government will fully reimburse local authorities for discretionary relief awards which comply with the guidance up to the maximum level of the allocation.

4.0 FINANCIAL IMPLICATIONS

4.1 Funding for the scheme up to an allocated amount of £3,087,468 will be provided directly by Government. The Council will not provide any additional funding over the allocated amount.

4.2 The level of local interest in the scheme will only become clear when the application process to apply for relief goes live. It is therefore proposed within the policy that the value of the relief to be awarded to individual businesses remains flexible, until such time as the overall take-up of the scheme is known.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 In line with the Employment, Learning & Skills priority, discretionary business rate relief support will help provide continued support to businesses within the borough.

6.0 RISK ANALYSIS

6.1 The Council will aim to distribute in full the allocated grant. There is a risk the discretionary support provided to businesses will exceed the available grant. An assessment of businesses who may be eligible to apply for the grant will be undertaken prior to the scheme going live.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

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

9.1

Document	**Place of Inspection**	**Contact Officer**
COVID-19 Additional Relief Fund (CARF): Local Authority Guidance	Halton Stadium, Widnes	Louise Bate Business Rates Manager

COVID ADDITIONAL RELIEF FUND POLICY **APPENDIX A**

1. Scope and Eligibility

To be eligible to apply for an award a business must have been trading at a point during the financial year 2021/22 and have been included on the local non-domestic rating list.

Government guidance specifically states that support must not be provided for the following;

- Not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS).
- Not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief).
- Direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.

In addition to Government guidance it is also considered that the Council will not consider the following businesses as eligible for an award:

- Business properties which do not directly employ anyone e.g., parking spaces, advertising rights.
- Any business which cannot demonstrate that it has been significantly impacted by the pandemic.
- Public sector organisations which are funded by government grant
- Those businesses associated with gambling such as casinos and betting shops
- Any business premises which are used for personal use or storage only and is not considered to be trading.
- Banking and other financial institutions
- Whose business is predominantly online
- Those businesses which only supply storage facilities such as warehouses. Logistic warehouses used by online retailers which have not been adversely affected by the pandemic.
- Utilities and communications infrastructure (inc telephone masts, sub-stations, sewage works, hydro power stations, photovoltaic installations, gas storage facilities etc)

2. Application Process

Businesses will need to complete an online application form in order to be eligible for the relief. A separate application must be made for each separate business hereditament. The application form will request sufficient information in order for a decision to be made on the relief to be granted which will include the following information requirements:

- The name of the business rate payer.
- The business address.
- Rateable value of the business.
- Number of employees.
- Confirmation they have not exceeded subsidy limits.
- Supporting narrative on why the business has been affected and percentage adverse effect of the pandemic on trading income.
- The ratepayer may be asked to supply supporting information including governance arrangements (e.g. Constitution, Articles of Association) and recent financial statements (or financial forecasts) to support their application.

The application process will run from 01 March 2022 with a closing date for applications of 15 April 2022. Requests for further information to support an application must be provided by 30 April 2022. For successful applications relief to the business rate account will be applied by the end of May 2022.

The Business Rates team will consider applications against the criteria outlined above.

Decisions will be notified in writing. If a ratepayer is not satisfied with the decision they can request, in writing, within 14 days, for the decision to be reviewed by the Operational Director, Finance.

3. Award Amount

Relief will be applied to eligible accounts during 2021/22 financial year only. The value of relief granted will be finalised once the number of eligible applications have been received and prioritised.

Applications will be prioritised to small businesses and subject to the overall funding available the value of the awards will be initially as follows:

- Rateable value less than £51,000: up to 75% of net liability, after other reliefs.
- Rateable value £51,000 or greater: up to 75% on first £51,000 of rateable value and up to 50% of remaining balance with the maximum award capped at £50,000.

The above values will be finalised subject to the number of eligible applications received. The decision at which award values will be amended will be approved by the Operational Director, Finance in consultation with the Portfolio Holder Corporate Services

Where an account has a credit balance, due to awarding this relief, arrangements will be made to transfer the credit balance into the next financial year unless the business specifically requests for it to be refunded.

4. Subsidy Limits

Government have confirmed in their guidance that discretionary relief to ratepayers is likely to amount to a subsidy. Any relief provided by Local Authorities under the CARF Scheme will need to comply with the UK's domestic and international subsidy control obligations.

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Corporate Services
SUBJECT:	Revenue Spending as at 31 December 2021
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue net spending position as at 31 December 2021 together with a forecast outturn position.

1.2 To report on the financial impact of Covid-19 and to summarise Government funding made available to the Council to date.

2.0 RECOMMENDED: That;

(i) All spending continues to be limited to only absolutely essential items;

(ii) Strategic Directors take urgent action to identify areas where spending could be reduced or suspended for the remainder of the current financial year;

(iii) Council be requested to approve the revisions to the Capital Programme as set out in paragraph 3.18

3.0 SUPPORTING INFORMATION

Revenue Spending

3.1 Appendix 1 presents a summary of spending against the operational revenue budget up to 31 December 2021 and Appendix 2 provides detailed figures for each individual Department. In overall terms the outturn forecast for the year shows that net spend will be over the approved budget by £2.998m. This represents a significant improvement on the forecast provided at quarter 2. The forecast outturn at that point was for an overspend against budget of up to £5.843m.

3.2 The improvement in the forecast outturn position between quarter 2 and quarter 3 is attributable across the majority of departments. The largest movement between quarters is within Adult Social Care, where the forecast outturn overspend of £1.181m has largely been addressed with a review of community costs being funded from available resources within the Pool budget. The continued impact of Covid has also meant a large number of vacancies within leisure and culture services remained vacant over the quarter, until service levels return to more normal levels, which was not anticipated at the end of quarter 2. This is also the case with levels of premises and supplies & services related expenditure which are less than forecast at quarter 2. Services also continue to fully utilise both non-ringfenced and ringfenced grants.

3.3 The forecast overspend position is inclusive of operational day to day net spend and costs and loss of income attributable to Covid. Operational net spend is forecast to be £1.531m above budget at year-end. All forecasts are based on current service demand and estimated future costs and income levels. The figures provided at quarter 3 provide increased certainty on the forecast outturn position, than that which were forecast in earlier periods given the closer position to financial year-end.

3.4 The impact of the Omicron variant over the last three months has placed greater pressure on costs and loss of income attributable to Covid. In the Summer months it was forecast that the impact of Covid would be marginally less over the Autumn and Winter months, but this has not been the case. The financial impact of Covid is still a very real presence. This position has been reviewed and it is currently estimated Covid spend and loss of income will be £1.467m higher than available grant for the year. Further information on this is provided later in the report.

3.5 In setting the Council's 2022/23 budget and in the absence of any available information, there is an expectancy that Government will not provide any further Covid grant or income compensation. It is likely that there may continue to be Covid costs and income pressures across Council services post 31 March 2022, this will be something that will continue to be monitored in detail.

3.6 The report excludes the majority of the forecast cost of the 2021 pay offer. In setting the 2021/22 budget, pay inflation of 1.5% was applied only to HBC grades 1-5. It is forecast the additional cost of the latest pay offer of 1.75% will be in the region of £0.730m, this cost will be met through the Council's contingency budget. Any increase in the pay offer above 1.75% will add further pressure to the forecast outturn position.

Revenue - Operational Spending (Non Covid)

3.7 Operational net spending (excluding Covid) for the first half of the year is £80.499m, which is higher than the approved budget to date by £1.039m Based on current forecasts it is estimated that net spend will be over the approved budget for the year by £1.531m as at 31 March 2022.

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

(i) **Children and Families Department:-**
The projected outturn forecast is for the Department to overspend by £5.081m against a net budget of £24.926m.

The main budget pressure for the Department continues to be out of borough residential care where it is now forecast that spend for the year will exceed the approved budget by £3.785m.This excludes costs related directly to Covid which it is estimated will add a further £0.912m to the cost of residential placements. These are additional costs associated with the placement of young people, including additional support and transition delays.

The table below breaks down the current residential placements based on costs and placement type over the past 6 months.

Residential Care

		30th Dec 21		30th June 21		1st April 21	
Provision	**Weekly Costs**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**
Residential	£2000 - £3000	5	746,196	4	516,859	6	692,500
Residential	£3001 - £4000	17	2,997,231	18	3,306,204	16	2,970,377
Residential	£4001 - £5000	14	2,880,312	16	3,424,050	12	2,964,877
Residential	£5001 - £10000	7	1,756,807	8	2,632,775	7	2,245,845
Secure	£5212 - £8750	5	2,086,949	3	1,048,694	3	1,118,635
Leaving Care	£300 - £3487	19	1,773,274	15	1,059,473	22	1,041,312
Parent & Child	£581 - £2,053	2	168,087	1	116,066	2	105,025
Total:		**69**	**12,408,856**	**65**	**12,104,121**	**68**	**11,138,571**

The increase in residential care costs is also partly due to the increasing number of Unaccompanied Asylum Seeking Children (UASC) currently placed in care, numbers of which have increased considerably over the year to date. Funding is available from the Home Office for UASC, however this funding will only be granted subject to certain criteria and only once the relevant age assessments have been carried out and submitted.

The Early Years net divisional expenditure is £0.323m over budget profile at the end of the third quarter with the full year outturn position expected to be £0.376m over budget. This is due to the underachievement of parental income due to income targets based upon the Early Years provision having high occupancy levels. This underachievement of income will continue in the final months of the year and continue to be a significant budget pressure for 2022/23.

(ii) **Adult Social Care Department:-**

The projected outturn forecast is for the Department to overspend against budget by £0.034m against a net budget of £46.366m. In addition it is currently forecast for net spend for the Pool budget to be £0.587m below the approved budget at the end of the financial year.

As noted earlier in the report this represents a significant improvement from what was reported at the end of September 2021 but only possible due to use of other available resources within the Pool budget. There is no expectancy that this will be the case for future financial years and together with rising costs of care (national living wage and utility cost increases) financial pressures within the service will continue to be evident. At the same time the number of users accessing community care services continues to increase.

The pandemic has enabled services to be provided in a different way and the community reablement model, as opposed to bed base, is proving to deliver better outcomes. The changes made across Intermediate Care and the home first model, alongside the impact of hospital pressures have resulted in a shift in financial spend for the Pool budget. Budgets have therefore, been realigned against services where appropriate. The cessation of the Sub Acute Unit contract led to the reinvestment of funds in the Community Home Care First service along with the IC Development Fund.

Covid funding of hospital discharge programmes over the past year has perhaps masked the financial impact of increased care packages falling on the Council. Funding for early discharge packages has reduced to 4 weeks, extended through to the end of the year. The income to cover these packages of care has drastically reduced and service users are coming onto normal funding streams sooner. The vast majority of these packages come to HBC to fund. Costs recovered from HCCG for the year to date are £0.862m with additional care package costs being picked up by the Council. The cost of which to date is £0.700m, forecast to increase to £0.904m to the end of the financial year, funded from the general Covid grant.

(iii) **Community and Environment:-**

The projected outturn forecast is for the Department to underspend against the approved budget by £0.511m against a net budget of £23.616m.

Employee spend for the department is £1.234m under the profiled budget at the end of Quarter 3. The underspend relates to a large number of unfilled vacancies in the Leisure Centres, The Brindley and within Open Spaces, where there has been difficulty recruiting. Site closures and reductions in service delivery have allowed vacancies across the Department to be held open for longer than usual which has also contributed to the underspend position.

Net premises costs are £0.255m under budget profile at the end of Quarter 3. Utilities and repair costs have reduced considerably whilst sites have been closed this year or running at reduced levels.

The main pressure areas for the Department continue to be around budgeted income targets, including schools meals, sales and fees & charges income.

It is extremely challenging to estimate School Meals income which is likely to be received during the rest of the year as the service has been subject to considerable disruption since resuming fully in late 2020, as many schools have had to send large numbers of children home to self-isolate. It is hoped that income levels will become more consistent as many Covid restrictions, like self-isolation, have been replaced with increased testing to allow children to remain in school. Sales income will also be affected by the economic downturn due to a likely increase in free school meals numbers and possible reductions in the amount of household income available for discretionary spending. These factors mean that any projections relating to the School Meals service are subject to a high degree of uncertainty and could change considerably by the end of the 2021/22 financial year.

Covid-19 related income losses across the Department in Quarter 3 are estimated at £1.083m for the full year, as some service sites remained closed in the first part of the year or have seen numbers reduced as we come out of lockdown.

(iv) **Enterprise, Inclusion and Provision:-**
The projected outturn forecast is for the Department to overspend against budget by £0.314m against a net budget of £8.291m.

Schools Transport is the main budget pressure for Education, Inclusion and Provision. The Council has a statutory responsibility to provide Special Educational Needs (SEN) pupils with transport. The budget can be split into two main areas; between SEN pupils attending an In Borough School and those attending out of Borough Schools.

The table below breaks down the split between the different areas, and how each areas spend compares to budget.

	2021-22				
Area	**No. of Users**	**Budget £'000**	**Projected Spend £'000**	**Variance £'000**	**Average Cost per User £**
In Borough	356	925	948	(23)	£2,663
Out of Borough	115	377	796	(419)	£6,922
Total	**471**	**1,302**	**1,744**	**(442)**	

In total there are currently 471 service users in this financial year, the majority of which attend schools within the Borough, 356 compared to 115 out of the Borough. As can be seen both areas are overspending compared to budget. However, the Out of Boroughs overspend is far greater than the In Borough. There has been an increase of the number of users travelling to Out of Borough schools of 64% from 18/19 to 21/22, compared to an increase of 25% travelling to In Borough Schools. The average cost per in-borough package is £2,663 much lower than the out of borough average package cost of £6,922.

(v) **Public Health and Public Protection:-**
The net Department spend is £0.448m under budget profile at the end of Quarter 3 and the estimated outturn position for 2021/22 is for net spend to be £0.620m under the available budget.

The majority of the underspend position is in relation to employee costs which are currently £0.365m under planned budget at this point in the year. This is a result of savings made by staff continuing to work on Covid related activities and the associated costs funded from the Contain Outbreak Management Fund. Also higher than expected staff turnover and difficulties recruiting to some vacant posts has resulted in an increase in the departments underspend since Quarter 2. It is anticipated that a full year underspend of £0.498m will result by the end of the financial year.

(vi) **Planning and Transportation:-**
The projected outturn forecast is for the Department to underspend against the approved budget by £0.599m against a net budget of £8.229m.

The major variances contributing towards the departments forecast outturn position relate to employees and street lighting costs.

Employee spend is projected to be largely under budget this financial year due to a number of vacancies across the whole department, in particular the Highways and Traffic divisions. Vacant posts are currently being held and not advertised in a bid to make further in-year savings. Across the Department, there are 96.5 FTEs and of these, 14.4 FTEs are currently vacant, including a Divisional Manager post.

Street lighting spend is currently projected to be under budget by the end of the financial year by £0.475m. Due to the anticipated increase in utility costs for 2022/23 we expect the budget for next financial year to be fully utilised, therefore the under spend in the current year is expected to be a one-off and budget is projected to match expenditure in 2022/23.

Revenue – COVID - 19 Net Spending

3.9 Included within the tables at Appendix 1 and 2 is the forecast cost of Covid for the year. It is currently forecast the gross cost and loss of income over the year will be £17.850m. In meeting this cost, £10.406m will come from specific grants, £1.369m from the balance of 2020/21 general Covid grant, £4.376m general grant made available for 2021/22 and compensation for the loss of fees and charges between April and June 2021 totalling £0.232m.

3.10 The increase in forecast of costs and loss of income through to March 2022 will leave the Council with a deficit position of £1.467m.

Forecast Covid Cost and Funding 2021/22

	£'000
Gross Costs	15.706
Loss of Income	2.144
Total Cost and Loss of Income	**17.850**
Funded by:	
Specific Grants	10.406
Balance of Funding 2020/21	1.369
General Covid Funding 2021/22	4.376
Fees & Charges Compensation	0.232
Total Available Funding	**16.383**
Net Funding Shortfall	**(1.467)**

3.11 It should be noted that the financial information included in this report includes a high number of assumptions on costs and loss of income for the year. The Council continue to provide monthly data to DLUHC on costs and loss of income as a result of the pandemic.

3.12 Examples of the costs the Council continues to incur and which are funded from General Covid grant include (with forecasts for the year):

- Loss of income for leisure, recreation and cultural services - £1.083m
- Waste costs through increased levels of working from home and leisure time spent at home - £0.585m
- Increased demand and costs for supported housing - £0.173m
- Staffing and agency demand within adult social care and care homes - £1.405m
- Additional care packages for adult social care clients, current arrangements only allow for 4 weeks funding on release from hospital - £0.904m
- Loss of income from external sources for community care placements - £0.788m
- Demand and costs for children's residential care placements - £0.912m

3.13 Full advantage will be made of ringfenced Covid grants to ensure the available funding is fully utilised.

Collection Fund

3.14 The in-year collection rate for council tax and business rates shows an improvement on the position at this time a year ago. This is not unexpected given the number of payment deferrals agreed to over the initial months of the pandemic. Overall it is expected that both council tax and business rates income over the year will be in line with the figure of £105.897m used in setting the 2021/22 net budget.

3.15 Council tax collection for the 3rd quarter of the year is 81.25%, up 0.47% on this point last year and down by 0.62% from that reported in 2019/20. Cash collection for the year to date is £58.7m, this includes £1.8m collected in relation to previous year debts.

3.16 Business rates collection for the 3rd quarter of the year is 80.48%, up 1.86% on this point last year but down by 1.87% from that reported for the same period in 2019/20. Cash collected for the year to date is £43.8m, this includes £1.0m collected in relation to previous year debt.

Review of Reserves

3.17 As at 31 March 2021 the Council's General Reserve was £6.342m. This is considered to be a prudent level in order to ensure the Council remains in a financially sustainable position moving forward. Earmarked reserves of £131.958m were held by the Council on 31 March 2021, these reserves having been set aside for specific purposes. In balancing the 2022/23 budget it is proposed the Council utilise £10.5m of reserves to provide a balanced position.

Capital Spending

3.18 The Capital Programme has been revised to reflect a number of changes in spending profiles and funding as schemes have developed and these are reflected in the Capital Programme presented in Appendix 3. The schemes which have been revised within the programme are as follows;

1. Asset Management Data
2. Capital Repairs
3. Asbestos Management
4. Schools Access Initiative
5. Basic Needs Projects
6. Fairfield Primary School
7. Kitchen Gas Safety
8. Small Capital Works
9. SEND allocation
10. Healthy Pupil Capital Fund
11. Chesnut Lodge
12. Ashley at The Heath
13. Woodside KS2 Resource Base
14. Millbrow Care Home
15. St Lukes
16. Orchard House
17. Stadium Decarbonisation Scheme
18. Landfill Tax Credit Schemes
19. Halton Leisure Centre
20. 3MG
21. Murdishaw redevelopment
22. Equality Act Improvement Works
23. Broseley House
24. Halton Lea TCF
25. Runcorn Town Centre Fund
26. Integrated Transport
27. Street Lighting - Structural Maintenance
28. Street Lighting - Upgrades
29. Widnes Loops
30. SUD Green Cycle / Walk Corridors
31. Risk Management
32. Fleet Replacements
33. Silver Jubilee Bridge - Decoupling / Runcorn Station Quarter
34. Silver Jubilee Bridge - Lighting

3.19 Capital spending at 31 December 2021 totalled £13.331m, which is 96% of the planned spending of £13.864m at this stage. This represents 61% of the total Capital Programme of £21.811m (which assumes a 20% slippage between years).

4.0 CONCLUSIONS

4.1 As at 31 December 2021 the forecast net spend outturn (including the net impact of Covid) will be £2.998m over the available budget.

4.2 To address day to day operational budget pressures Departments should ensure that all spending continues to be restricted and tightly controlled throughout the year, to ensure that the forecast outturn overspend is minimised as far as possible

4.3 The prolonged impact of the pandemic is forecast to result in the Council having to fund costs from reserves in addition to support provided by Government. It is important for departments to regularly review additional costs incurred as a result of Covid. It remains imperative that lobbying of the Government continues in order for them to support Local Government fully in providing funding for the Covid pandemic.

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

7.2 A budget risk register of significant financial risks has been prepared and is monitored on a quarterly basis.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

Summary of Revenue Spending to 31 December 2021

APPENDIX 1

Directorate / Department	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000	Forecast Outturn (Overspend)
Community & Environment	24,699	18,720	18,075	645	511
Economy, Enterprise & Property	2,070	893	568	325	416
Finance	4,219	3,358	2,813	545	461
ICT & Support Services	-822	-1,554	-1,513	-41	(18)
Legal & Democratic Services	469	416	320	96	177
Planning & Transportation	8,267	4,081	3,627	454	599
Policy, People, Performance & Efficiency	205	80	3	77	115
Enterprise, Community & Resources	**39,107**	**25,994**	**23,893**	**2,101**	**2,261**
Adult Social Care (inc Community Care and Care Homes)	46,366	33,756	33,776	(20)	(34)
Children & Families	24,926	16,223	20,134	(3,911)	(5,081)
Complex Care Pool	4,388	5,991	5,630	361	587
Education, Inclusion & Provision	8,291	3,885	4,128	(243)	(314)
Public Health & Public Protection	715	608	160	448	620
People	**84,686**	**60,463**	**63,828**	**-3,365**	**-4,222**
Corporate & Democracy	-10,202	-6,997	-7,222	225	430
Operational Net Spend	**113,590**	**79,460**	**80,499**	**(1,039)**	**(1,531)**
Covid-19 Additional Costs	0	0	12,594	(12,594)	(15,706)
Covid-19 Shortfall in Budgeted Income Targets	-2,144	-1,722	0	(1,722)	(2,144)
Less: Government Non-Specific Grant	0	0	-5,181	5,181	5,977
Less: Specific Government Grants	0	0	-9,135	9,135	10,406
Covid Net Spend	**-2,144**	**-1,722**	**-1,722**	**0**	**(1,467)**
Total Net Spend (Including Covid-19)	**111,446**	**77,738**	**78,777**	**(1,039)**	**(2,998)**

APPENDIX 2

Community & Environment Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	14,976	11,175	9,942	1,234	1,655
Premises	2,279	1,787	1,532	255	340
Supplies & Services	2,457	1,621	1,571	50	193
Book Fund	105	102	136	(34)	(46)
Hired Services	537	218	265	(47)	(62)
Food Provisions	459	140	132	8	64
School Meals Food	1,835	1,420	1,493	(73)	(118)
Transport	115	99	95	4	5
Other Agency Costs	131	120	113	8	(9)
Waste Disposal Contract	6,312	4,510	4,484	26	(181)
Grants to Voluntary Organisations	141	55	50	5	93
Grant to Norton Priory	172	172	174	(1)	(1)
Rolling Projects	0	39	39	0	(39)
Transfer to Reserves	0	0	0		0
Capital Financing	0	-7	-4	(3)	0
Total Expenditure	**29,520**	**21,451**	**20,021**	**1,430**	**1,894**
Income					
Sales Income	-1,276	-745	-465	(280)	(601)
School Meals Sales	-1,831	-1,384	-1,007	(377)	(169)
Fees & Charges Income	-4,636	-3,504	-3,438	(66)	(117)
Rents Income	-201	-132	-127	(5)	(7)
Government Grant Income	-1,094	-543	-547	4	(3)
Reimbursements & Other Grant Income	-597	-223	-223	(0)	50
Schools SLA	-1,116	-1,116	-1,106	(10)	(10)
Internal Fees Income	-247	-78	-78	(0)	(139)
School Meals Other Income	-1,418	-632	-626	(5)	(309)
Catering Fees	-114	0	43	(44)	(158)
Capital Salaries	-173	-88	-86	(2)	(3)
Transfers from Reserves	-80	-4	-4	(1)	(40)
Total Income	**-12,783**	**-8,449**	**-7,664**	**(785)**	**(1,505)**
Net Operational Expenditure	**16,737**	**13,003**	**12,358**	**645**	**389**

Community & Environment Department (continued)

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Covid Costs					
Community Development	0	0	0	0	0
Community Safety	0	0	0	0	0
Leisure & Recreation	0	0	106	(106)	(112)
Open Spaces	0	0	43	(43)	(45)
Schools Catering	0	0	0	0	0
Waste & Environmental Improvement	0	0	0	0	(585)
Covid Local Support	0	0	621	(621)	(621)
Covid Loss of Income					
Commercial Catering	-43	-18	0	(18)	(43)
Community Development	-129	-104	0	(104)	(129)
Leisure & Recreation	-434	-359	0	(359)	(434)
The Brindley	-367	-292	0	(292)	(367)
Open Spaces	-70	-63	0	(63)	(70)
Stadium	-40	-30	0	(30)	(40)
Government Grant Income					
General Covid Funding	0	0	-1,015	1,015	1,825
Covid Local Support Grant	0	0	-621	621	621
Net Covid Expenditure	**-1,083**	**-866**	**-866**	**0**	**0**
Recharges					
Premises Support	1,589	1,192	1,192	0	0
Transport Support	2,409	1,687	1,687	0	123
Central Support	4,419	3,314	3,314	0	0
Asset Rental Support	146	0	0	0	0
Recharge Income	-602	-476	-476	0	0
Net Total Recharges	**7,962**	**5,717**	**5,717**	**0**	**123**
Net Departmental Expenditure	**23,616**	**17,854**	**17,209**	**645**	**511**

Economy, Enterprise & Property Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	4,591	3,618	3,551	67	89
Repairs & Maintenance	1,984	1,160	935	225	300
Premises	81	77	77	0	0
Energy & Water Costs	773	487	494	(7)	(10)
NNDR	564	564	561	3	19
Rents	178	145	99	46	46
Economic Regeneration Activities	1	1	1	0	0
Security	476	313	313	0	0
Supplies & Services	621	259	240	19	17
Supplies & Services - Grant/External Funded	707	406	406	0	0
Grants to Voluntary Organisation	158	158	159	(1)	0
Transfer to Reserves	191	155	155	0	0
Total Expenditure	**10,325**	**7,343**	**6,991**	**352**	**461**
Income					
Fees & Charges	-729	-206	-207	1	1
Rent - Commercial Properties	-767	-462	-415	(47)	(63)
Rent - Investment Properties	-205	-194	-194	0	0
Rent - Markets	-699	-551	-533	(18)	(24)
Government Grant Income	-925	-925	-925	0	0
Reimbursements & Other Income	-921	-921	-924	3	4
Schools SLA Income	-424	-422	-408	(14)	(19)
Recharges to Capital	-195	-68	-89	21	28
Transfer from Reserves	-821	-770	-798	28	28
Total Income	**-5,686**	**-4,520**	**-4,493**	**(27)**	**(45)**
Net Operational Expenditure	**4,639**	**2,823**	**2,498**	**325**	**416**
Covid Costs					
Staffing	0	0	54	(54)	(54)
Repairs & Maintenance	0	0	16	(16)	(17)
Covid 19 Grant - Welcome Back Fund	0	0	219	(219)	(293)
Covid-19 Discrtionary Business Support Grants	0	0	1,518	(1,518)	(2,345)
Covid Loss of Income					
Rent - Markets	-50	-50	0	(50)	(50)
Government Grant Income					
Covid Grant - Welcome Back Fund	0	0	-219	219	293
Covid Discrtionary Business Support Grants	0	0	-1,518	1,518	2,345
Covid Grant Funding	0	0	-120	120	121
Net Covid Expenditure	**-50**	**-50**	**-50**	**0**	**0**
Recharges					
Premises Support	1,661	1,246	1,246	0	0
Transport Support	29	21	21	0	0
Central Support	2,139	1,604	1,604	0	0
Asset Rental Support	4	0	0	0	0
Recharge Income	-6,402	-4,801	-4,801	0	0
Net Total Recharges	**-2,569**	**-1,930**	**-1,930**	**0**	**0**
Net Departmental Expenditure	**2,020**	**843**	**518**	**325**	**416**

Finance Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	5,650	4,075	3,903	172	238
Supplies & Services	313	279	231	48	63
Insurances	1,081	708	687	21	29
Concessionary Travel	2,108	1,289	949	340	454
LCR Levy	2,241	2,241	2,241	0	0
Rent Allowances	35,500	23,331	23,331	0	0
Non HRA Rebates	70	42	42	0	0
Disrectionary Housing Payments	528	214	214	0	0
Disrectionary Social Fund	106	145	145	0	0
Bad Debt Provision	106	0	0	0	(92)
Total Expenditure	**47,703**	**32,324**	**31,743**	**581**	**692**
Income					
Fees & Charges	-257	-195	-178	(17)	(24)
SLA to Schools	-272	-272	-272	0	0
Business Rates Administration Grant	-154	0	0	0	0
Hsg Ben Administration Grant	-495	-370	-370	0	0
Rent Allowances	-35,500	-22,449	-22,031	(418)	(556)
New Burdens Grant	-59	-59	-348	289	289
Council Tax Admin Grant	-204	-204	-216	12	12
Non HRA Rent Rebates	-70	-53	-110	57	0
Reimbursements & Other Grants	-84	-27	-58	31	41
Liability Orders	-501	-433	-433	0	0
Transfer from Reserves	-46	-42	-42	0	(4)
Discretionary Housing Payments Grant	-528	-394	-394	0	0
Dedicated School Grant	-106	0	0	0	0
Universal Credits	-6	-6	-6	0	0
VEP Grant	0	0	-9	9	9
CCG McMillan Reimbursement	-80	-60	-61	1	2
LCR Reimbursement	-2,241	-2,241	-2,241	0	0
Total Income	**-40,603**	**-26,805**	**-26,769**	**(36)**	**(231)**
Net Operational Expenditure	**7,100**	**5,519**	**4,974**	**545**	**461**
Covid Costs					
Rent Allowance	0	0	128	(128)	(173)
Covid Isolation Grant	0	0	563	(563)	(686)
Supplies & Services	0	0	4	(4)	(4)
Covid Loss of Income					
Reimbursements & Other Grants	-9	0	0	0	(9)
Government Grant Income					
Covid Isolation Grant	0	0	-563	563	686
Government Grant Income	0	0	-132	132	186
Net Covid Expenditure	**-9**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	240	180	180	0	0
Central Support	2,316	1,737	1,737	0	0
Recharge Income	-5,437	-4,078	-4,078	0	0
Net Total Recharges	**-2,881**	**-2,161**	**-2,161**	**0**	**0**
Net Departmental Expenditure	**4,210**	**3,358**	**2,813**	**545**	**461**

ICT & Support Services Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	6,961	5,213	5,346	(133)	(177)
Supplies & Services	976	581	579	2	5
Computer Repairs & Software	1,167	1,093	1,024	69	92
Communications Costs	17	17	13	4	6
Other Premises	65	58	79	(21)	(28)
Capital Financing	78	58	43	15	20
Transport Expenditure	3	2	1		1
Transfers to Reserves	15	0	0	0	15
Total Expenditure	**9,282**	**7,022**	**7,085**	**(64)**	**(66)**
Income					
Fees & Charges	-612	-176	-230	54	72
SLA to Schools	-554	-554	-509	(45)	(37)
Reimbursement & other Grant Income	0	0	-12	12	13
Transfer from Reserves	-88	-88	-88	0	0
Total Income	**-1,254**	**-818**	**-839**	**21**	**48**
Net Operational Expenditure	**8,028**	**6,204**	**6,246**	**(43)**	**(18)**
Covid Costs					
Supplies & Services	0	0	28	(28)	(34)
Capital Costs	0	0	7	(7)	(7)
Government Grant Income					
General Covid Funding	0	0	-35	35	41
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	362	271	271	0	0
Transport Support	20	16	16	0	0
Central Support	1,019	764	764	0	0
Asset Rental Support	1,494	0	0	0	0
Recharge Income	-11,745	-8,809	-8,810	1	0
Net Total Recharges	**-8,850**	**-7,758**	**-7,759**	**1**	**0**
Net Departmental Expenditure	**-822**	**-1,554**	**-1,513**	**(42)**	**(18)**

Legal & Democratic Services Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	1,796	1,498	1,401	97	141
Transport	8	8	6	2	2
Supplies & Services	265	136	109	27	72
Civic Catering & Functions	44	18	2	16	22
Legal Expenses	214	180	232	(52)	(70)
Total Expenditure	**2,327**	**1,840**	**1,750**	**90**	**167**
Income					
Land Charges	-82	-54	-51	(3)	(3)
License Income	-258	-203	-208	5	6
School SLA's	-84	-83	-79	(4)	(4)
Fees & Charges Income	-63	-55	-63	8	11
Government Grants	0	0	0	0	0
Total Income	**-487**	**-395**	**-401**	**6**	**10**
Net Operational Expenditure	**1,840**	**1,445**	**1,349**	**96**	**177**
Covid Costs					
Employees	0	0	21	(21)	(24)
Legal Expenses	0	0	10	(10)	(10)
Elections Covid Grant	0	0	17	(17)	(36)
Government Grant Income					
General Covid Funding	0		-31	31	34
Elections Covid Grant	0		-17	17	36
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	55	41	41	0	0
Central Support	321	240	240	0	0
Recharge Income	-1,747	-1,310	-1,310	0	0
Net Total Recharges	**-1,371**	**-1,029**	**-1,029**	**0**	**0**
Net Departmental Expenditure	**469**	**416**	**320**	**96**	**177**

Planning & Transportation Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	4,757	3,588	3,352	236	315
Efficiency Savings	-100	-100	-100	0	0
Premises	161	133	105	28	37
Hired & Contracted Services	252	211	363	(152)	(203)
Supplies & Services	182	331	419	(88)	(117)
Street Lighting	1,679	1,019	663	356	475
Highways Maintenance	2,859	1,327	1,409	(82)	(109)
Fleet Transport	1,361	1,021	976	45	58
Bus Support - Halton Hopper Tickets	199	15	15	0	0
Bus Support	560	356	415	(59)	(78)
Grants to Voluntary Organisations	61	61	61	0	0
NRA Levy	68	68	68	0	0
LCR Levy	882	661	661	0	0
Contribution to Reserves	440	18	0	18	18
Total Expenditure	**13,361**	**8,709**	**8,407**	**302**	**396**
Income					
Sales & Rents Income	-91	-71	-39	(32)	(43)
Planning Fees	-518	-435	-589	154	206
Building Control Fees	-219	-176	-172	(4)	(6)
Other Fees & Charges	-898	-674	-684	10	14
Grants & Reimbursements	-111	-172	-172	0	0
Government Grant Income	-61	-56	-56	0	0
Halton Hopper Income	-199	-7	-7	0	0
School SLA's	-45	-43	-36	(7)	(9)
Recharge to Capital	-317	-64	-25	(39)	(52)
LCR Levy Reimbursement	-882	-661	-661	0	0
Contribution from Reserves	-628	-524	-542	18	24
Total Income	**-3,969**	**-2,883**	**-2,983**	**100**	**134**
Net Operational Expenditure	**9,392**	**5,826**	**5,424**	**402**	**530**
Covid Costs					
PPE & Equipment	0	0	30	(30)	(30)
Staffing	0	0	17	(17)	(34)
EATF Grant Expenditure	0	0	19	(19)	(306)
Additional Home to School Transport	0	0	6	(6)	(6)
Covid Bus Support Grant	0	0	19	(19)	(19)
Covid Loss of Income					
Fees & Charges	-38	-38	0	(38)	(38)
Government Grant Income					
Covid Bus Support Grant	0	0	-19	19	19
EATF Grant	0	0	-19	19	306
Additional Home to School Transport Grant	0	0	-6	6	6
Government Grant Income	0	0	-85	85	102
Net Covid Expenditure	**-38**	**-38**	**-38**	**0**	**0**
Recharges					
Premises Recharges	516	387	387	0	0
Transport Recharges	707	528	521	7	9
Asset Charges	1,250	0	0	0	0
Central Recharges	1,560	1,170	1,170	0	0
Transport Recharge Income	-4,328	-3,168	-3,213	45	60
Central Recharge Income	-830	-662	-662	0	0
Net Total Recharges	**-1,125**	**-1,745**	**-1,797**	**52**	**69**
Net Departmental Expenditure	**8,229**	**4,043**	**3,589**	**454**	**599**

Policy, People, Performance & Efficiency Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	2,124	1,695	1,580	115	153
Employee Training	117	81	76	5	6
Supplies & Services	155	104	122	(18)	(23)
Apprenticeship Levy	300	224	221	3	4
Total Expenditure	**2,696**	**2,104**	**1,999**	**105**	**140**
Income					
Fees & Charges	-104	-104	-133	29	32
Reimbursement and Other Grants	0	0	-2	2	2
School SLAs	-464	-464	-405	(59)	(59)
Transfer from Reserves	-53	-53	-53	0	0
Total Income	**-621**	**-621**	**-593**	**-28**	**-25**
Net Operational Expenditure	**2,075**	**1,483**	**1,406**	**77**	**115**
Covid Costs					
Employees	0	0	-13	13	(21)
Government Grant Income					
Government Grant Income	0	0	13	(13)	21
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	68	51	51	0	0
Central Support	917	687	687	0	0
Recharge Income	-2,855	-2,141	-2,141	0	0
Net Total Recharges	**-1,870**	**-1,403**	**-1,403**	**0**	**0**
Net Departmental Expenditure	**205**	**80**	**3**	**77**	**115**

Adult Social Care Department (incl Care Homes and Community Care)

	Annual Budget	Budget to Date	Actual	Variance (Overspend)	Forecast Outturn (Overspend)
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Employees	14,287	10,386	10,231	155	180
Premises	287	248	280	(32)	(40)
Supplies & Services	825	697	685	12	0
Aids & Adaptations	103	65	21	44	40
Transport	212	152	163	(11)	0
Food Provision	164	95	62	33	40
Agency	656	449	457	(8)	(20)
Supported Accommodation and Services	1,398	1,161	1,170	(9)	0
Emergency Duty Team	103	77	84	(7)	(10)
Contacts & SLAs	674	588	589	(1)	(10)
Capital Financing	43	21	21	0	0
Transfer To Reserves	453	0	0	0	0
Housing Solutions Grant Funded Schemes					
LCR Immigration Programme	755	175	175	0	0
Homelessness Prevention	345	70	67	3	0
Rough Sleepers Iniative	121	60	60	0	0
Total Expenditure	**20,426**	**14,244**	**14,065**	**179**	**180**
Income					
Fees & Charges	-463	-288	-272	(16)	(20)
Sales & Rents Income	-491	-438	-442	4	0
Reimbursements & Grant Income	-1,029	-748	-701	(47)	(60)
Housing Strategy Grant Funded Schemes	-1,221	-1,221	-1,221	0	0
Capital Salaries	-111	-83	-91	8	0
Government Grant Income	-530	-398	-398	0	0
Total Income	**-3,845**	**-3,176**	**-3,125**	**(51)**	**(80)**
Net Operational Expenditure Excluding Homes and Community Care	**16,581**	**11,068**	**10,940**	**128**	**100**
Care Homes Net Expenditure	7,710	5,595	5,723	-128	-112
Community Care Expenditure	17,860	14,034	14,054	-20	-22
Net Operational Expenditure Including Homes and Community Care	**42,151**	**30,697**	**30,717**	**(20)**	**(34)**

Adult Social Care (inc Care Homes and Community Care) continued

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn (Overspend) £'000
Covid Costs					
Employees	0	0	143	(143)	(200)
Transport	0	0	12	(12)	(15)
Contracts	0	0	242	(242)	(280)
Infection Control	0	0	623	(623)	0
Workforce Retention & Recruitment	0	0	313	(313)	0
Rapid Test	0	0	428	(428)	0
Covid Loss of Income					
Community ServicesTransport	-72	-72	0	(72)	(72)
Community Services Placements	-75	-75	0	(75)	(75)
Government Grant Income					
Infection Control	0	0	-623	623	0
Workforce Retention & Recruitment	0	0	-313	313	0
Rapid Test	0	0	-428	428	0
Covid Grant Funding	0	0	-544	544	642
Net Covid Expenditure	**-147**	**-147**	**-147**	**0**	**0**
Recharges					
Premises Support	402	301	301	0	0
Transport Support	599	482	482	0	0
Covid Reserves	-544	-544	-544	0	0
Central Support	3,092	2,319	2,319	0	0
Recharge Income	-122	-91	-91	0	0
Net Total Recharges	**3,427**	**2,467**	**2,467**	**0**	**0**
Net Departmental Expenditure	**45,431**	**33,017**	**33,037**	**(20)**	**(34)**

Care Homes Division

	Annual Budget	Budget to Date	Actual	Variance (Overspend)	Forecast Outturn (Overspend)
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Madeline McKenna					
Employees	514	393	444	(51)	(72)
Premises	44	34	34	0	(5)
Supplies & Services	12	7	10	(3)	(5)
Food	30	23	28	(5)	(17)
Total Madeline McKenna Expenditure	**600**	**457**	**516**	**(59)**	**(99)**
Millbrow					
Employees	1,612	1,222	1,438	(216)	(229)
Premises	66	50	54	(4)	(17)
Supplies & Services	45	34	37	(3)	(1)
Food	61	45	47	(2)	(16)
Total Millbrow Expenditure	**1,784**	**1,351**	**1,576**	**(225)**	**(263)**
St Luke's					
Employees	2,175	1,600	1,536	64	140
Premises	83	63	64	(1)	(16)
Supplies & Services	40	23	38	(15)	(16)
Food	100	75	58	17	(1)
Transfer from Reserves	-1	-1	-1	0	0
Total St Luke's Expenditure	**2,397**	**1,760**	**1,695**	**65**	**107**
St Patrick's					
Employees	1,468	1,014	891	123	212
Premises	82	62	66	(4)	(10)
Supplies & Services	32	19	43	(24)	(22)
Food	100	75	65	10	(12)
Total St Luke's Expenditure	**1,682**	**1,170**	**1,065**	**105**	**168**
Care Homes Management					
Employees	256	133	147	(14)	(25)
Transfer from Reserves	-78	-78	-78	0	0
Total St Luke's Expenditure	**178**	**55**	**69**	**(14)**	**(25)**
Net Operational Expenditure	**6,641**	**4,793**	**4,921**	**(128)**	**(112)**
Covid Costs					
Staffing	0	0	1,045	(1,045)	(1,405)
Hygiene, Medical & Cleaning	0	0	12	(12)	(12)
Premises	0	0	58	(58)	(64)
Government Grant Income					
General Covid Fund	0	0	-1,115	1,115	1,481
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Central Support	1,069	802	802	0	0
Net Total Recharges	**1,069**	**802**	**802**	**0**	**0**
Net Departmental Expenditure	**7,710**	**5,595**	**5,723**	**(128)**	**(112)**

Community Care

	Annual Budget	Budget to Date	Actual	Variance (Overspend)	Forecast Outturn (Overspend)
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Residential & Nursing	13,017	8,305	8,165	140	358
Domiciliary Care & Supported Living	9,288	6,277	6,706	(429)	(573)
Direct Payments	9,678	8,561	8,993	(432)	(524)
Day Care	315	241	290	(49)	(65)
Total Expenditure	**32,298**	**23,384**	**24,154**	**(770)**	**(804)**
Income					
Residential and Nursing Income	-9,085	-5,886	-6,377	491	639
Domiciliary Income	-1,875	-1,131	-1,167	36	59
Direct Payment Income	-721	-456	-493	37	48
ILF Income	-656	-328	-328	0	0
Adult Social Care Grant	-1,200	-900	-900		0
Income from other CCG's	-113	-57	-57	0	0
Other Income	0	0	-186	186	36
Total Income	**-13,650**	**-8,758**	**-9,508**	**750**	**782**
Net Operational Expenditure	**18,648**	**14,626**	**14,646**	**(20)**	**(22)**
Covid Costs					
Extra Covid Packages	0	0	700	(700)	(904)
Hospital Discharge Programmes	0	0	862	(862)	(862)
Covid Loss of Income					
Community Care Income	-788	-592	0	(592)	(788)
Government Grant Income					
General Covid Fund	0	0	-1,292	1,292	1,692
Hospital Discharge Programmes	0	0	-862	862	862
Net Covid Expenditure	**-788**	**-592**	**-592**	**0**	**0**
Net Departmental Expenditure	**17,860**	**14,034**	**14,054**	**(20)**	**(22)**

Children & Families Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	9,566	7,011	7,085	(74)	(108)
Premises	268	154	133	21	31
Supplies & Services	785	465	831	(366)	(438)
Transport	113	68	69	(1)	(6)
Direct Payments/Individual Budgets	905	662	608	54	72
Commissioned Services	231	138	94	44	61
Out of Borough Residential Placements	8,300	4,865	7,747	(2,882)	(3,785)
Out of Borough Adoption	7	6	0	6	7
Out of Borough Fostering	2,375	1,343	1,543	(200)	(270)
In House Adoption	357	163	169	(6)	(13)
Special Guardianship	1,782	1,345	1,394	(49)	(67)
In House Foster Carer Placements	2,362	1,759	1,897	(138)	(183)
Care Leavers	292	235	129	106	117
Family Support	91	75	111	(36)	(42)
Contracted Services	4	2	2	0	0
Early Years	131	108	431	(323)	(376)
Emergency Duty Team	116	61	71	(10)	(13)
Youth Offending Service	251	132	135	(3)	(7)
Total Expenditure	**27,936**	**18,592**	**22,449**	**(3,857)**	**(5,020)**
Income					
Fees & Charges	-25	-7	-6	(1)	(1)
Sales Income	-4	-3	-1	(2)	(3)
Rents	-42	-23	-31	8	9
Reimbursements & Grant Income	-687	-479	-420	(59)	(66)
Transfer from Reserves	-75	-75	-75	0	0
Dedicated School Grant	-50	0	0	0	0
Government Grant Income	-4,282	-3,272	-3,272	0	0
Total Income	**-5,165**	**-3,859**	**-3,805**	**(54)**	**(61)**
Net Operational Expenditure	**22,771**	**14,733**	**18,644**	**(3,911)**	**(5,081)**
Covid Costs					
Employees	0	0	415	(415)	(473)
Supplies & Services	0	0	83	(83)	(35)
Transport	0	0	1	(1)	(1)
Commissioned Services	0	0	28	(28)	(48)
Out of Borough Residential Placements	0	0	480	(480)	(912)
In House Foster Carer Placements	0	0	1	(1)	(1)
Care Leavers	0	0	2	(2)	(9)
Family Support	0	0	2	(2)	(2)
Emergency Duty	0	0	11	(11)	(21)
PPE	0	0	0	0	(1)
Government Grant Income					
Government Grant Income	0	0	-1,023	1,023	1,503
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	139	104	104	0	0
Transport Support	19	14	14	0	0
Central Support	2,626	1,970	1,970	0	0
Recharge Income	-629	-598	-598	0	0
Net Total Recharges	**2,155**	**1,490**	**1,490**	**0**	**0**
Net Departmental Expenditure	**24,926**	**16,223**	**20,134**	**(3,911)**	**(5,081)**

Complex Care Pool

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Intermediate Care Services	6,444	4,826	3,624	1,202	1,318
Joint Equipment Store	783	522	522	0	0
Oakmeadow	1,167	876	832	44	51
Intermediate Care Beds	607	455	455	0	0
Sub Acute Unit	1,990	1,493	0	1,493	1,493
Inglenook	125	94	22	72	92
CCG Contracts & SLA's	3,319	1,399	1,399	0	1
Carers Centre	365	274	274	0	0
Red Cross	65	54	54	0	0
Carers Breaks	412	373	245	128	169
Intermediate Care Development Fund	968	726	0	726	968
Residential & Nursing	1,014	761	761	0	0
Domiciliary Care & Supported Living	2,422	1,816	1,818	(2)	(24)
Community Home First Care Support	0	0	3,000	(3,000)	(3,000)
Total Expenditure	**19,681**	**13,669**	**13,006**	**663**	**1,068**
Income					
BCF	-11,431	-5,734	-5,734	0	0
CCG Contribution to Pool	-3,196	-1,598	-1,598	0	0
Oakmeadow Income	-612	-306	-305	(1)	(2)
Other income	-54	-40	0	(40)	(54)
Total Income	**-15,293**	**-7,678**	**-7,637**	**(41)**	**(56)**
Net Departmental Expenditure	**4,388**	**5,991**	**5,369**	**622**	**1,012**
Covid Costs					
Infection Control/Vaccines	0	0	45	(45)	(45)
Rapid Testing	0	0	22	(22)	(22)
Workforce Retention & Recruitment	0	0	17	(17)	(17)
Government Grant Income					
Infection Control/Vaccines	0	0	-45	45	45
Rapid Testing	0	0	-22	22	22
Workforce Retention & Recruitment	0	0	-17	17	17
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Net Departmental Expenditure	**4,388**	**5,991**	**5,369**	**622**	**1,012**
CCG Contribution Share of Surplus	0	0	261	(261)	(425)
Adjusted Net Department expenditure	**4,388**	**5,991**	**5,630**	**361**	**587**

Education, Inclusion & Provision Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Core Funded					
Employees	3,267	2,442	2,319	123	164
Premises	3	3	6	(3)	(3)
Supplies & Services	836	620	609	11	14
Transport	43	32	30	2	1
Schools Transport	1,302	665	1,008	(343)	(442)
Commissioned Services	1,884	744	698	46	61
Grants to Voluntary Organisations	35	10	10	0	0
Capital Financing	1	1	1	0	0
Grant Funded					
Employees	3,344	2,352	2,352	0	0
Premises	24	0	0	0	0
Supplies & Services	576	101	101	0	0
Transport	22	14	14	0	0
Independent School Fees	5,422	4,142	4,142	0	0
Inter Authority Special Needs	383	90	90	0	0
Pupil Premium Grant	173	22	22	0	0
Nursery Education Payments	6,160	4,173	4,173	0	0
Grants to Voluntary Organisations	1,366	1,003	1,003	0	0
Total Expenditure	**24,841**	**16,414**	**16,578**	**(164)**	**(205)**
Income					
Fees & Charges Income	-108	-95	-100	5	7
Government Grant	-17,344	-13,008	-13,008	0	0
Reimbursements & Other Grant Income	0	0	-18	18	18
Schools SLA Income	-350	-302	-302	0	0
Transfer from Reserves	-556	-417	-417	0	0
Inter Authority Income	-555	-416	-369	(47)	(54)
Total Income	**-18,913**	**-14,238**	**-14,214**	**(24)**	**(29)**
Net Operational Expenditure	**5,928**	**2,176**	**2,364**	**(188)**	**(234)**
Covid Costs					
Emergency Childcare Payments	0	0	20	(20)	(20)
Schools Transport Contract Costs	0	0	12	(12)	(12)
Government Grant Income					
Government Grant Income	0	0	-32	32	32
Net Covid Expenditure	**0**	**0**	**0**	**0**	**0**
Recharges					
Premises Support	128	96	96	0	0
Transport Support	440	330	385	(55)	(80)
Central Support	1,984	1,489	1,489	0	0
Asset Rental Support	17	0	0	0	0
HBC Support Costs Income	-206	-206	-206		0
Net Total Recharges	**2,363**	**1,709**	**1,764**	**(55)**	**(80)**
Net Departmental Expenditure	**8,291**	**3,885**	**4,128**	**(243)**	**(314)**

Public Health & Public Protection Department

	Annual Budget £'000	Budget to Date £'000	Actual £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	4,159	2,387	2,022	365	498
Premises	5	0	0	0	5
Supplies & Services	303	181	140	41	60
Contracts & SLA's	7,462	4,791	4,791	0	0
Transport	4	3	1	2	2
Agency	20	20	20	0	0
Transfer to Reserves	434	0	0	0	0
Total Expenditure	**12,387**	**7,382**	**6,974**	**408**	**565**
Income					
Fees & Charges	-153	-134	-140	6	10
Reimbursements & Grant Income	-187	-165	-165	0	0
Transfer from Reserves	-609	-109	-109	0	0
Government Grant Income	-11,387	-6,817	-6,817	0	0
Total Income	**-12,336**	**-7,225**	**-7,231**	**6**	**10**
Net Operational Expenditure	**51**	**157**	**-257**	**414**	**575**
Covid Costs					
Contain Outbreak Management Fund	0	0	3,088	(3,088)	(4,188)
Practical Support Self-Isolation	0	0	87	(87)	(162)
Community Based Testing	0	0	170	(170)	(170)
Targeted Community Testing	0	0	237	(237)	(367)
Covid Loss of Income					
Pest Control income	-10	-10	0	(10)	(10)
Exercise class income	-16	-16	0	(16)	(16)
Day trip income	-3	-3	0	(3)	(3)
Government Grant Income					
General Covid Funding	0	0	-29	29	29
Contain Outbreak Management Fund	0	0	-3,088	3,088	4,188
Practical Support Self-Isolation	0	0	-87	87	162
Community Based Testing	0	0	-170	170	170
Targeted Community Testing	0	0	-237	237	367
Net Covid Expenditure	**-29**	**-29**	**-29**	**0**	**0**
Recharges					
Premises Support	119	90	90	0	0
Transport Support	24	18	17	1	1
Central Support	1,374	1,059	1,026	33	44
Suport Income	-853	-716	-716	0	0
Net Total Recharges	**664**	**451**	**417**	**34**	**45**
Net Departmental Expenditure	**686**	**579**	**131**	**448**	**620**

Corporate and Democracy

	Annual Budget	Budget to Date	Actual	Variance (Overspend)	Forecast Outturn (Overspend)
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Employees	324	243	249	(6)	(8)
Contracted Services	38	28	104	(76)	(76)
Supplies & Services	129	116	157	(40)	(40)
Premises Expenditure	5	5	22	(18)	(18)
Transport Costs	0	0	176	(176)	(181)
Members Allowances	884	663	633	30	0
Interest Payable - Treasury Management	1,099	824	824	0	0
Interest Payable - Other	303	227	22	205	274
Bank Charges	85	64	176	(113)	(150)
Audit Fees	128	96	96	0	0
Contingency	807	403	0	403	0
Capital Financing	1,888	0	0	0	343
Contribution to Reserves	6,194	0	0	0	191
Debt Management Expenses	34	26	10	16	23
Precepts & Levies	198	99	99	0	(5)
Total Expenditure	**12,115**	**2,794**	**2,568**	**226**	**353**
Income					
Interest Receivable - Treasury Management	-1,236	-927	-881	(46)	70
Interest Receivable - Other	0	0	0	0	0
Other Fees & Charges	-117	-88	-124	37	0
Grants & Reimbursements	-115	-86	-87	0	0
Government Grant Income	-10,922	-8,191	-8,199	8	7
Transfer from Reserves	-8,143	0	0	0	0
Total Income	**-20,532**	**-9,292**	**-9,291**	**(1)**	**77**
Net Operational Expenditure	**-8,417**	**-6,498**	**-6,723**	**225**	**430**
Covid Government Grant Income					
Clinically Extremely Vulnerable	0	0	-261	261	261
Net Covid Expenditure	**0**	**0**	**-261**	**261**	**261**
Recharges					
Premises Recharges	3	1	1	0	0
Central Recharges	1,495	747	747	0	0
Recharge Income	-3,283	-1,248	-1,248	0	0
Net Total Recharges	**-1,785**	**-499**	**-499**	**0**	**0**
Net Departmental Expenditure	**-10,202**	**-6,997**	**-7,483**	**486**	**691**

Appendix 3

Capital Programme as at 31 December 2021

Directorate/Department	2021/22 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2021	Total Allocation Remaining		2022/23 Capital Allocation	2023/24 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
PEOPLE DIRECTORATE							
Asset Management Data	31	23	15	16		0	0
Capital Repairs	963	870	870	93		667	0
Asbestos Management	40	30	11	29		0	0
Schools Access Initiative	105	78	26	79		0	0
Basic Needs Projects	13	0	0	13		570	0
Fairfield Primary School	7	5	0	7		0	0
Kitchen Gas Safety	37	34	34	3		0	0
Small Capital Works	103	77	34	69		0	0
SEND allocation	200	150	35	165		553	0
Healthy Pupil Capital Fund	0	0	0	0		0	0
Chesnut Lodge	4	4	4	0		0	0
Ashley at The Heath	16	16	16	0		0	0
Woodside KS2 Resource Base	2	2	2	0		0	0
ALD Bungalows	0	0	0	0		199	0
Grants – Disabled Facilities	650	450	387	263		600	600
Stair Lifts	250	180	131	119		270	270
Joint Funding RSL Adaptations	200	150	82	118		270	270

Capital Programme as at 31 December 2021…continued

Directorate/Department	2021/22 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2021	Total Allocation Remaining		2022/23 Capital Allocation	2023/24 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
Millbrow Care Home	100	50	37	63		1,350	0
Madeline McKenna	100	20	11	89		0	0
St Lukes	40	10	3	37		200	0
St Patricks	50	20	11	39		0	0
Purchase of 2 adapted properties	0	0	0	0		358	0
Orchard House	40	32	32	8		0	0
TOTAL PEOPLE DIRECTORATE	**2,951**	**2,201**	**1,741**	**1,210**		**5,037**	**1,140**
ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE							
Stadium Minor Works	30	20	19	11		30	30
Stadium Decarbonisation Scheme	1,678	1,250	1,222	456		0	0
Children's Playground Equipment	65	12	12	53		65	65
Landfill Tax Credit Schemes	10	0	0	10		340	340
Upton Improvements	13	0	0	13		0	0
Crow Wood Park	50	1	1	49		5	0
Peelhouse Lane Cemetery	22	22	31	-9		0	0
Runcorn & Widnes Cemetery Storage	3	3	4	-1		0	0
Runcorn Town Park	280	10	9	271		300	300

Capital Programme as at 31 December 2021…continued

Directorate/Department	2021/22 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2021	Total Allocation Remaining		2022/23 Capital Allocation	2023/24 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
Open Spaces Schemes	650	220	217	433		600	600
Litter Bins	20	0	0	20		20	20
Brookvale Pitch Refurbishment	577	210	209	368		0	0
Halton Leisure Centre	400	300	286	114		8,600	10,000
Widnes Cremator	200	0	0	200		0	0
IT Rolling Programme	700	417	417	283		700	700
Covid IT Capital Costs	0	0	46	-46		0	0
3MG	73	23	23	50		126	0
Murdishaw redevelopment	6	0	0	6		32	0
Equality Act Improvement Works	133	113	113	20		417	300
Widnes Market Refurbishment	44	30	30	14		0	0
Broseley House	215	190	190	25		0	0
Solar Farm Extension	146	131	131	15		0	0
Foundary Lane Residential Area	1,682	84	84	1,598		0	0
Kingsway Learning Centre Improved Facilities	37	0	0	37		0	0
Kingsway Learning Centre Equipmen	8	8	8	0		0	0
Halton Lea TCF	904	312	312	592		0	0

Capital Programme as at 31 December 2021…continued

Directorate/Department	2021/22 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2021	Total Allocation Remaining		2022/23 Capital Allocation	2023/24 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
Property Improvements	200	23	23	177		200	200
Astmoor Regeneration	110	89	89	21		0	0
Runcorn Town Centre Fund	300	11	11	289		750	0
Bridge and Highway Maintenance	4,910	1,216	1,216	3,694		0	0
Integrated Transport	3,629	367	367	3,262		0	0
STEP Schemes	0	1	1	-1		0	0
Street Lighting - Structural Maintenance	50	27	27	23		860	200
Street Lighting - Upgrades	200	153	153	47		2,545	0
Widnes Loops	147	147	147	0		0	0
Runcorn East Connectivity	900	406	406	494		1,484	0
SUD Green Cycle / Walk Corridors	50	7	7	43		232	0
Windmill Hill flood Risk Management Scheme	212	200	200	12		0	0
Risk Management	50	9	9	41		474	120
Fleet Replacements	1,000	515	515	485		5,407	1,207
Silver Jubilee Bridge - Major Maintenance Scheme	320	0	0	320		0	0
Silver Jubilee Bridge - Decoupling / Runcorn Station Quarter	3,759	4,783	4,783	-1,024		0	0
Silver Jubilee Bridge - Lighting	25	17	17	8		468	0
MG Land Acqisitions	255	150	138	117		900	0
MG Development costs	100	75	55	45		0	0

Capital Programme as at 31 December 2021…continued

Directorate/Department	2021/22 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2021	Total Allocation Remaining		2022/23 Capital Allocation	2023/24 Capital Allocation
	£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**
MG Additional Signage	50	36	6	44		0	0
MG Handback Land	100	75	56	44		0	0
TOTAL ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE	**24,313**	**11,663**	**11,590**	**12,723**		**24,555**	**14,082**
TOTAL CAPITAL PROGRAMME	**27,264**	**13,864**	**13,331**	**13,933**		**29,592**	**15,222**
Slippage (20%) Carried Forward	-5,453					-5,918	-3,044
Slippage Brought Forward						5,453	5,918
TOTAL	**21,811**	**13,864**	**13,331**	**8,480**		**29,126**	**18,096**

Agenda Item 3d

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Budget 2022/23
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 2022/23.

2.0 RECOMMENDATION: That;

(i) Council be recommended to adopt the resolution set out in Appendix A, which includes setting the budget at £113.891m, the Council Tax requirement of £57.174m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,595.67;

(ii) Council be recommended to approve the revenue budget proposals for 2022/23 set out in Appendix B and capital programme set out in Appendix F;

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

3.1 The Executive Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 18 November 2021. In summary, funding gaps of around £12.0m in 2022/23, £4.2m in 2023/24 and £2.6m in 2024/25 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 2021/22 Budget

3.4 The Executive Board receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending is forecast to be over budget in the current year by approximately £3.0m against a net budget of £111.5m. The most significant budget pressure for the Council continues to be Children's Social Care costs, and in particular residential care costs, where the Council are experiencing both growth in the number of residential placements and in terms of cost per placement. Overall costs are being controlled where possible and income being maximised as well as making use of all available grant funding.

3.5 The financial impact of Covid is still a very real presence. The position has been reviewed as at 31 December 2021 and it is currently estimated that Covid spend and loss of income for the financial year will be £1.467m higher than available grant for the year. In setting the Council's 2022/23 budget, and in the absence of any available information, there is an expectation that Government will not provide any further Covid grant or income compensation beyond the current year. It is likely there may continue to be Covid costs and income pressures across Council services post 31 March 2022. This will be something that will continue to be monitored in detail.

3.6 The Council are continuing to take measures 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 £6.4m, equivalent to approximately 5.7% of the net budget for 2021/22, 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.

2022/23 Revenue Budget

3.7 The proposed revenue budget totals £113.891m. 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.

3.8 A total of £1.783m of savings were approved by Council on 8 December 2021. Included at Appendix B are further proposed budget savings for 2022/23 of £0.564m.

3.9 The proposed budget incorporates the grant figures announced in the Local Government Finance Settlement. It includes £0.851m for the New Homes Bonus grant. This is inclusive of additional grant of £0.181m for 2022/23, which will be paid for one year only rather than a four year legacy payment which had been the case prior to the 2020/21 financial year. Government are expected to announce a replacement for the New Homes Bonus Scheme in 2022/23 following the release of a consultation last year.

3.10 The budget includes Better Care Funding (BCF) of £6.982m, an increase of 3% from the 2021/22 allocation.

3.11 Additional funding for Adult and Children's Social Care was announced as part of the provisional settlement. It was announced that the £5.213m 2021/22 Social Care Grant will also be received in 2022/23, along with an additional allocation of £1.829m. This funding will be included in the Council budget to help to fund existing pressures within Social Care services. An additional £0.4m grant will be received in 2022/23 as part of the Market Sustainability and Fair Cost of Care Fund. This will be used to fund the additional costs arising from the new burdens placed on Local Authorities by the Government's Health and Social Care Plan.

3.12 Government have confirmed the continuation of the 100% Business Rates Retention pilot within the Liverpool City Region for 2022/23. 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.

3.13 Pay rates for 2021/22 and 2022/23 have not yet been agreed. A 2% rise on all pay bands has been assumed in the budget for 2022/23.

3.14 Inflation of 2% has been applied to contractual (non-controllable) budgets for 2022/23. Additional inflation has been applied to social care contract costs which will increase at above normal inflation rates due to the increase of 6.6% in National Living Wage rates from April 2022, and to energy budgets where costs are increasing at rates well above general inflation.

3.15 The risk to the Council's budget continues over the next year due to increasing service demand pressures. To mitigate this risk, budgets have been increased in 2022/23 to help manage the current departmental budget overspends, inclusive of £3.1m across Adults' and Children's Social Care.

3.16 It is considered prudent for the budget to include a general contingency of £0.5m. At this stage, it is considered sufficient to cover the potential for price changes and increases in demand led budgets, as well as a general contingency for uncertain and unknown items. An additional £3.7m has been included in the contingency budget for 2022/23 to enable the estimated 2021/22 budget overspend to be funded on a permanent basis.

3.17 It is proposed that £7.8m of reserves will be used to fund the 2022/23 budget and will therefore be unavailable for use in future years. This presents a risk to future years' budgets, as permanent savings will need to be made to replace this funding over the medium term. A robust process for identifying such savings will be developed and implemented over the coming year, in order to establish budget plans by 31st March 2023 which will cover the three financial years from 2023/24 to 2025/26.

3.18 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 2022/23 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

3.19 The Government announced the provisional Local Government Finance Settlement on 16 December 2021. 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 2022/23 grant allocations, including the Public Health grant.

3.20 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.

3.21 It was anticipated that the Business Rates Retention Scheme would be rolled out on a national basis from April 2021, with the level of retained rates for each Council being set at 75%. In conjunction with this, Government had stated their intention to undertake a review of needs and resources of Local Government, the first review since April 2013, and also reconsider the business rate “baselines” for each council. These funding reforms have been delayed due to the disruption caused by Covid-19, although it is expected that consultation on an updated funding model will be released in Spring 2022.

3.22 For 2022/23, the Council’s total Government Settlement Funding Allocation is £52.924m. This is made up of £46.857m Business Rates Baseline Funding and Top-Up grant of £6.067m. Excluding the rolled in Better Care Funding grant, the increase to the Settlement Funding Assessment from 2021/22 is 0.6%.

3.23 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 2022/23, in cash terms there has been a reduction in funding for Halton of 1.1% compared with inflation of approximately 30% over the same period.

3.24 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 £49.463m for 2022/23.

3.25 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 2022/23 the multiplier rate has been frozen at 51.2p in the pound and 49.9p in the pound for small businesses. This is unchanged from 2021/22. The cost of freezing the multiplier is met by Central Government through additional grant funding to the Council.

3.26 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. For 2020/21, the Adult Social Care council tax precept was set at 2% and increased to 3% in 2021/22.

3.27 The Government Spending Review published 27 October 2021 confirmed that a further Adult Social Care council tax precept of 1% can be applied for 2022/23.

3.28 As part of the Local Government Finance Settlement, allocation increases were made to several grant funding streams for 2022/23. Halton’s Social Care grant has been increased by £1.829m and the Better Care Fund has been increased by £0.205m, whilst the Lower Tier Services Grant has also seen a small increase of £0.011m to its 2021/22 allocation. There were two new grants announced at the Settlement. The Market Sustainability and Fair Cost of Care Fund, worth £0.431m for Halton, is due to be distributed from the new National Insurance Health and Social Care Levy and is to be used to fund new burdens related to increasing the rates paid to social care providers and the new cap on the cost of care. The Services Grant is a new un-ringfenced grant for 2022/23, with Halton receiving an allocation of £2.489m. The cost of funding the increase to National Insurance rates is included within this grant, but has not been separately identified by Government. This grant is to be received for one year only. The New Homes Bonus scheme is currently being wound down, leading to a reduction in funding to Halton of £0.852m.

Budget Outlook

3.29 Beyond 2022/23 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 the ongoing impact of Covid-19 on social care services and income streams. There is therefore further continued uncertainty regarding the Council’s funding resources in 2023/24.

3.30 The impact of the following developments will have to be assessed when considering the 2023/24 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 larger reductions in funding on a per capita basis. It is anticipated that a consultation on a new method of apportioning Local Authority funding will be issued in Spring 2022. It is not yet clear whether changes will be implemented for the 2023/24 financial year or if they will be further delayed into 2024/25.
- New Homes Bonus – The scheme in its current form is being wound down, with legacy payments being removed from 2020/21 onwards. The 2022/23 allocation is for one year only and will include the final legacy payment from 2019/20. A consultation on the future of the New Homes Bonus Scheme was released in Spring 2021, but the findings of this have not yet been reported.
- Business Rate Retention – Government have indicated that they are unlikely to move towards the percentage share of retained rates at a local level being increased to 75%. It is unclear whether pilot authorities, such as Halton, will continue with 100% business rates retention as part of devolution deals, or will return to 49%.
- Business Rates Baseline Reset – It is proposed that there will be a reset of the business rates baseline, which could work against Halton and similar authorities that 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. The reset was originally due to take place in 2020 but has been delayed due to Brexit preparations and the Covid-19 pandemic.

- Health and Social Care Plan – The Government announced its Health and Social Care Plan in September 2021 which introduced a new lower cap on care costs, changes to the thresholds at which care costs are paid by users and new duties for councils to pay increased rates to social care providers. The Association of Directors of Adult Social Services have expressed doubts that the additional funding allocated will be insufficient to cover the costs of these new burdens and could lead to further pressures on council budgets. These new measures fall well short of the complete review of the social care system that was promised by the Government meaning that further reform is possible in the future.

3.31 The Medium Term Financial Strategy has been updated to take into account the 2022/23 Local Government Finance Settlement and multi-year allocations and saving measures already agreed or proposed. It includes a number of assumptions for 2023/24 including:

- Settlement Funding Assessment as per 2022/23 plus 2% inflation.
- Pay, prices and income growth of 2%.
- Reversal of 2022/23 one-off savings proposals.

3.32 The resulting funding gap over the subsequent three financial years (2023/24 to 2025/26) is forecast to be in the region of £23.3m.

Halton's Council Tax

3.33 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.

3.34 The Government have confirmed the council tax referendum threshold at 2% for 2022/23.

3.35 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.

3.36 The number of long-term empty properties in Halton is currently 126. The number of properties empty for between five and ten years, and therefore billed at a 200% premium, is currently 22, and the number of properties empty for over ten years and billed at a 300% premium, is 28.

3.37 The tax base (Band D equivalent) for the Borough has been set by Council at 35,831.

3.38 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 £1,595.67 (equivalent to £30.69 per week), in order to deliver a balanced budget for 2022/23 as required by statute. This is an increase of 2.99% (£46.33 per annum or £0.89 per week) over the current year.

Parish Precepts

3.39 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	47,500	3,776	8.64%	71.54	1,667.21
Daresbury	6,962	262	3.91%	37.43	1,633.10
Moore	6,070	445	7.91%	18.23	1,613.90
Preston Brook	19,427	6,427	49.44%	52.79	1,648.46
Halebank	39,460	375	0.96%	75.02	1,670.69
Sandymoor	41,220	2,647	6.86%	29.09	1,624.76

Average Council Tax

3.40 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 £1,600.15, an increase of £46.64 per annum.

Police Precept

3.41 The Cheshire Police and Crime Commissioner has set the precept on the Council at £8.436m, which is £235.44 for a Band D property, an increase of £10.00 or 4.44%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

3.42 The Cheshire Fire Authority has set the precept on the Council at £2.955m, which is £82.48 for a Band D property, an increase of £1.61 or 1.99%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Liverpool City Region Mayoral Precept

3.43 The Liverpool City Region Combined Authority has set the precept on the Council at £0.681m which is £19.00 for a Band D property, an increase of £0.00. The figures for each Band are shown in Recommendation 7 in Appendix A.

Total Council Tax

3.44 Combining all these figures will give the Total Council Tax for 2022/23 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £1,932.59, an increase of £57.94 or 3.09%. The inclusion of parish precepts means the increase in Hale is 3.23%, in Daresbury is 3.03%, in Moore is 3.11%, in Preston Brook is 3.89%, in Halebank is 2.97%, and in Sandymoor is 3.04%.

3.45 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 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.

3.46 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

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

	2022/23	2023/24	2024/25
	£000	£000	£000
Spending			
Scheme Estimates	30,496	15,222	8,162
Slippage Between Years	-646	3,055	1,412
	29,850	18,277	9,574
Funding			
Borrowing and Leasing	18,397	10,807	2,747
Grants and External Funds	8,867	2,346	2,346
Direct Revenue Finance	0	0	0
Capital Receipts	3,232	2,069	3,069
Slippage Between Years	-646	3,055	1,412
	29,850	18,277	9,574

3.48 The committed Capital Programme is shown in Appendix F.

3.49 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

3.50 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.

3.51 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

3.52 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.

3.53 Schools Block pupil numbers in mainstream primary and secondary schools have decreased from 18,285 for 2021/22 to 18,235 for 2022/23. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2021 census. The DSG settlement was announced on 20 December 2021 giving a total of £102.18m for the Schools Block for 2022/23. This is an increase of £3.1m on the 2021/22 allocation. The way in which Business Rates are being paid is changing for 2022/23, so the actual amount to be devolved through the funding formula is £101.39m with the balance of £0.788m being passed directly from the Department for Education to the Business Rates billing authority.

3.54 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. 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

3.55 The Early Years Block indicative allocation for 2022/23 is £9.35m. This is a reduction of £0.5m and is due to the numbers of children receiving provision. 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. Halton is one of nine local authorities for whom the hourly rate for 3 and 4 year old provision has not be increased as we have transitional protection to prevent the hourly rate reducing significantly. The hourly rate the Council are funded at for 2 year old provision has increased from £5.44 per hour to £5.65 per hour.

3.56 The High Needs Block for 2021/22 was £18.33m after recoupment by the Department for Education for commissioned places in special academies and independent special schools. For 2022/23 the High Needs Block is £19.87m, again after recoupment which is an increase of £1.54m.

3.57 The Minimum Funding Guarantee has been agreed by Schools Forum at plus 1.29%. This is within the range allowed by the Department of Education of 0.5% to 2.0%.

3.58 The Department for Education has also announced Supplementary Schools Funding for 2022/23 which will be rolled into the main National Funding Formula for 2023/24 onwards. This is to provide support for the costs of the Health and Social Care Levy and is payable to public sector employers only. For 2022/23 the estimated total for Halton mainstream schools is £3.1m. The Council will also receive an estimated £0.864m of additional funding for the High Needs Block to fund public sector employers within the High Needs area.

3.59 The Pupil Premium Grant rates have increased to £1,385 per Primary pupil and £985 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 £2,410 per pupil. Eligibility for the Service Children Premium will be funded at £320 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,410 per pupil.

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) 2022/23	Financial Management Halton Stadium	Steve Baker

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 02 March 2022

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2022/23, 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 8 December 2021 the Council agreed the following:

   (a) The Council Tax Base 2022/23 for the whole Council area is 35,831 (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	664
Daresbury	186
Moore	333
Preston Brook	368
Halebank	526
Sandymoor	1,417

   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 2022/23 (excluding Parish precepts) is £57,174,452.

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 2022/23 and agreed as follows:

   (a) £443,841,572 – 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) £386,506,481– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £57,335,091 – 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) £1,600.15 – 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) £160,639 – 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	47,500
Daresbury	6,962
Moore	6,070
Preston Brook	19,427
Halebank	39,460
Sandymoor	41,220

(f) £1,595.67 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

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

	£
Hale	71.54
Daresbury	37.43
Moore	18.23
Preston Brook	52.79
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	1,111.47	1,088.73	1,075.93	1,098.97	1,113.79	1,083.17	1,063.78
B	1,296.72	1,270.19	1,255.26	1,282.14	1,299.43	1,263.70	1,241.08
C	1,481.96	1,451.64	1,434.58	1,465.30	1,485.06	1,444.23	1,418.37
D	**1,667.21**	**1,633.10**	**1,613.90**	**1,648.46**	**1,670.69**	**1,624.76**	**1,595.67**
E	2,037.70	1,996.01	1,972.54	2,014.78	2,041.95	1,985.82	1,950.26
F	2,408.19	2,358.92	2,331.19	2,381.11	2,413.22	2,346.88	2,304.86
G	2,778.68	2,721.83	2,689.83	2,747.43	2,784.48	2,707.93	2,659.45
H	3,334.42	3,266.20	3,227.80	3,296.92	3,341.38	3,249.52	3,191.34

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 2022/23 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	156.96
B	183.12
C	209.28
D	**235.44**
E	287.76
F	340.08
G	392.40
H	470.88

6. It is further noted that for the year 2022/23 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	54.99
B	64.15
C	73.32
D	**82.48**
E	100.81
F	119.14
G	137.47
H	164.96

7. It is further noted that for the year 2021/23 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 2022/23 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	1,336.09	1,313.35	1,300.55	1,323.59	1,338.41	1,307.79	1,288.40
B	1,558.76	1,532.23	1,517.30	1,544.18	1,561.47	1,525.75	1,503.12
C	1,781.46	1,751.14	1,734.07	1,764.80	1,784.55	1,743.73	1,717.87
D	**2,004.13**	**1,970.02**	**1,950.82**	**1,985.38**	**2,007.61**	**1,961.68**	**1,932.59**
E	2,449.50	2,407.81	2,384.34	2,426.58	2,453.75	2,397.61	2,362.06
F	2,894.85	2,845.58	2,817.84	2,867.76	2,899.87	2,833.53	2,791.51
G	3,340.22	3,283.37	3,251.37	3,308.97	3,346.02	3,269.47	3,220.99
H	4,008.26	3,940.04	3,901.64	3,970.76	4,015.22	3,923.36	3,865.18

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 2022/23 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

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING 2022/23 £'000	ESTIMATED BUDGET SAVING 2023/24 £'000	PERM / TEMP (P/T)
1	Independent Living Services	The cost of certain staff posts involved with the delivery of Disabled Facilities Grants (DFGs) are able to be funded from the overall DFG grant. A review has identified that the total staffing cost currently being charged to the grant is understated, as it has not been increased since 2016/17. It does not therefore reflect the full cost of the staff involved in dealing with DFGs. Increasing the costs charged against the grant will provide a budget saving against the Council's core budget and ensure the cost of staff involved is fully recovered. The total Disabled Facilities Grant funding for 2021/22 is £1.99m which was an increase of £236,000 from the previous year. It is anticipated that a similar grant allocation will be received for 2022/23. Approximately £1m of this grant is allocated to DFG schemes and the rest is used for Adult Social Care capital schemes, as permitted under the terms of the grant. Applications for DFG schemes has remained at a similar level over recent years, despite the increase in available grant funding. In most years the grant allocation is underspent and the balance is carried forward to be spent the following year. It is considered that increasing the charge against the overall grant by £10,000, to reflect the full cost of staff involved with delivering DFGs will not affect the number of DFG schemes delivered each year.	**111**	**10**	**0**	**P**

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)
				2022/23 £'000	2023/24 £'000	
2	Revenues & Financial Management Division	Given the anticipated long term impact of Covid-19 upon bus passenger numbers and in particular those passengers entitled to concessionary travel, it is proposed to reduce the concessionary travel budget by 10%. During 2021/22 in order to help support the bus operators through the pandemic, concessionary travel costs have continued to be paid to bus operators on the basis of pre-covid passenger numbers rather than actual numbers. Despite paying operators at pre-covid levels, total expenditure on concessionary travel in 2021/22 is likely to be under budget by over £400,000. Even allowing for 5% growth to operator reimbursement costs for 2022/23, this would still leave a budget underspend of approximately £360,000. If the proposed reduction in budget is approved, it is estimated that there will still remain around £150,000 of headroom within the budget. This would be sufficient to fund in the region of 120,000 (or 10%) extra concessionary passenger journeys above pre-covid levels. The reduction in the concessionary travel budget relates to the funding available in order to reimburse the bus operators. It would not affect the number of passengers entitled to concessionary travel or their ability to make journeys.	**2,103**	**210**	**0**	**P**

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING 2022/23 £'000	ESTIMATED BUDGET SAVING 2023/24 £'000	PERM / TEMP (P/T)
3	Logistics	A number of the supported bus contracts are due for re-tendering during 2022/23. It is anticipated that the retendering of these contracts will achieve cost savings in the region of £50,000 in total. Retendering of these bus support contracts will not have any impact upon individual bus routes or services provided to passengers. It is therefore considered that a budget saving of £50,000 can be achieved through the retendering process, without any impact upon the delivery of bus services across the Borough.	**534**	**50**	**0**	**P**
4	Logistics	It is proposed to reduce the Council's contribution to Halton Community Transport by £30,000 (50%).	**60**	**30**	**0**	**P**

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING 2022/23 £'000	ESTIMATED BUDGET SAVING 2023/24 £'000	PERM / TEMP (P/T)
5	Leisure Services	It is proposed to close Runcorn Swimming Pool due to the high running costs and low levels of usage, which results in high levels of subsidy cost per user visit. Runcorn Swimming Pool was used to 43% of its capacity in the last independent review (2018) compared to 60% for Kingsway Leisure Centre swimming pool and 100% for Brookvale Recreation Centre swimming pool. The following table presents the running costs, income and net operating costs for Runcorn Swimming Pool over the past four years. The figures are clearly affected by Covid-19 particularly during 2020/21, therefore, the 2018/19 figures reflect a normal year's operations.	**120**	**120**	**0**	**P**

Runcorn Swimming Pool	2018/19	2019/20	2020/21	2021/22 Forecast Outturn
	£	£	£	£
Total Operating Costs	467,261	323,507	257,904	356,317
Total Income	133,850	80,371	1,611	28,330
Net Cost / Subsidy	333,411	243,136	256,293	327,987

The table below is taken from usage data provided for the purpose of performance benchmarking through the APSE Performance Network. The net cost to the Council for each user visit was £7.14 in 2018/19 and £14.85 in 2019/20.

Runcorn Swimming Pool	2018/19	2019/20
Average Number of Users Per Hour	10.35	5.31
Net Cost / Subsidy Per Opening Hour	£73.95	£78.86
Net Cost / Subsidy Per User	£7.14	£14.85

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING 2022/23 £'000	ESTIMATED BUDGET SAVING 2023/24 £'000	PERM / TEMP (P/T)
		By way of comparison the following tables show the net cost to the Council for each swimming user at Brookvale Recreation Centre and Kingsway Leisure Centre.				

Brookvale Recreation Centre	2018/19	2019/20
Average Number of Users Per Hour	40.11	32.67
Net Cost / Subsidy Per Opening Hour	£54.58	£62.38
Net Cost / Subsidy Per User	£1.36	£1.91

Kingsway Leisure Centre	2018/19	2019/20
Average Number of Users Per Hour	45.01	45.32
Net Cost / Subsidy Per Opening Hour	£77.40	£81.95
Net Cost / Subsidy Per User	£1.72	£1.81

As can be seen from the above tables, swimming usage per hour at both Kingsway Leisure Centre and Brookvale Recreation Centre is considerably higher than at Runcorn Swimming Pool and this reflects upon the net cost / subsidy per user visit.

	DIVISION / SERVICE	DESCRIPTION OF THE BUDGET PROPOSAL	ANNUAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM / TEMP (P/T)
				2022/23 £'000	2023/24 £'000	
6	Audit, Procurement & Operational Finance Division	It is proposed to delete a vacant part-time (0.54fte) Income Control Assistant post. Following the introduction of IT based processes and changes to procedures in recent years, it is considered that the Income Control team will be able to manage their workloads without replacing the vacant post.	**14**	**14**	**0**	**P**
7	Economy Enterprise and Property	It is proposed to charge the Sci-Tech Daresbury Joint Venture Board a management fee, in order to recover the cost of Council staff involved in supporting the Board with the ongoing development of Sci-Tech Daresbury.	**N/A**	**70**	**0**	**P**
8	Civic Catering	Closure of the Municipal Building and Runcorn Library Building catering facilities, with a vending service to be operated at each location instead.	**60**	**60**	**0**	**P**
			GRAND TOTAL	**564**	**0**	**p**

APPENDIX C

DEPARTMENTAL OPERATIONAL BUDGETS

	£000
People Directorate	
Children and Families Service	28,378
Education, Inclusion & Provision	5,988
Adult Social Care including Complex Care Pool	47,491
Public Health & Public Protection	157
	82,014
Enterprise, Community & Resources Directorate	
Finance	7,145
Policy, Planning & Transportation	9,502
ICT & Support Services	8,576
Legal & Democratic Services	1,969
Policy, People, Performance & Efficiency	2,143
Community and Environment	16,006
Economy, Enterprise and Property	4,935
	50,276
Departmental Operational Budgets	**132,290**
Corporate and Democracy	-18,399
Total Operational Budget	**113,891**

APPENDIX D

2022/23 BUDGET – REASONS FOR CHANGE

	£000
2021/22 Approved Budget	111,466
Add Back One-Off Savings	419
	111,885
Policy Decisions	
Capital Programme	53
Inflation and Service Demand Pressures	
Pay (including Increments)	3,362
Prices	2,662
Income	-644
Existing Service Demand Pressures	4,059
Removal of 4 Days Unpaid Leave	1,026
Other	
Net Adjustment to Specific Grants	3,917
Contingency Increase	4,200
Social Care Grant	-1,800
2022/23 Services Grant	-2,489
Reserves	-9,993
Base Budget	**116,238**
Less Savings (as agreed by Council)	-1,783
Less Savings (proposed in Appendix B)	-564
Total 2022/23 Budget	**113,891**

APPENDIX E

MEDIUM TERM FINANCIAL FORECAST

	2023/24 £000	2024/25 £000	2025/26 £000
Spending			
Previous Year's Budget	113,891	116,114	119,636
Add back one-off savings	1,201	0	0
Inflation			
Pay	1,444	1,473	1,502
Prices	1,722	1,757	1,792
Income	-636	-652	-666
Other			
Service Demand Pressures	2,461	1,716	0
Contingency	1,000	2,000	2,000
Reduction to New Homes Bonus Grant	851	0	0
Reverse Use of Reserves	3,396	2,200	5,000
Reverse One-Off Grant Funding	2,489	0	0
Budget Forecast	127,816	124,608	129,266
Resources			
Baseline Business Rates Funding and Top-Up Grant	56,641	57,773	58,928
Council Tax	59,473	61,863	63,713
	116,114	119,636	122,641
Funding Gap	-11,702	-4,972	-6,624

APPENDIX F

COMMITTED CAPITAL PROGRAMME 2022/25

SCHEME	2022/23 £000	2023/24 £000	2024/25 £000
Schools Capital Projects	2,694	-	-
ALD Bungalows	199	-	-
Disabled Facilities Grant	600	600	600
Stairlifts	270	270	270
Adapted Properties	270	270	270
Purchase of Adapted Properties	358	-	-
Care Home Refurbishment	1,550	-	-
People Directorate	**5,941**	**1,140**	**1,140**
Stadium Minor Works	30	30	30
Halton Leisure Centre	8,600	10,000	3,000
Children's Playground Equipment	65	65	65
Landfill Tax Credit Schemes	340	340	340
Crow Wood Park Play Area	5	-	-
Open Spaces Schemes	600	600	600
Runcorn Town Park	300	300	300
Litter Bins	20	20	20
IT Rolling Programme	700	700	700
3MG	126	-	-
Murdishaw Redevelopment	32	-	-
Equality Act Improvement Works	417	300	300
Property Improvements	200	200	200
Runcorn Town Centre Development	750	-	-
Street Lighting - Structural Maintenance	860	200	200
Street Lighting – Upgrades	2,545	-	-
Sustainable Urban Development	232	-	-
East Runcorn Connectivity – Pre-Development	1,484	-	-
Risk Management	474	120	120
Fleet Replacements	5,407	1,207	1,147
Silver Jubilee Bridge Lighting	468	-	-
Early Land Acquisition Mersey Gateway	900	-	-
Economy, Community & Resources Directorate	**24,555**	**14,082**	**7,022**
Total Capital Programme	**30,496**	**15,222**	**8,162**
Slippage between years	**-646**	**3,055**	**1,412**
GRAND TOTAL	**29,850**	**18,277**	**9,574**

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Corporate Services
TITLE:	Treasury Management Strategy Statement 2022/23
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 2022/23.

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 (2022/23). 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 CIPFA TM Code CIPFA Prudential Code	Financial Management Halton Stadium	Matt Guest

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2022/23

Revenues and Financial Management Division
Finance Department
February 2022

TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

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 2022/23

The strategy for 2022/23 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 2022/23 – 2024/25

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

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Expenditure:					
People	3,709	2,952	5,941	1,140	1,140
Enterprise, Community & Resources	23,053	24,314	24,555	14,082	7,022
	26,762	**27,266**	**30,496**	**15,222**	**8,162**
Financed By:					
Capital receipts	(4,456)	(2,077)	(3,232)	(2,069)	(3,069)
Capital grants	(14,266)	(19,220)	(8,867)	(2,346)	(2,346)
Revenue	(729)	(22)	-	-	-
Net financing need for the year	**7,311**	**5,947**	**18,397**	**10,807**	**2,747**

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

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Financing Requirement	**613,236**	**610,824**	**607,133**	**606,940**	**606,753**
Movement in CFR due to:					
Net financing need for the year	7,311	5,947	18,397	10,807	2,747
PFI / finance leases	-	-	-	-	-
Use of Reserves to reduce MRP liability	(502)	(511)	(8,735)	(551)	(564)
Less Minimum Revenue Provision	(9,221)	(9,127)	(9,855)	(10,443)	(11,218)
Increase / (Decrease) in CFR	**(2,412)**	**(3,691)**	**(193)**	**(187)**	**(9,035)**

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	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Council's net budget	**114,035**	**111,466**	**113,891**	**116,114**	**119,636**
Finance Costs					
Net interest costs	4,721	5,086	5,224	5,562	5,575
Minimum Revenue Provision	2,377	2,130	2,531	2,502	2,079
	7,098	**7,216**	**7,755**	**8,064**	**7,654**
	6.2%	**6.5%**	**6.8%**	**6.9%**	**6.4%**

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 2021 and the position as at 31 December 2021 are shown in Table 4 for borrowing and investments.

Table 4 – Current Portfolio Position

	31st March 2021		31st December 2021	
	£000	%	£000	%
Treasury Investments				
UK banks and building societies	39,445	40%	64,597	46%
Non-UK banks	-	0%	5,000	4%
Local authorities	55,000	55%	60,700	43%
Money market funds	-	0%	-	0%
Property funds	5,000	5%	10,000	7%
Total	**99,445**	**100%**	**140,297**	**100%**
Treasury External Borrowing				
Local authorities	-	0%	-	0%
Public Works Loans Board (PWLB)	(162,000)	94%	(162,000)	94%
Other long term borrowoing	(10,000)	6%	(10,000)	6%
Total	**(172,000)**	**100%**	**(172,000)**	**100%**
Net treasury investments / (borrowing)	**(72,555)**		**(31,703)**	

The Council's treasury portfolio position at 31 March 2021, 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

External debt	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Borrowing					
Debt at 1 April	172,000	172,000	172,000	172,000	192,000
Expected change in debt	-			20,000	-
Debt at 31 March	**172,000**	**172,000**	**172,000**	**192,000**	**192,000**
Other long-term liabilities					
Debt at 1 April	374,519	367,676	360,679	353,355	345,413
Expected change in debt	(6,843)	(6,997)	(7,324)	(7,942)	(9,139)
Debt at 31 March	**367,676**	**360,679**	**353,355**	**345,413**	**336,274**
Total external debt at 31 March	**539,676**	**532,679**	**525,355**	**537,413**	**528,274**
Capital Financing Requirement	**613,236**	**610,824**	**607,133**	**606,940**	**606,753**
Under / (over) borrowing	**73,560**	**78,145**	**81,778**	**69,527**	**78,479**

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 2022/23 and the following two financial years.

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

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary

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

Table 6 – Operational Boundary

Operational boundary	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Debt	192,000	192,000	192,000	212,000
Other long term liabilities	367,676	360,679	353,355	345,413
Operational boundary	**559,676**	**552,679**	**545,355**	**557,413**
Total external debt at 31 March	539,676	532,679	525,355	537,413
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

Authorised limit	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Financing Requirement	610,824	607,133	606,940	606,753
Contingency	20,000	20,000	20,000	20,000
Total	**630,824**	**627,133**	**626,940**	**626,753**
Total external debt at 31 March	539,676	532,679	525,355	537,413
Estimated headroom	**91,148**	**94,454**	**101,585**	**89,340**

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-22	0.25	1.5	1.7	1.9	1.7
Jun-22	0.50	1.5	1.8	2.0	1.8
Sep-22	0.50	1.6	1.8	2.1	1.9
Dec-22	0.50	1.6	1.9	2.1	1.9
Mar-23	0.75	1.7	1.9	2.2	2.0
Jun-23	0.75	1.8	2.0	2.2	2.0
Sep-23	0.75	1.8	2.0	2.2	2.0
Dec-23	0.75	1.8	2.0	2.3	2.0
Mar-24	1.00	1.9	2.1	2.3	2.1
Jun-24	1.00	1.9	2.1	2.4	2.2
Sep-24	1.00	1.9	2.1	2.4	2.2
Dec-24	1.00	2.0	2.2	2.5	2.3
Mar-25	1.25	2.0	2.3	2.5	2.3

Interest Rates

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to 0.10%, it left the Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for the Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. But due to a number of uncertainties such as Covid, labour and supply shortages, and possible complications surrounding UK/EU trade agreements, it is expected that the forecasts will be revised again during the year.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Gilt yields / PWLB Rates

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025. Though there will doubtless be a lot of unpredictable volatility during this forecast period due to a number of factors such as the correlation between gilt yields and US treasury gilt yields and the impact of inflationary pressures in the US and UK.

Investment and borrowing rates

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- **Borrowing for capital expenditure**. The long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

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 2022/23 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 borrowing rates, then borrowing will be postponed.

- If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration 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. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

3.5 Policy on borrowing in advance of need

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

3.6 Debt Rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

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

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

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

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

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

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

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

4. 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.

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. 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 (IFRS9).

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 2022/23

The Council has set the following counterparty limits for 2022/23, 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 soverign rating of AAA and:	
- Minimum rating of AAA	25
- Minimum rating of AA	20
- Minimum rating of A	10
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	

Due to the current high level of investments, the limits for foreign AAA rated banks have been increased for 2022/23. This will be reviewed annually to ensure the levels remain appropriate.

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 forecasts for financial year ends (March) are shown below:
- 2021/22 0.25%
- 2022/23 0.75%
- 2023/24 1.00%
- 2024/25 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	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £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'	25,700	25,700	-	-

4.6 Investment rate benchmarking

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

4.7 End of year investment report

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

Appendix A

Minimum Revenue Provision

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

Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

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

Government Guidance

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

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

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

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

Option 1: Regulatory Method

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

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

Option 2: Capital Financing Requirement Method

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

Option 3: Asset Life Method

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

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

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

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

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

Option 4: Depreciation Method

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

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

Date of implementation

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

Strategy Adopted for 2022/23 and future years

In order to determine its MRP for 2022/23 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 charge.
    - If the Council choose not to use the methods detailed above, the MRP should be repaid over a period that is considered prudent

Agenda Item 3f

REPORT TO: Executive Board

DATE: 17 February 2022

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Corporate Services

TITLE: Capital Strategy 2022/23

WARDS: Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Council's Capital Strategy for 2022/23 and recommend it's approval by Council.

2.0 RECOMMENDATION: That Council be recommended to approve the 2022/23 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 2022/23.

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

2022/23

Revenues and Financial Management Division
Finance Department
February 2022

CAPITAL STRATEGY STATEMENT 2022/23

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 2020/21 is shown below, along with estimates for 2021/22 and the following three years:

Table 1 – Capital Expenditure and Funding

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Expenditure:					
People	3,709	2,952	5,941	1,140	1,140
Enterprise, Community & Resources	23,053	24,314	24,555	14,082	7,022
	26,762	**27,266**	**30,496**	**15,222**	**8,162**
Financed By:					
Capital receipts	(4,456)	(2,077)	(3,232)	(2,069)	(3,069)
Capital grants	(14,266)	(19,220)	(8,867)	(2,346)	(2,346)
Revenue	(729)	(22)	-	-	-
Net financing need for the year	**7,311**	**5,947**	**18,397**	**10,807**	**2,747**

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

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Minimum Revenue Provision					
General Fund	2,377	2,130	2,531	2,502	2,079
Leases and PFI Schemes	534	479	558	616	628
Mersey Gateway unitary charge	6,310	6,518	6,766	7,325	8,511
Net financing need for the year	**9,221**	**9,127**	**9,855**	**10,443**	**11,218**

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 2020/21 and how this is expected to change in 2021/22 and over the following three years.

Table 3 – Capital Financing Requirement

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Financing Requirement	**613,236**	**610,824**	**607,133**	**606,940**	**606,753**
Movement in CFR due to:					
Net financing need for the year	7,311	5,947	18,397	10,807	2,747
PFI / Finance Leases	-	-	-	-	-
Use of Reserves to reduce MRP liability	(502)	(511)	(8,735)	(551)	(564)
Less Minimum Revenue Provision	(9,221)	(9,127)	(9,855)	(10,443)	(11,218)
Increase / (Decrease) in CFR	**(2,412)**	**(3,691)**	**(193)**	**(187)**	**(9,035)**

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

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Capital Receipts - 1st April	**(5,639)**	**(2,082)**	**(1,476)**	**(3,452)**	**(6,883)**
Asset Sales	(1,399)	(1,982)	(13,942)	(6,037)	(3,626)
Use of Capital Receipts					
- New Capital Expenditure	4,456	2,077	3,232	2,069	3,069
- Repayment of debt	500	511	8,734	537	551
Capital Receipts - 31st March	**(2,082)**	**(1,476)**	**(3,452)**	**(6,883)**	**(6,889)**

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 15 years' experience in local government finance and treasury management.
- The Council ensures all staff receive appropriate training for their roles including formal training and courses to support their development.
- The Council currently employs Link Asset Services to provide treasury management services in order to access specialist skills, advice and resources

APPENDIX 1

CAPITAL GUIDANCE

1. Background & Purpose

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

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

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

2. Introduction

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

3. Capital Definition

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

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

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

4. What Constitutes Capital Expenditure?

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

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

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

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

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

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

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

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

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

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

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

5. The Council’s Capital Programme

Scheme Approval

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

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

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

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

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

Variations to the Capital Programme

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

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

Year-end Carry Forward / Slippage

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

6. Funding the Capital Programme

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

Capital Receipts

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

Capital Grants

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

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

Prudential Borrowing

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

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

Revenue Contributions

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

External Contributions and Reimbursements

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

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

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

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

7. Capital Expenditure Controls

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

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

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

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

8. Capital Monitoring and Reporting Requirements

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

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

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

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

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

9. Accounting for Capital Expenditure

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

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

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

APPENDIX 2

Capital Project Financial Assessment Form

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

Notes for completion of form

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

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
PORTFOLIO:	Corporate Services
SUBJECT:	Calendar of Meetings – 2022/23
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2022/23 Municipal Year attached at Appendix 1 (NB 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 2022/23 Municipal Year.

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 required 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.

2022/2023 Year Planner

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

	MAY 2022	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2023	FEB	MARCH	APR	MAY
M	2 Early May Bank Holiday			1 Dev Manage Com		3			2 New Year Bank Holiday			3 Dev Manage Com	1 Early Spring Bank Holiday
T	3			2		4	1 Corporate PPB		3			4	2
W	4	1		3		5	2		4	1	1 Regulatory	5	3
T	5 Local Elections	2 Bank Holiday		4	1	6	3	1	5	2	2	6	4 Local Elections
F	6	3 Bank Holiday	1	5	2	7	4	2	6	3	3	7 Good Friday	5
S	7	4	2	6	3	8	5	3	7	4	4	8	6
S	8	5	3	7	4	9	6	4	8	5	5	9	7
M	9 Dev Manage Com	6 Dev Manage Com	4 Dev Manage Com	8	5 Dev Manage Com	10 Dev Manage Com	7 Dev Manage Comm	5	9 Dev Manage Com	6 Dev Manage Com	6	10 Easter Monday	8 Dev Manage Com (prov)
T	10	7 Corporate PPB	5 SEMINAR	9 SEMINAR	6 Corporate PPB	11 SEMINAR	8 Safer PPB	6 Dev Manage Com	10	7 Safer PPB	7 Dev Manage Com	11	9
W	11	8	6 HWB Board A&G Board	10	7 SEMINAR	12 HWB Board Regulatory	9	7 COUNCIL	11 Regulatory	8 Mayoral Com	8 COUNCIL	12	10
T	12	9	7	11	8	13	10	8 Executive Board	12	9	9	13	11
F	13	10	8	12	9	14	11	9	13	10	10	14	12
S	14	11	9	13	10	15	12	10	14	11	11	15	13
S	15	12	10	14	11	16	13	11	15	12	12	16	14
M	16	13 CYP&F PPB	11	15	12CYP&FPPB	17	14 CYP&F PPB	12	16	13	13 SEMINAR	17	15
T	17 Exec Board Select Com	14	12	16	13 Safer PPB	18	15	13	17 SEMINAR	14 Health PPB	14	18	16 Exec Board Select Com (prov)
W	18	15 Schools Forum	13 COUNCIL	17	14	19 Schools Forum COUNCIL	16 Environment PPB	14	18 HWB Board Schools Forum	15 Environment PPB - Schools Forum	15	19	17
T	19	16 Executive Board	14 Executive Board	18	15 Executive Board	20 Executive Board	17 Executive Board	15	19 Executive Board	16 Executive Board	16 Executive Board	20 Executive Board	18
F	20 Annual Council	17	15	19	16	21	18	16	20	17	17	21	19 ANNUAL COUNCIL (prov)
S	21	18	16	20	17	22	19	17	21	18	18	22	20
S	22	19	17	21	18	23	20	18	22	19	19	23	21
M	23	20 ELS&C PPB	18	22	19 ELS&C PPB	24	21 ELS&C PPB	19	23 CYP&F PPB	20	20	24	22
T	24	21 Safer PPB	19	23	20	25	22	20	24 Corporate PPB	21	21	25	23
W	25	22 Environment PPB	20	24	21 Environment PPB	26	23 A&G Board	21	25	22	22 HWB Board A&G Board	26	24
T	26	23	21	25	22	27	24	22	26	23	23	27	25
F	27	24	22	26	23	28	25	23	27	24	24	28	26
S	28	25	23	27	24	29	26	24	28	25	25	29	27
S	29	26	24	28	25	30	27	25 Xmas Day	29	26	26	30	28
M	30	27	25	29 Summer Bank Holiday	26	31	28	26 Box Day	30 ELS&C PPB	27	27		29Spring Bank Holiday
T	31	28 Health PPB	26	30	27 Health PPB		29 Health PPB	27 Bank Holiday	31	28	28		30
W		29 Regulatory	27	31	28 A&G Board		30 Regulatory	28 Bank Holiday			29		31
T		30	28		29			29			30		1
F			29		30			30			31		2
S			30		1			31			1		
S			31		2			1			2		

REPORT TO: Executive Board

DATE: 17th February 2022

REPORTING OFFICER: Strategic Director, People

PORTFOLIO: Adult Social Care

SUBJECT: Halton Support at Home Service

WARD(S): Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 To seek a waiver in compliance with Procurement Standing Order 1.14.4 iv of Part 3 of the Procurement Standing Orders, for the granting of a direct award for the delivery of the Halton Support at Home Service to be delivered by the British Red Cross from 1st April 2022 to 31st March 2025.

2.0 **RECOMMENDATION:**

That Executive Board

(i) Note the contents of the report; and

(ii) In compliance with Procurement Standing Order 1.14.4 iv, Executive Board agree to the waiver of Part 3 of the Procurement Standing Orders and approve a direct award to British Red Cross for the provision of a Halton Support at Home Service.

3.0 **SUPPORTING INFORMATION**

3.1 The British Red Cross are currently commissioned, until 31st March 2022, to provide a Support at Home Service which supports people for a short period of time during the difficult transition from hospital to home as well as support in the community to prevent hospital admission.

The service is an important part of the discharge management process, helping to alleviate the pressure on hospital beds as well as offering practical support and emotional support to people when they are at their most vulnerable.

The Service is also available to people in the community to provide short term support in response to increased need to avoid hospital admission.

3.2 Below is a list of services, activities or interventions, subject to a needs assessment, which may be provided to individuals whilst on the service:-

- Shopping/Escorted Shopping

- Emotional Wellbeing
- Preparing Home for Discharge and ongoing Support
- Supported appointments
- Providing Companionship/Confidence Building
- Assistance with Paperwork
- Safe and Well checks
- Signposting and Guidance
- Telephone Support /Check and Chat
- Assistance with Meals/Drinks
- Case Liaison
- Assisting with Mobility

NB. The British Red Cross do not provide personal care.

Referrals can be received from a variety of sources including from local acute hospital trusts, community health services, adult social care or self-referral.

3.3 To ensure that the service delivered is of the necessary quality, we have robust contract management arrangements in place, which consists of the quarterly provision of both quantative and qualitative information, regular reporting through to Halton Borough Council's Adult Social Services Senior Management Team and half yearly monitoring meetings with the provider.

3.4 A waiver in compliance of Standing Order 1.14.4 iv part 3 is sought to award the British Red Cross a contract for a three year period from 1st April 2022 to 31st March 2025.

4.0 POLICY IMPLICATIONS

4.1 Continuing this service supports the Council in its development of out of hospital services with NHS Halton Clinical Commissioning Group (CCG) and in respect to the One Halton placed based approach.

4.2 Retendering this contract could result in the Council foregoing a clear benefit in developing out of hospital services with NHS Halton CCG and may result in the Council awarding the contract to another provider which would result in a risk to continuity of care and support to a vulnerable client group.

It is preferred to remain with the existing provider to continue to achieve positive outcomes for the existing client base, and new clients, through well established relationships that they have with health, social care and the local voluntary and community sector.

The service staff have a sound local knowledge of the population, geography and voluntary and community sectors in Halton and have used this to help people achieve personalised outcomes.

5.0 FINANCIAL IMPLICATIONS

5.1 Waiver in compliance with Procurement Standing Order 1.14.4 iv, of Part 3 of Procurement Standing Orders Non-Emergency Procedures (exceeding a value threshold of £100,000) on the basis that a full tender process would result in the Council having to forego a clear financial or commercial benefit (1.14.4 iv).

5.2 The provider is a specialist provider in delivery of this type of service and awarding a contract to the existing provider would support continuity of care for a vulnerable client cohort.

5.3 The waiver would be effective for the period 1st April 2022 – 31st March 2025.

5.4 The total financial cost to the pooled budget is £70,673 per annum; total contract value over the three year term is £212,019.

The cost of this contract will be wholly met within existing Better Care Fund (pooled) budget allocations.

5.5 Performance data gathered across 2020/21 and 2021/22, allows us to project that a total of 265 people will be supported during each financial year of the contract.

Based on the annual cost of the contract, this would mean the cost per Service User supported would be £266.69.

The Support at Home Service is available to those in the community for up to 6 weeks. On average a service user could receive 3 hours of support per week for a total of 6 weeks; 18 hours of support in total, equating to an hourly rate of £14.82.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

None identified.

6.2 Employment, Learning & Skills in Halton

None identified.

6.3 A Healthy Halton

This service makes an important contribution to the health and social care system in Halton.

6.4 A Safer Halton

None identified.

6.5 Halton's Urban Renewal

None identified.

7.0 RISK ANALYSIS

7.1 Financial risk will be minimised by delivering the service within existing Better Care Fund budget arrangements.

7.2 The contract will comply with the Council's Standing Orders in relation to procurement and will be monitored in line with the Council's Quality Assurance framework to ensure contractual requirements are met with regard to quality, performance and outcomes.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The support provider will be required to demonstrate they embrace and comply with the Equality Act.

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

None.

 Agenda Item 5a

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
PORTFOLIO:	Environment and Urban Renewal; Health and Wellbeing; Climate Change
SUBJECT:	Decarbonising Existing Homes in Halton
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set out the approach for the local delivery of a number of UK government funding and finance initiatives to improve the energy efficiency and performance of existing residential properties. Based on the evidence of the scale of the challenge and opportunity in Halton, a strategic approach is required to guide the implementation of the programme. This will be achieved through partnership working and would prioritise the least energy efficient homes and those households experiencing or at risk of fuel poverty.

2.0 RECOMMENDATION: It is recommended that Executive Board:

I. **Recognises the progress being made to support the decarbonisation of homes in Halton;**

II. **Approves the strategic approach to delivery of decarbonising homes in Halton, as outline in para 3.26, to guide Council activity;**

III. **Provides delegated authority to the Strategic Director – Enterprise, Community & Resources, in consultation with the Portfolio Holder for Climate Change, to enter the Council into collaboration agreements with the Liverpool City Region Combined Authority to deliver housing energy retrofit grant schemes;**

IV. **Provides delegated authority to the Director of Public Health, in consultation with the Portfolio Holder for Health and Wellbeing and Portfolio Holder for Climate Change, to approve future revisions to ECO Flex criteria for Halton;**

V. **The Energy Projects Plus are engaged via the existing Service Level Agreement to provide ongoing advice and support to the Council to target delivery of energy retrofit grant schemes and subject to future review; and**

VI. **Future targets and monitoring in relation to decarbonising existing homes forms part of the Halton Climate Change Action Plan and Borough wide Carbon Reduction Strategy.**

3.0 **SUPPORTING INFORMATION**

UK Government Policy and Funding

3.1 The Dept. of Business, Energy & Industrial Strategy (BEIS) calculated that heating and energy use within homes accounted for approximately 15% of carbon emission within the UK in 2019.

3.2 In publishing its 'Ten Point Plan for a Green Industrial Revolution' in November 2020, the UK Government recognised new funding and finance initiatives were needed to kickstart the greening of existing homes. This would help accelerate the path to net zero carbon emissions and support new green job. The Ten Point Plan aims to improve the energy efficiency of around 2.8 million UK homes.

3.3 To achieve this target, and in quick succession, BEIS have over the last 12 – 18 months announced a number of funding initiatives to reduce the carbon emission of homes. Funding schemes include:

- <u>Green Homes Grant Local Authority Delivery (LAD)</u>
  LAD replaces the previous Green Homes Grant 'voucher' scheme. It provides a grant of up to £10,000.00 for homes owners with a household income of less than £30,000.00 and living in an energy inefficient home. Renters can apply for a maximum of £5,000.00 with Social and Private Landlords required to provide match funding of at least £2,500.

- <u>Home Upgrade Grant (HUG) and Sustainable Warmth Fund</u>
  Essentially a continuation of LAD with similar eligibility criteria. It has a focus on private home owners and private landlords; and portion of funding ring-fenced to properties which are not connected to the gas network;

- <u>Social Housing Decarbonisation Fund (SHDF)</u>
  Launched in August 2021, the SHDF is focussed on upgrading the energy performance of social rented housing stock in England.

- <u>Energy Company Obligation (ECO)</u>
  A requirement on energy suppliers to promote and fund measures which improves the ability low income and vulnerable households to heat their homes (discussed in detail below)

- <u>Clean Heat Grant (CHG)</u>
  Anticipated to launch in April 2022 and full details have not yet been published. Part of the UK Heat and buildings Strategy. The

CHG is proposed to support households to upgrade / replace existing heating system with more energy efficient technologies, such as ground source heat pumps and biomass boilers. The grant will likely be via a ‘voucher’ to the home owner which will be paid direct to installer.

Halton and Liverpool City-Region Perspective

3.4 At its meeting held in December 2021, Executive Board approved the objective of the Council reaching carbon neutral status by 2040 with delivery through an action plan. Alongside this a broader Borough-wide carbon reduction strategy would be produced to support our community to achieve net zero. Improving the energy efficiency of the around 58,000 homes in Halton will likely be area of focus for the strategy.

3.5 In January 2022, The Liverpool City Region Combined Authority (LCR-CA) approved a ‘Pathway to Net Zero Carbon’ document. This sets out how partners across the City Region can work collectively to reach net zero carbon by 2040. The document identifies that the overall investment within the City Region required to achieve net zero in homes is £12 Billion; with 61% of homes in EPC (Energy Performance Certificate) band D and below and requiring energy improvement measures.

3.6 Being a shared priority, the Council and LCR-CA have collaborated on a number of bids to BEIS for funding. A summary of funding secured and bid for in Halton is set out below:

- £1.04 Million Green Homes Grant secured to improve at least 129 homes. Delivery commenced in October 2021 with completion by June 2022;
- £4.65 Million Sustainable Warmth Fund secured to improve at least 442 homes. Delivery to commence in 2022/2023;
- £1.47 Million Social Housing Decarbonisation Fund (wave 1), bid to improve 147 homes. Funding decision expected in February 2022 for delivery in 2022/2023.

3.7 These funds demonstrate an acceleration in UK Government strategy, with a stronger implementation role for local and devolved authorities within England. Following the publication in October 2021 of the UK Heat and Buildings Strategy, further funding initiatives are likely to be announced over the next 12 months.

3.8 Collaboration with LCR-CA has proved a highly efficient and effective means for Halton to access UK Government funding programmes with complex bidding, grant funding agreements, procurement compliance and associated reporting requirements. It has also enabled the Council to take a more strategic role to secure and guide funding investment within the Borough and bring in local partners such as social housing providers.

Energy Company Obligation

3.9 In addition to the above initiatives, the Energy Company Obligation (ECO) funding, first launched in 2013 continues to operate. Administered by the Office of Gas and Electricity Markets (OFGEM) it places a requirement on energy suppliers to promote and fund measures which improves the ability low income and vulnerable households to heat their homes. ECO funding can be accessed directly by qualifying households via approved installers and the Council has the option to work directly with an energy provider to deliver improvements.

In September 2017, Executive Board approved the use of its local authority flexibility (or ECO Flex) to define local eligibility requirements for ECO funding. ECO Flex also forms part of the Council's Affordable Warmth Strategy and is presently administered by Public Health. In agreement with the LCR-CA, ECO Flex also provides the basis for widening Halton household eligibility for Green Homes Grant funding. This ensures that the most vulnerable households to rises in heating and energy costs, can access grant funding.

3.10 The local ECO eligibility requirements will need to be renewed with the launch of the next round of ECO (ECO4) is due in April 2022 and running until 2026. It is anticipated that the eligibility criteria will be prepared jointly with other City Region local authorities. This is an opportunity for the Council to widen access to funding to the most vulnerable households, target areas with the most energy efficient homes and further simplify ECO Flex eligibility. To enable timely adoption of new ECO Flex it is recommended that delegated authority is given to approve future revisions for ECO4.

The Challenge and Opportunity in Halton

3.11 To help understand the scale of the challenge and opportunity a desk top study was commissioned into the energy performance of homes within the borough. This analysed Energy Performance Certificate (EPCs) data. EPCs are an indication of how energy efficient a building is - with a rating from A (very efficient) to G (inefficient). They are required whenever a property is built, sold or rented.

3.12 The headline findings of this study being of the 57,731 homes in Halton, 36,576 (63%) have an EPC rating of D or below. This is broken down further in the table below:

Housing Tenure	Number of properties D	Number of properties E	Number of properties F	Number of properties G	Total (D or below)
Owner Occupiers	8,460	2,433	251	39	11,183

Social Rented	3,150	286	26	2	3,464
Private Rented	1,819	501	34	6	2,360
Unknown Tenure	15,399	3,776	353	41	19,569
Total	28,828	6,996	664	88	**36,576**

Liverpool City Region Housing Stock Energy Performance Analysis, Halton Extract, Parity Projects, 2021

3.13 Whilst headline data, the scale of the challenge to bring over 36,576 homes to an EPC rating of at least C is significant and will take many years if not decades to achieve. A focus on the 7,748 in EPC Rating E – G would help target the most energy inefficient homes, being harder and more expensive to keep warm.

3.14 Spatially there is concentration of homes with an EPC rating of D or below in the following Wards: Daresbury, Moore and Sandymoor; Ditton, Hale Village and Halebank; Beechwood and Heath; Bankfield; and Mersey and Weston. This is summarised on the map at Appendix A.

3.15 The breakdown in the above table also illustrates that the challenge will be to address different tenures and the need to work across tenures at the neighbourhood level.

3.16 Another important factor for targeting interventions is identifying households that are or may be risk of experiencing fuel poverty. Analysis by the British Research Establishment estimates around 38% of all homes in Halton are occupied by low income households. Given widely anticipated rises in energy costs this year, targeting grant funding to these homes ensures support is provided to those who will benefit the most.

3.17 Spatially concentrations of low income households (in private sector homes) are clustered in certain areas of the borough – mainly to the south east of Runcorn. The highest levels overall are found in the following Wards: Central & West Bank, Halton Lea and Halton Castle. There are also high concentrations in Norton North Ward and Hough Green Ward. This is summarised on the map at Appendix B.

3.18 The above data helps targeting and prioritising of funding and resources to those homes and households that would benefit the most from energy efficiency improvements. It provides a useful basis to shape delivery of initiatives locally.

3.19 Further research and intelligence will be undertaken to help shape delivery to target neighbourhoods, streets and individual properties.

Delivery in Halton

3.20 Prior to recent collaboration on the Green Homes Grant and Social Housing Decarbonisation fund, over the last 5 – 10 years the Council has supported delivery of a number of home energy efficiency improvement projects within the Borough. These include:

- £2.80 Million improvements to 330 mixed tenure homes on Castlefields. Included provision of external wall insulation and was delivered in partnership with Onward Housing and Plus Dane;
- £3.8 Million improvements to 580 homes mixed tenure homes on Halton Brook. Delivered by Riverside Housing with Council support.

3.21 Within these projects, it should be noted that the Council has never individually implemented a scheme, but instead has worked in partnership, providing strategic leadership to shape proposals, such as brokering mixed tenure interventions and blending grant funding streams. With design, specification, procurement and management of physical delivery of improvement measures led by partners and their contractors.

3.22 To date, registered social housing providers have been a particularly strong partner, with the in-house skills and capacity to oversee delivery of works at the neighbourhood level. Schemes delivered have also supported broader regeneration, housing and neighbourhood renewal prioritises of the Council.

3.23 Two external non-profit organisations currently offer free and impartial advice to households in Halton on reducing energy bills and staying warm at home. These are the Save Energy Advice Line, run by Merseyside and Cheshire based environmental and fuel poverty non-profit organisation Energy Projects Plus (EPP); and, Cheshire Green Doctor Service, provided by Groundwork Cheshire. Access to both these services are promoted by the Council.

3.24 Support provided to residents includes: accessing financial assistance to meet energy costs (such as the national warm home discount scheme); help with changing energy providers and collective switching; and, grants for home energy improvements, ranging from smaller charitable foundations to replace white goods to national schemes such as ECO and (more recently) promoting the Green Homes Grant. The Citizens Advice Bureau also continues to offer advice for people who may feel the effects of raising energy bills.

3.25 The Council recently entered into a more formal Service Level Agreement with EPP to support delivery of energy saving and affordable warmth advice to households in Halton, including supporting households to access energy retrofit grants. This recognises likely increases in need for support to help insulate Halton households, and particularly our most vulnerable residents, against any future rise in energy and heating costs. This approach is in line with the Borough's Affordable Warmth Strategy.

Strategic Approach to Delivery

3.26 Taking into account headline data analysis and the Councils involvement in past and present projects, the strategic framework for delivery of decarbonising existing homes in Halton is set out below:

Halton Borough Council will work collectively with partners locally and across the City-Region to secure investment in local housing stock to reduce carbon emissions. Projects will:

a) Be data driven, to support a just and equitable transition to Net Zero by prioritising the most energy inefficient homes and those households experiencing or at risk of fuel poverty;
b) Support a street and neighbourhood approach, with implementation across different housing tenures, aligned with broader regeneration and housing renewal strategies;
c) Secure blending of funding streams to maximise the range of energy performance measures able to be installed and maximise the number of households involved;
d) Seek a fabric first and deep retrofit approach, utilising proven technologies and provide support and aftercare to help protect residents interests and secure long term benefits;
e) Recognise the resources, skills and expertise of partners to provide effective delivery; complemented by local leadership, knowledge and community trust provided by the Council; and
f) Bring local green jobs and business growth, including promoting supply chain opportunities and social value with a focus on developing apprenticeships, skills and training opportunities.

3.27 The Council are in a good position for future delivery. Recognising their effectiveness, skills and capacity, the LCR-CA remain the lead partner for appropriate UK Government funded programmes. Working with social housing providers, the Council has long-standing and established partnerships, and since early 2021 has held a monthly meeting to plan and coordinate retrofit housing energy improvement projects within the Borough. There is a collective recognition of the benefits that schemes delivered by social housing providers are (were possible) implemented at the neighbourhood level and embrace private owners.

3.28 Headline data analysis identified the challenge of intervention within private housing stock and neighbourhoods with no social housing provider present. Whilst the ‘turnkey’ solution being used to deliver the Green Homes Grant is an efficient means to enable Halton residents to access grants at the local level. This pepper potting of funding and improvements throughout the Borough, does miss the opportunity for the added benefits and impact that come from a more planned and targeted intervention at the street and neighbourhood level. Particularly where this incorporates the aesthetics improvements from external wall insulation.

3.29 The Sustainable Warmth Fund (or other future funding stream) presents the opportunity to deliver an initial trail ‘Eco Street’ scale intervention targeted at 50 – 80 homes in private ownership. Whilst a formal collaboration agreement is required, initial discussions with the LCR-CA have been positive to this approach in Halton. The LCR-CA are receptive to use of the established procurement system for housing retrofit in the North West and themselves retaining the overall management and monitoring of contract delivery. This also presents the opportunity to procure a partner, who alongside delivery of improvement measures, can bring additional investment through ECO funding. Subject to evaluation, this could form an additional model for delivery in the Borough alongside a continued turnkey offer and working with social housing providers.

3.30 To ensure Council delivery is driven by data, a better understanding of the properties and residents (households) to targets is required. Rather than commission snap shot studies and data analysis, it is recommended that a local partner with appropriate expertise and understanding of the issues – both carbon reduction and fuel poverty - is brought in to provide ongoing advice and support to the Council. It is recommended that the existing SLA with EPP will be used to provide this support.

3.31 Investment in home energy retrofits projects in Halton (and indeed across the Country) present a significant economic and business growth opportunity. To maximise local opportunities from green growth, the Business Support Team has already begun discussions with a number of sector businesses to help them to have the right networks, skills and accreditations (such as PAS2035 and TrustMark) to secure contracts for housing retrofit works and supply chain opportunities; and are talking to training providers to develop Halton's workforce with the skills and knowledge in green technologies to deliver Net Zero.

3.32 In recognition of the likely acceleration in pace to Net Zero and associated economic opportunities, the Council will work with partners including Halton Chamber and Riverside College to explore establishing a Green Growth Business Alliance.

4.0 POLICY IMPLICATIONS

4.1 Delivery of de-carbonising homes through retrofitting housing energy conservation and performance measures has strong linkages with strategic borough priorities to help to build a better future for Halton. Specifically the strategic approach set out in this report will contribute to achieving the Council's climate change commitments. It also supports and aligns with the Affordable Warmth Strategy, and regeneration and housing renewal priorities.

4.2 There may be occasions, such as in respect of listed buildings and within conservation areas, were measures such as external wall insulation, may not be appropriate and will need to be informed by planning policy.

4.3 As decarbonising homes will form an integral part of borough's long term journey to Net Zero. It is recommended that the Climate Change Action Plan and Borough wide strategy presents an appropriate route for ongoing monitoring and measuring impact of delivery. It will also form part of the Council's annual Housing Energy Conservation Act 1995 (HECA) reports to BEIS to demonstrate our progress to improve the energy efficiency of local homes.

4.4 Through the Council's Homes Assistance Policy, there is the potential to provide a mechanism to provide additional financial assistance to private home owners for home energy performance and improvement measures. Financial assistance would be via a loan with a land charge placed on the property in order to reclaim the loan when the property is disposed of. This could be an option were costs of measures exceed the grant funding levels. Any changes to Home Assistance Policy requires further considerations, including any financial implications. If appropriate, any revised Policy will be brought to Executive Board for agreement.

4.5 Headline data indicates that approximately 2,360 houses within the private rental sector within Halton are within EPC D – G. The UK Government Domestic Minimum Energy Efficiency Standard (MEES) Regulations set a minimum energy efficiency level for domestic private rented properties of EPC rating of E. Through the Council's Landlord Accreditation Scheme and duties under environmental enforcement services the Council seek compliance with MEES and encourage improvements to energy efficiency and warmth. It should be noted that within the Green Home Grant funding for private landlord is at a reduced rate.

4.6 This report deals with improving the energy performance of existing homes in Halton. The Council are also committed and developing a strategy to improve the energy efficiency of new build housing. This will outline opportunities to accelerate delivery of Net Zero homes within the Borough ahead of UK Government targets and introduction of new Future Homes Standards.

5.0 FINANCIAL IMPLICATIONS

5.1 Future funding is not guaranteed. Pace and quantity of delivery will be dictated by: demonstrating successful delivery to BEIS; continued access to funding opportunities; and, capacity of Council and partners to manage delivery.

5.2 The SLA with EEP provides additional support for the Council on an ongoing basis. It does not commit the Council to any expenditure, instead providing a framework for cost recovering by EPP (as a not-for-profit organisation), on a project by project basis. Discussions to date with the LCR-CA have been positive in respect of proportionate cost recovery by the Council as part of future project delivery. This aligns with the LCR-CA recovering the costs of their role through incorporating administration fees within bids to BEIS.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**

Fuel poverty and living in a cold home can affect normal development and also lead to poor emotional and mental well-being. A warm and comfortable home can help improve educational achievements for children and young people, helping improve life chances.

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

Securing local growth, training and apprenticeship opportunities form an integral part of the approach to delivering housing retrofit schemes.

6.3 **A Healthy Halton**

A warm home can help improve general health and wellbeing and specifically help those with a vulnerability to the cold such as people with cardiovascular and respiratory conditions.

6.4 **A Safer Halton**

Improving energy efficiency of homes help improve overall health, well-being and financial resilience of households and promote more positive lifestyles.

6.5 **Halton’s Urban Renewal**

The scheme will contribute to a reduction in carbon emissions and support the transition to Net Zero. Delivery will help achieve broader regeneration and housing renewal strategies of the Council.

7.0 RISK ANALYSIS

Risk assessment and mitigation forms an integral part of LCR-CA Green Home Grant project management and compliance processes. This includes contract delivery being to PAS2035 and TrustMark standards. Together these provide a quality assurance framework for retrofit project delivery and customer satisfaction to ensure energy conservation and efficiency improvement measure are high quality, safe and fit for the future. This approach helps protect the Council reputation from involvement within projects. As a multi-organisation project, personal data sharing and data protection measures have been put in place.

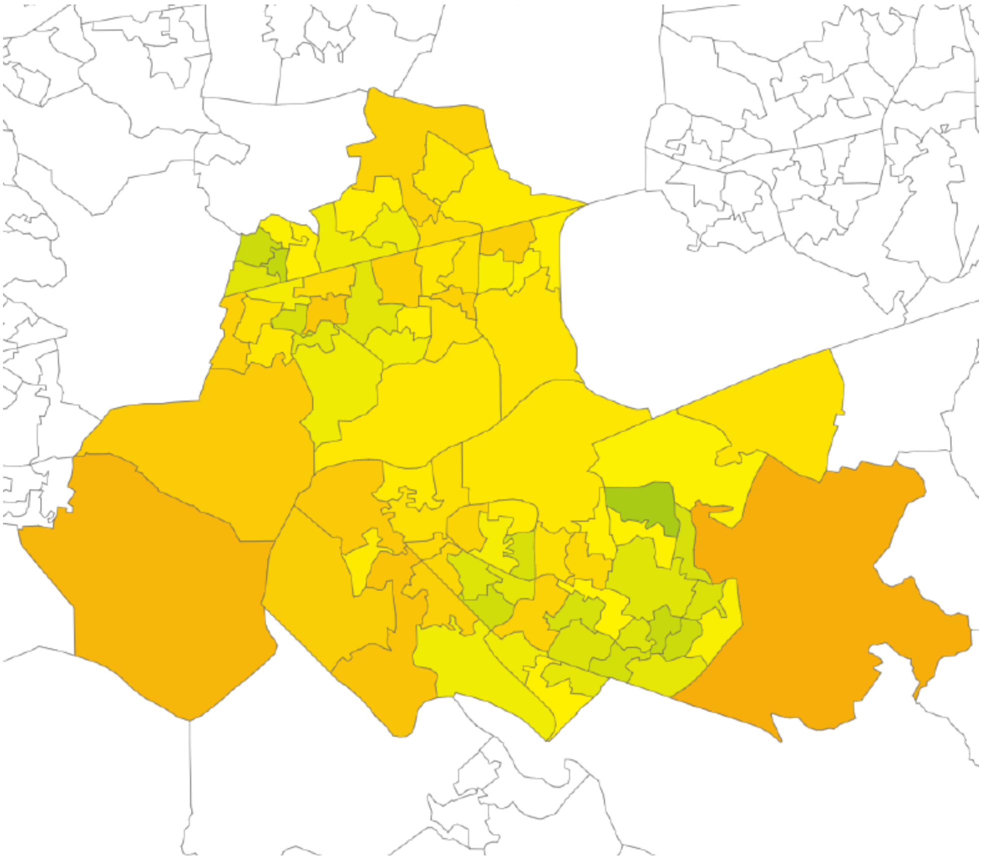
8.0 EQUALITY AND DIVERSITY ISSUES

The strategic approach seeks an equitable and just delivery of housing energy retrofit works within Halton. Equality and diversity monitoring has been integrated within Green Homes Grant project delivery to help evaluate whether project delivery is representative of the community and help inform how this can be improved in any future projects.

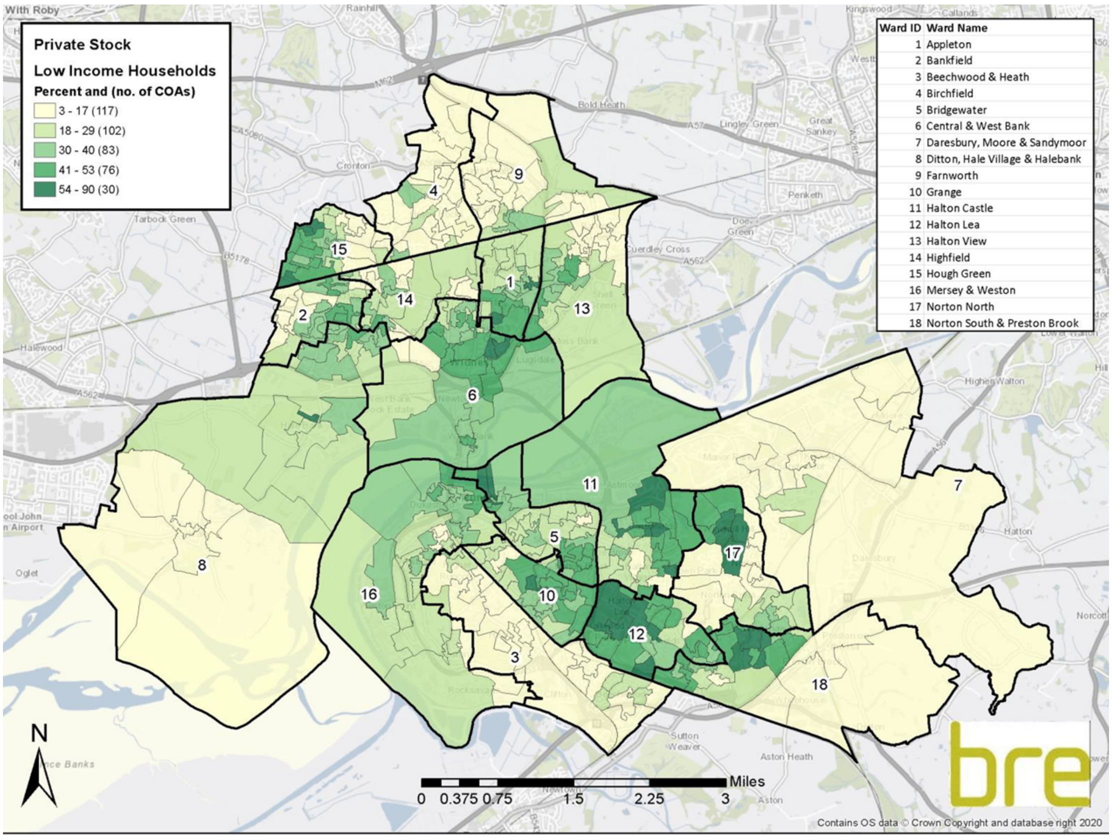
9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Halton Borough Council Affordable Warmth Strategy	Council Website	Sarah Johnson-Griffiths, Public Health
ECO Flexible Eligibility: Liverpool City Region Joint Statement of Intent	Council Website	Sarah Johnson-Griffiths, Public Health
Liverpool City Region Housing Stock Energy Performance Analysis, Halton Extract, Parity Projects, 2021	Regeneration Team, Municipal Building	Sally McDonald, Regeneration
Halton Integrated Dwelling Level Housing Stock Modelling and Database, BRE, April 2021	Regeneration Team, Municipal Building	Sally McDonald, Regeneration

Appendix A: Average EPC Rating by Lower Super Output Area, Parity Projects Report, 2021.



Appendix B: Percentage of private sector dwellings in Halton occupied by low income households



 Agenda Item 6a

REPORT TO:	Executive Board
DATE:	17 February 2022
REPORTING OFFICER:	Strategic Director – Enterprise, Community & Resources
PORTFOLIO:	Environment and Urban Renewal
SUBJECT:	Preliminary Estimates for Street Lighting Energy Procurement
WARDS:	Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 To seek approval for the Council to utilise Dukefield Energy (formerly Utilities Procurement Group UPG), as specialist Energy advisor for the Council's un-metered electricity supply contract for street lighting, Utilising the 'National Public Sector Energy Framework' in accordance with Procurement Standing Order 1.4.1 and to record that the anticipated expenditure is likely to be over £1.0M per annum.

2.0 RECOMMENDATION: That

2.1 The Board endorse the use of the use of the 'National Public Sector Energy Framework' for the purchase of un-metered energy in compliance with Procurement Standing Order 1.4.1;

2.2 It be recorded that the expenditure is anticipated to be in excess of £1.0M per annum; and

2.3 2.3 That Dukefield Energy continue to be used to manage our street lighting energy provision.

3.0 SUPPORTING INFORMATION

3.1 Since October 2001, the Council's un-metered electricity (energy for street lighting and other highway electrical equipment) has been procured through Dukefield Energy formerly known as UPG (Utilities Procurement Group) who are an energy procurement specialist to the public sector. Prior to using Dukefield, un-metered electricity was purchased from Scottish Power using a former Cheshire County Council contract, which was negotiated with a sole supplier, as was the procedure prior to the market being opened up to competition. When Dukefield commenced our energy procurement, they included us in a tender with other local authorities and tenders were received from six companies; this has happened each time the supplier has changed. Dukefield use their knowledge of the market to determine the best time to seek tenders, as the energy market is very volatile and rates change due to worldwide events such as turmoil in the Middle East plus economic data in the UK. The first contract through Dukefield commenced in April 2002 and initially was awarded to Eon (previously Powergen), and then has been was awarded to the following companies:

- Eon (previously Powergen) – April 2002 until 31 March 2007
- Scottish and Southern Energy - April 2007 until 31 March 2011
- Haven Power – April 2011until 31 March 2015
- British Gas – April 2015 until 31March 2017
- SSE Energy – April 2017 until present

3.2 The current contract with SSE Energy expires on 31st March 2022; therefore, we will be looking for Dukefield to invite Tenders on our behalf for supply of energy from April 2022 onwards for a period of between 12 and 36 months as recommended.

3.3 Current rates are 17.623p/kwh for daytime equipment and 13.009p/kwh for night-time equipment (including Climate Change Levy (CCL) and Feed in Tariff (FiTs) Charge. The total Annual spend currently equates to an annual cost of around £1 Million.

3.4 A preliminary recent market enquiry with our current supplier suggest the new rates will represent an Annual increase of £370,000 to £700,000 (37-70%) on the current cost of energy supply for 2021/22 depending on the length of contract term.

3.5 If any electrical equipment is installed or removed, then the total amount payable will be adjusted accordingly. The current LED upgrade programme is reducing the energy consumption monthly as work progresses. The total amount payable is determined from an itemised listing of our equipment which is determined from our inventory and converted into the required format and submitted by Dukefield, on our behalf, to Scottish Power (the Distribution Network Operator (DNO)), who in turn issue a Certificate of monthly Consumption based on the burning hours recorded for that month. The certificate is updated every month; therefore, any equipment removed/added is included within a relatively short period of time.

3.6 The Street Lighting Energy contract needs to be accepted within a very short timescale, generally on the same day as the offer, due to the rapid changes in the prices charged for electricity, which can result in an offer being withdrawn at short notice. This was done after consultation with the Council's Finance and Internal Audit Sections who supported the Strategic Director's acceptance of it. The process has been reviewed by Internal Audit, who are satisfied that the system represents good value for money for the Council.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 OTHER IMPLICATIONS

5.1 Resource Implications
Funding for these energy costs is provided through the Street Lighting Revenue Budget.

5.2 Sustainability
The energy where possible is purchased from renewable sources and is therefore exempt from the Climate Change Levy (CCL)

5.3 Value for Money
The use of an energy procurement specialist provides good value for money as it advises on the most appropriate time to purchase electricity. Dukefield can combine tenders with other bodies that are looking to procure at similar times to offer economies of scale for the Council.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**
There are no direct implications on this priority

6.2 **Employment, Learning and Skills in Halton**
There are no direct implications on this priority

6.3 **A Healthy Halton**
There are no direct implications on this priority

6.4 **A Safer Halton**
This contract provides electricity for the operation of all highway electrical equipment, which includes Traffic Signals, street lighting and CCTV, all of which contribute to a safer / feeling of a safe environment.

6.5 **Halton's Urban Renewal**
There are no direct implications on this priority

7.0 RISK ANALYSIS

7.1 No risks anticipated with acceptance of this Procurement Strategy.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no Equality and Diversity implications arising as a result of the proposed action.

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

9.1 Report to Executive Board Sub-committee on 12 February 2009;
Report to Executive Board Sub-Committee on 10 February 2011;

Report to Executive Board on 29th March 2012;
Report to Executive Board on 28th February 2013;
Report to Executive Board on 11th July 2013;
Report to Executive Board on 26th March 2015.
Report to Executive Board on 20th April 2017.

REPORT TO:	Executive Board
DATE:	17th February 2022
REPORTING OFFICER:	Strategic Director Enterprise, Community and Resources.
PORTFOLIO:	Climate Change
SUBJECT:	Halton Smart Micro Grid
WARDS:	All

1.0 PURPOSE OF THE REPORT

To consider proposals for the development of a smart micro grid that that would seek to decarbonise the Council's building electricity, heating and transport via the culmination of several technologies.

2.0 RECOMMENDATION: That the Executive Board approve a funding allocation of £250,000 to allow a technical consultant to be appointed to support the Project, including seeking a planning permission and to develop the required documentation to allow tenders to be invited for a Design, Build and Maintenance contract.

3.0 SUPPORTING INFORMATION

3.1 The Council completed construction of a 1MW Solar Farm, connected by private wire to the DCBL Stadium, on the former St Michael's Golf Course in September 2020.

3.2 Following completion of the project further feasability work has been undertaken to see if there is scope to extend the Solar Farm and create a micro grid connecting in the Municipal Building, Lowerhoue Lane Depot and the new Leisure Centre in Moor Lane.

3.3 The project would Increasing the size of the Council's solar current PV generation portfolio by installing a combination of additional rooftop and solar farm solar PV generation schemes. This would aim to bring the total installed capacity to 5.1MW and would be achieved by extending the existing Solar Farm by 2.95MW and installing an additional 900kw of roof top solar.

3.4 The extension will be supported by a 2MW / 4MWh battery storage scheme in order to maximise the use of solar PV power overnight, support the use of heat pumps at the new Leisure Centre and provide an Electrical vehicle charging infrastructure at Lowerhouse Lane Depot to enable electrification of the fleet.

3.5 The project has previously been endorsed by the Executive Board in February 2021 (EXB 71 refers) and authority was given to proceed with a bid to the Liverpool City Region (LCR) Strategic Investment Fund (SIF). A bid was submitted in mid-2021and discussions have continued over a number of months with the LCR and this had led to endorsement of the project by their Internal Investment Panel.

4.0 LCR INTERNAL INVESTMENT PANEL OFFER

4.1 The endorsement does not constitute a formal commitment to fund the project. That said Internal Investment Panel noted the unique and ambitious nature of the project, as well as its strong strategic fit with both the SIF's investment strategy and the LCR's wider low carbon ambitions.

4.2 A key condition of the Investment Panel's decision is that the Council provide an updated cost for the project to reflect current market prices. They would expect this to be supported by 2-3 fixed price proposals from Design and Build contractors. Once the fixed price proposals are received, an updated financial model will be produced.

4.3 The LCR will commission an independent industry proven technical expert to check the reasonability of the project's current assumptions, including revenue, lifecycle, operational, renewal and maintenance assumptions, as well as cashflow projections.

5.0 BUSINESS CASE

5.1 An outline budget estimate for the scheme was initial drawn up. This estimate has utilised current industry information about solar PV development and includes pre development costs for planning, Solar Construction and installation, a budget quote from Scottish Power in relation to the connection costs and budget costing in relation to the electricity infrastructure and private wire. The total cost to construct the project would be in the region of £10.611M (net of VAT).

5.2 The current offer from the LCR is to make a contribution in the region of £2.5m with the remaining funding provided by the Council. Since the outline budget estimate was completed, we are aware that there have been significant costs pressures on supplies, which has led to increase budgets costs for many capital projects.

5.3 A projected cash flow illustration on the basis a £2.5m contribution of £2.5m indicated that the Council would break even with the Council capital and interest for the funding borrowed repaid by the revenue stream from the electricity generated. After the debt has been paid the project will generate a surplus which will just help with the Council's revenue costs over the lifetime of the project. The projected surplus is £298K over 30 years on a £106K development costs investment.

5.4 The project will fund a number of capital investments and deliver long term revenue benefits to the Council as follows:

- The project caps electricity prices to the Council at 2.5% p. a. increase for the renewable component of supply for 30 years. If market energy prices rose by 4% annually over the lifetime of the project, the net revenue benefits to the Council are in the region of £2.5m.
- A £460K contribution to the Leisure Centre heat pumps.
- The £454K funding for electric charging infrastructure at the Lowerhouse Lane depot.
- De-carbonisation benefits. The connected buildings would use 67% of the energy generated amounting to 115,190,000kwh green electricity produced over 30 years. This equates to 26,839 tonnes of carbon dioxide savings over the lifetime of the projects.

6.0 NEXT STEPS

6.1 To meet the condition set out by the LCR around fixed price proposals, this would require the Council to undertake a procurement exercise to appoint specialist consultants to support a planning application and the drafting of concept solar and engineering design work to support the development of a specification and subsequent tender process. The cost of this is estimated in the region of £250,000. The cost would be at risk if the project did not proceed.

7.0 POLICY IMPLICATIONS

7.1 Nationally the Government has set a target for the UK to reduce its Carbon Emission in the period 2028-2032 to 57pc below 1990 levels. The Council also set its own reduction targets and these are currently being met. The Council has also recently declared a Climate Emergency, which calls for the Council to produce and use more renewable energy in its buildings. This scheme will help contribute to further reductions and support the Council’s ambitions.

8.0 FINANCIAL IMPLICATIONS

8.1 The project would require approximately £7.5m of funding by the Council as match funding to any successful SIF bid. The net benefits to the Council are set out in section 5.0 above.

9.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

9.1 **Children and Young People in Halton**

None.

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

None.

9.3 **A Healthy Halton**

None.

9.4 **A Safer Halton**

None.

9.5 **Halton's Urban Renewal**

The Scheme will bring back into use a Council asset that has been unused for some years and is unsuitable for major development. It will contribute to the Council's targets to reduce carbon emissions and will demonstrate local leadership in promoting locally generated renewable energy, removing the reliance on traditional fossil based fuels.
The project will also act as a demonstrator project for the Liverpool City Region (LCR) and could provide a model to be replicated across the LCR on differing scales.

10.0 RISK ANALYSIS

10.1 A risk register for the scheme would be developed that puts in place control measures to mitigate against the main risks. The initial risk is the development costs should the project not proceed.

11.0 EQUALITY AND DIVERSITY ISSUES

None.

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

Document	Place of Inspection	Contact Officer

"None under the meaning of the Act".

Document is Restricted

Document is Restricted