HALTON BOROUGH COUNCIL

Municipal Building,
Kingsway,
Widnes.
WA8 7QF

28 February 2023

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

You are hereby summoned to attend an Ordinary Meeting of the Halton Borough Council to be held in the Council Chamber - Town Hall, Runcorn on Wednesday, 8 March 2023 commencing at 6.30 p.m. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.

S. Young

Chief Executive

-AGENDA-

Executive Board considered the attached report.

RECOMMENDED: That Council be recommended to:

1) adopt the resolution set out in Appendix A, which includes setting the budget at £140.880m, the Council Tax requirement of £60.714m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,675.29;

2) approve the capital programme set out in Appendix E;

3) approve the introduction of a Council Tax Premium of 100% to properties where there is no resident and which are substantially furnished (typically referred to as second homes) from 1 April 2024, subject to legislation being enacted; and

4) approve the Use of Capital Receipts Strategy as set out in Appendix F.

	b) Capital Strategy 2023/24 (EXB75 refers) Executive Board considered the attached report. RECOMMENDED: That Council be recommended to approve the 2023/24 Capital Strategy, as presented in the Appendix.	**27 - 42**
	c) 2022/23 Spending as at 31 December 2022 (EXB76 refers) Executive Board received a report of spending against the Council's revenue budget and capital programme as at 31 December 2022. A number of revisions to the 2022/23 capital programme were recommended for approval by Council and are outlined in the attached report. RECOMMENDED: That the revisions to the Council's 2022/23 capital programme set out in paragraph 3.2 below, be approved.	**43 - 48**
	d) Treasury Management Strategy Statement 2023/24 (EXB77 refers) Executive Board considered the attached report. RECOMMENDED: That Council be recommended to adopt the policies, strategies, statements, prudential and treasury indicators outlined in the report.	**49 - 74**
	e) Calendar of Meetings 2023-24 (EXB79 refers) Executive Board considered the attached report. RECOMMENDED: That Council approve the Calendar of Meetings for the 2023/24 Municipal Year, as appended.	**75 - 78**
10.	**MINUTES OF THE POLICY AND PERFORMANCE BOARDS AND THE AUDIT AND GOVERNANCE BOARD**	
	a) Children, Young People and Families	
	b) Employment, Learning, Skills and Community	
	c) Health	
	d) Safer	
	e) Corporate Services	
	f) Audit & Governance Board	
11.	**COMMITTEE MINUTES**	
	a) Development Management	

b) Regulatory

c) Appointments

d) Regulatory Sub-Committee

e) Taxi Licensing Sub Committee

12. RECOMMENDATION FROM MAYORAL COMMITTEE

The Mayoral Committee considered a Part II item making a recommendation on the appointment of Mayor and Deputy Mayor for the 2023/24 Municipal Year.

Council is requested to note the following recommendations, formal confirmation of which will be sought at Annual Council.

1) Councillor Valerie Hill be appointed as the Mayor; and

2) Councillor Kevan Wainwright be appointed as the Deputy Mayor.

13. APPOINTMENT OF DEPUTY ELECTORAL REGISTRATION OFFICERS **79 - 82**

REPORT TO: Executive Board

DATE: 16 February 2023

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Leader

SUBJECT: Budget 2023/24

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To recommend to Council the revenue budget, capital programme and council tax for 2023/24.

2.0 RECOMMENDATION: That Council be recommended;

(i) To adopt the resolution set out in Appendix A, which includes setting the budget at £140.880m, the Council Tax requirement of £60.714m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,675.29;

(ii) To approve the capital programme set out in Appendix E;

(iii) To approve the introduction of a Council Tax Premium of 100% to properties where there is no resident and which are substantially furnished (typically referred to as second homes) from 01 April 2024, subject to legislation being enacted;

(iv) To approve the Use of Capital Receipts Strategy as set out in Appendix F.

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

3.1 The Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 17 November 2022. In summary, funding gaps of around £21.1m in 2023/24, £1.9m in 2024/25 and £2.0m in 2025/26 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 2022/23 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 £7.1m against a net budget of £111.7m. 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 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 to help balance the overspend position. The general reserve balance is currently £5.1m, equivalent to approximately 4.6% of the net budget for 2022/23, this is considered to be a minimum level at which the general reserve balance should be held.

2023/24 Revenue Budget

3.7 The proposed revenue budget totals £140.880m. The departmental analysis of the budget is shown in Appendix B and the major reasons for change from the current budget are shown in Appendix C.

3.8 A total of £2.830m of savings were approved by the Council on 01 February 2023.

3.9 The proposed budget incorporates the grant figures announced in the Local Government Finance Settlement. It includes £0.009m for the New Homes Bonus grant, a reduction of £0.842m from 2022/23. New

Homes Bonus allocations are now received for one year only, with no legacy payments available. It is unclear whether the scheme will continue beyond 2023/24.

3.10 The budget includes Better Care Funding (BCF) of £6.982m which is unchanged from 2022/23.

3.11 Additional funding for Adult's and Children's Social Care was announced as part of the provisional settlement. It was announced that the £7.042m 2022/23 Social Care Grant will also be received in 2023/24, along with an additional allocation of £3.863m. This funding will be included in the Council budget to help to fund existing pressures within Social Care services. From 2023/24, £0.656 from the former Independent Living Fund Grant will be rolled in with the main Social Care Support Grant. £1.497m will be received in 2023/24 from the Adult Social Care Market Sustainability and Improvement Fund. £0.431m of this funding has been rolled forward from the 2022/23 Market Sustainability and Fair Cost of Care Grant, with an additional £1.066m being made available due to the delay in the introduction of Adult Social Care charging reform. This will be used to fund increases in the rates paid to providers within Adult Social Care.

3.12 Government have confirmed the continuation of the 100% Business Rates Retention pilot within the Liverpool City Region for 2023/24. 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 Local Government pay rates for 2023/24 have not yet been agreed. A 4% rise on all pay bands has been assumed in the budget for 2023/24.

3.14 Inflation of 5% has been applied to contractual (non-controllable) budgets for 2023/24. Additional inflation has been applied to social care contract costs which will increase at above normal inflation rates due to the increase of 9.7% in National Living Wage rates from April 2023. An additional £2.788m has been included in the 2023/24 budget to meet the anticipated increase in energy costs.

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 2023/24 to help manage the current departmental budget overspends, inclusive of £5.179m 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 £3.0m has been included in the contingency budget for 2023/24, to assist with funding the estimated 2022/23 budget overspend on a permanent basis.

3.17 It is proposed that £8.422m of reserves will be used to fund the 2023/24 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. The Transformation Programme approved by Council on 01 February 2023, will provide the means for identifying such savings in order to place the Council's budget on a long-term, sustainable basis.

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 2023/24 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 19 December 2022. 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 2023/24 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 beyond the end of this Parliament and will not happen before 2025/26 at the earliest.

3.22 For 2023/24, the Council's total Government Settlement Funding Allocation is £55.488m. This is made up of £52.169m Business Rates Baseline Funding and Top-Up grant of £3.319m. Excluding the rolled-in

Better Care Funding grant, the increase to the Settlement Funding Assessment from 2022/23 is 4.84%.

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 2010/11 to 2023/24, in cash terms there has been a reduction in funding for Halton of 3.1% and in real terms (ie. allowing for inflation), a cut of 28.8%.

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 £57.336m for 2023/24.

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 2023/24 the multiplier rate has been frozen at 51.2p in the pound and 49.9p in the pound for small businesses. The cost of freezing the multiplier is fully met by Central Government, through the provision of 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. A 1% precept was applied to council tax in 2022/23.

3.27 The Autumn Statement published on 17 November 2022 confirmed that a further Adult Social Care council tax precept of 2% can be applied for 2023/24.

3.28 As part of the Local Government Finance Settlement, allocation changes were made to several grant funding streams for 2023/24. Halton's Social Care Grant has been increased by £3.863m, whilst the £0.431m Market Sustainability and Fare Cost of Care Grant has been re-purposed into the Adult Social Care Market Sustainability and Improvement Grant along with an increase in allocation of £1.066m. Halton's Services Grant allocation will reduce by £1.087m in 2023/24. Some of this reduction is due to the reversal of the National Insurance increase during 2022/23, and part of this grant has been repurposed to increase funding for the Supporting Families programme. The £0.215m Lower Tier Services Grant has been removed for 2023/24. The New Homes Bonus grant scheme is continuing in 2023/24 although no legacy payments will be received going forwards. Due to a low number of new homes being completed in the Borough over the past year, Halton's New Homes Bonus grant allocation has fallen by £0.842m for 2023/24.

Budget Outlook

3.29 Indicative control totals for overall Local Government funding have been provided for 2024/25, but the distribution of that funding between different grant streams is still uncertain. It has been confirmed that major reforms to funding, which would lead to significant distributional changes between local authorities, has been postponed until after the end of this Parliament in 2024/25.

3.30 The impact of the following developments will have to be assessed when considering the 2024/25 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 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 was confirmed at the Autumn Statement in November 2022 that this review will not take place during the current parliament, although Government remains committed to the principal of updating the funding methodology for Local Government. The earliest these changes could feasibly be implemented would be the 2025/26 financial year, but a later date is more likely.

- New Homes Bonus – The scheme in its current form is being wound down, with legacy payments being removed from 2020/21 onwards. The 2023/24 allocation is for one year only and for the first time will not include any legacy payments. 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 Rates 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%. The provisional Local Government Finance Settlement stated that the 100% pilots would continue for another year but offered no certainty beyond 2023/24.

- 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 who have seen significant growth in business rates since the current baseline was set in 2013. It is not yet known if there will be a transition process put in place to protect authorities from excessive losses in funding from an increase to the baseline position. The reset was originally due to take place in 2020 but has suffered several delays and is now anticipated to take place in 2025/26.

- 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 expressed doubts that the additional funding allocated would have been insufficient to cover the costs of these new burdens and could have caused further pressures on council budgets. These changes have now been postponed until after the end of the current Parliament in 2024/25, and the funding allocated has been repurposed towards existing Adult Social Care pressures. It is unclear whether further funding will be provided once the new measures are finally introduced, or whether councils will be expected to use the grant funding already provided.

3.31 The Medium Term Financial Strategy has been updated to take into account the 2023/24 Local Government Finance Settlement and multi-year allocations and savings measures already agreed or proposed. It includes a number of assumptions for 2024/25 including:

- Settlement Funding Assessment as per 2023/24 plus 2% inflation.
- Pay, prices and income growth of 2%.
- Reversal of 2023/24 one-off saving proposals.

3.32 The resulting total funding gap over the subsequent three financial years (2024/25 to 2026/27) is forecast to be in the region of £24.095m.

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 that the general council tax referendum threshold has increased from 2% to 3% for 2023/24.

3.35 The Levelling-Up and Regeneration Bill, published on 11 May 2022 introduced legislation which will allow authorities to increase the council tax payable on a dwelling where there is no resident, and which is substantially furnished (typically referred to as second homes), by up to 100%. The determination to apply the charge must be made at least one year before the beginning of the financial year in which the charge will be applied. It is therefore proposed that the 100% premium will be introduced in Halton on 01 April 2024, subject to the relevant legislation being enacted.

3.36 The tax base (Band D equivalent) for the Borough has previously been set by Council at 36,241.

3.37 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 £1,675.29 (equivalent to £32.22 per week), in order to deliver a balanced budget for 2023/24 as required by statute. This is an increase of 4.99% (£79.62 per annum or £1.53 per week) over the current year.

Parish Precepts

3.38 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	37,000	-10,500	-22.11%	55.39	1,730.68
Daresbury	8,006	1,044	15.00%	43.04	1,718.33
Moore	6,125	55	0.91%	18.23	1,693.52
Preston Brook	32,909	13,482	69.40%	88.94	1,764.23
Halebank	39,610	150	0.38%	75.02	1,750.31
Sandymoor	42,849	1,629	3.95%	29.09	1,704.38

Average Council Tax

3.39 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 £1,679.88, an increase of £79.88 per annum.

Police Precept

3.40 The Cheshire Police and Crime Commissioner has set the precept on the Council at £9.076m, which is £250.44 for a Band D property, an increase of £15.00 or 6.37%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

3.41 The Cheshire Fire Authority has set the precept on the Council at

£3.170m, which is £87.48 for a Band D property, an increase of £5.00 or 6.06%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Liverpool City Region Mayoral Precept

3.42 The Liverpool City Region Combined Authority has set the precept on the Council at £0.689m 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

3.43 Combining all these figures will give the Total Council Tax for 2023/24 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £2.032.21, an increase of £99.62 or 5.15%. The inclusion of parish precepts means the increase in Hale is 4.16%, in Daresbury is 5.34%, in Moore is 5.11%, in Preston Brook is 6.84%, in Halebank is 4.96%, and in Sandymoor is 5.08%.

3.44 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.

3.45 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

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

	2022/23 £000	2023/24 £000	2024/25 £000
Spending			
Scheme Estimates	54,550	27,077	16,646
Slippage Between Years	-3,705	5,494	2,111
	50,845	32,571	18,757
Funding			
Borrowing and Leasing	22,865	13,576	4,544
Grants and External Funds	26,185	12,101	10,702
Direct Revenue Finance	100	0	0
Capital Receipts	5,400	1,400	1,400
Slippage Between Years	-3,705	5,494	2,111
	50,845	32,571	18,757

3.47 The committed Capital Programme is shown in Appendix E.

3.48 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

3.49 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.

3.50 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

3.51 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.

3.52 Schools Block pupil numbers in mainstream primary and secondary schools have decreased from 18,236 for 2022/23 to 18,061 for 2023/24. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2022 census.

3.53 The 2023/24 DSG settlement was announced on 16 December 2022 allocating Halton a total of £143.393m, which is broken down into £106.745m for the Schools Block, £0.738m for the Central Schools Services Block, £26.135m for the High Needs Block, and £9.775m for the Early Years Block. In addition, Halton has received £4.796m as part of the recent £2bn commitment for education from the Chancellor's 2022 Autumn Statement. The amount relating to mainstream schools and academies, which will be provided in addition to the formula funding determinations for schools, is £3.741m. The balance of £1.055m is provided to support the High Needs block.

3.54 The Minimum Funding Guarantee has been agreed by Schools Forum at plus 0.5%. This is the maximum protection allowed by the Department for Education.

3.55 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, the de-delegated funds are reduced, unless schools are asked to contribute a higher amount.

3.56 The Early Years Block indicative allocation for 2023-24 is £9.775m which is £0.498m greater than 2022-23 although this is likely to decrease in line with the current demographic trends. The 2023-24 allocation remains indicative until after the January 2023 early years headcount has been collated, validated and used by the Department for Education to inform Halton's actual Early Years Block allocation for 2023/24. The hourly rate the Council are funded at for 3 and 4 year old provision, as opposed to the hourly rate we pay providers, has increased from £5.12 for 2022/23 to £5.20 per hour for 2023/24. The hourly rate the Council are funded at for 2 year old provision has increased from £5.65 per hour to £5.71 per hour.

3.57 The High Needs Block for 2022/23 was £22.945m before recoupment by the Department for Education for commissioned places in special academies, and independent special schools. For 2023/24 the High Needs Block is £25.080m, which is an increase of £2.135m. Further conditions of grant funding in respect of High Needs have been introduced for 2023/24 which require all authorities to pass on a minimum guaranteed increase to their specialist provision settings.

3.58 The Pupil Premium Grant rates have increased by 5% to £1,455 per primary pupil and £1,035 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 £2,530 per pupil. Eligibility for the Service Children Premium will be funded at £335 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,530 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 CLIMATE CHANGE IMPLICATIONS

9.1 No impact on the environment

10.0 REASON FOR THE DECISION

10.1 To seek approval for the Council's revenue budget, capital programme and council tax for 2023/24.

11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12.0 IMPLEMENTATION DATE

12.1 08 March 2023.

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

Document	Place of Inspection	Contact Officer
Local Government Finance Report (England) 2023/24	Financial Management Halton Stadium	Steve Baker

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 08 March 2023

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2023/24 and the Capital Programme set out in Appendix E.

2. That it be noted that at the meeting on 7 December 2022 the Council agreed the following:

   (a) The Council Tax Base 2023/24 for the whole Council area is 36,241 (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	668
Daresbury	186
Moore	336
Preston Brook	370
Halebank	528
Sandymoor	1,473

   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 2023/24 (excluding Parish precepts) is £60,714,185.

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) £459,958,563 – 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) £399,077,879– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £60,880,684 – 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) £1,679.88 – being the amount at 3(c) above (item R), all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £166,499 – 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	37,000
Daresbury	8,006
Moore	6,125
Preston Brook	32,909
Halebank	39,610
Sandymoor	42,849

(f) £1,675.29 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	55.39
Daresbury	43.04
Moore	18.23
Preston Brook	88.94
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	1,153.79	1,145.55	1,129.01	1,176.15	1,166.87	1,136.25	1,116.86
B	1,346.08	1,336.48	1,317.18	1,372.18	1,361.35	1,325.63	1,303.00
C	1,538.38	1,527.40	1,505.35	1,568.20	1,555.83	1,515.00	1,489.15
D	**1,730.68**	**1,718.33**	**1,693.52**	**1,764.23**	**1,750.31**	**1,704.38**	**1,675.29**
E	2,115.28	2,100.18	2,069.86	2,156.28	2,139.27	2,083.13	2,047.58
F	2,499.87	2,482.03	2,446.20	2,548.33	2,528.23	2,461.88	2,419.86
G	2,884,.47	2,863.88	2,822.53	2,940.38	2,917.18	2,840.63	2,792.15
H	3,461.36	3,436.66	3,387.04	3,528.46	3,500.62	3,408.76	3,350.58

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 2023/24 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	166.96
B	194.79
C	222.61
D	**250.44**
E	306.09
F	361.75
G	417.40
H	500.88

6. It is further noted that for the year 2023/24 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	58.32
B	68.04
C	77.76
D	**87.48**
E	106.92
F	126.36
G	145.80
H	174.96

7. It is further noted that for the year 2023/24 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 2023/24 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	1,391.74	1,383.50	1,366.96	1,414.10	1,404.82	1,374.20	1,354.81
B	1,623.69	1,614.09	1,594.79	1,649.79	1,638.96	1,603.24	1,580.61
C	1,855.65	1,844.67	1,822.61	1.885.47	1,873.09	1,832.27	1,806.41
D	**2,087.60**	**2,075.25**	**2,050.44**	**2,121.15**	**2,107.23**	**2,061.30**	**2,032.21**
E	2,551.51	2,536.41	2,506.09	2,592.51	2,575.50	2,519.36	2,483.81
F	3,015.43	2,997.59	2,961.75	3,063.89	3,043.78	2,977.44	2,935.42
G	3,479.34	3,458.75	3,417.40	3,535.25	3,512.05	3,435.50	3,387.02
H	4,175.20	4,150.50	4,100.88	4,242.30	4,214.46	4,122.60	4,064.42

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 2023/24 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

DEPARTMENTAL OPERATIONAL BUDGETS

	£000
Adult Services Directorate	**56,720**
Children's Services Directorate	
Children's Social Care	29,127
Education, Inclusion & Provision	9,213
	38,340
Public Health Directorate	**1,365**
Environment & Regeneration Directorate	
Community & Greenspace	26,525
Economy, Enterprise & Property	2,819
Policy, Planning and Transportation	9,350
	38,694
Chief Executive's Directorate	
Finance	4,493
ICT & Support Services	-632
Legal & Democratic Services	571
Policy, People, Performance & Efficiency	-71
	4,361
Departmental Operational Budgets	**139,480**
Corporate and Democracy	1,400
Total Operational Budget	**140,880**

APPENDIX C

2023/24 BUDGET – REASONS FOR CHANGE

	£000
2022/23 Approved Budget	111,719
Add Back One-Off Savings	1,351
	113,070
Policy Decisions	
Capital Programme	318
Inflation and Service Demand Pressures	
Pay (including Increments)	7,307
Prices	4,316
Income	-2,672
Existing Service Demand Pressures	3,020
Additional Energy Costs	2,788
Other	
Net Adjustment to Specific Grants	8,239
Contingency Increase	3,500
Social Care Grant	-3,865
2023/24 Services Grant	1,087
Net Reserves Movements	6,602
Base Budget	**143,710**
Less Savings (as agreed by Council 01 February 2023)	-2,830
Total 2022/23 Budget	**140,880**

APPENDIX D

MEDIUM TERM FINANCIAL FORECAST

	2024/25 £000	2025/26 £000	2026/27 £000
Spending			
Previous Year's Budget	140,880	139,992	144,092
Add Back One-Off Savings	120	0	0
Inflation			
Pay	2,011	2,048	2,089
Prices	1,975	2,015	2,055
Income	-707	-721	-735
Other			
Service Demand Pressures	2,650	3,870	1,500
Contingency	1,000	2,000	2,000
Reverse Use of Reserves	8,422	0	0
Replenish Reserves	2,000	2,000	0
Estimated Savings Proposals	-2,702	-1,349	0
Budget Forecast	155,649	149,855	151,001
Resources			
Baseline Business Rates Funding and Top-Up Grant	75,611	77,123	78,665
Council Tax	64,381	66,969	69,661
	139,992	144,092	148,326
Funding Gap	-15,657	-5,763	-2,675

APPENDIX E

COMMITTED CAPITAL PROGRAMME 2023/26

SCHEME	2023/24 £000	2024/25 £000	2025/26 £000
Schools Capital Projects	4,311	20	0
ALD Bungalows	199	0	0
Disabled Facilities Grant	600	600	600
Stairlifts	540	540	540
Purchase of Adapted Properties	358	0	0
Care Home Refurbishment	2,550	1,200	0
People Directorate	**8,558**	**2,360**	**1,140**
Stadium Minor Works	30	30	30
Halton Leisure Centre	15,000	11,285	0
Children's Playground Equipment	65	65	65
Landfill Tax Credit Schemes	340	340	340
Open Spaces Schemes	600	600	600
Runcorn Town Park	310	310	280
Spike Island / Wigg Island	964	964	0
Litter Bins	20	20	20
IT Rolling Programme	700	700	700
Equality Act Improvement Works	400	300	300
Foundry Lane Residential Area	2,117	0	0
Property Improvements	200	200	200
Runcorn Town Centre Development	7,436	7,436	10,228
Runcorn Station Quarter	420	0	0
Waterloo Building	100	0	0
Bridge and Highway Maintenance	1,873	0	0
Street Lighting – Structural Maintenance	200	200	200
Street Lighting – Upgrades	1,000	0	0
Runcorn East Connectivity	4,069	0	0
Risk Management	120	120	120
Fleet Replacements	4,466	1,147	1,423
Silver Jubilee Bridge Lighting	562	0	0
Transformation Programme	5,000	1,000	1,000
Economy, Community & Resources Directorate	**45,992**	**24,717**	**15,506**
Total Capital Programme	**54,550**	**27,077**	**16,646**
Slippage between years	**-3,705**	**5,494**	**2,111**
GRAND TOTAL	**50,845**	**32,571**	**18,757**

APPENDIX F

Flexible Use of Capital Receipts Strategy

1.0 Introduction

1.1 On 01 February 2023 Council approved the three year transformation programme and funding arrangements. The report set out the Council's approach to transformation, shape of the programme and how it will be resourced.

1.2 It was agreed that the Council adopt an approach, commonly adopted by other Councils, whereby this investment in transformation is regarded as one-off expenditure in order to deliver a long-term, sustainable, financial position. On 02 August 2022 Government issued a direction which gives local authorities the continued freedom to use capital receipts from the sale of their own assets, to help fund the revenue costs of transformation projects and thereby deliver savings.

1.3 The current direction is in place for financial years 2022/23, 2023/24 and 2024/25 only. It is assumed a further direction will be issued by Government in later years, to provide flexibility on capital receipts to cover 2025/26 (the third year of this strategy). Expired directions have been in place since 2016.

1.4 In order to use capital receipts to fund the Transformation Programme, the Council needs to approve a Flexible Use of Capital Receipts Strategy. The Strategy is required to list each project which will make use of the capital receipts flexibility and on a project-by-project basis should detail the expected savings/service transformations to be delivered. The Strategy should also report the impact upon the local authority's Prudential Indicators for the forthcoming year and subsequent years.

2.0 Qualifying Expenditure

2.1 Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years. It is for individual local authorities to decide whether or not a project qualifies for the flexibility and such decisions will be reviewed by the Council's External Auditor.

2.2 The common theme of the Council's Transformation Programme is that it can be used as the catalyst for change internally and externally. It is proposed that the Programme is known as "Re-imagining Halton" in reference to the principles that will enable the Council to successfully re-design services and deliver a sustainable financial position going forward. Work will be undertaken with Members, staff, partners and residents to “re-imagine” how services are delivered.

2.3 An estimate of the savings to be delivered by each of the Programme themes over the next three years, is provided in Table A. These amounts are initial estimates and will be updated regularly over the next three years, as the Programme is implemented. Changes to these estimates will be reported to Executive Board and Council during the period of the programme and annual reports will present the level of actual savings achieved against estimates. A more detailed analysis of themes within the Transformation Programme is included at the end of this document.

TABLE A – Estimated Savings per Programme Theme.

Programme Theme	2023/24 (£)	2024/25 (£)	2025/26 (£)
Adults / Adults with Learning Difficulties	1,034,802	4,139,208	5,174,010
Children Services	301,959	1,207,835	1,509,793
Special Educational Needs	100,000	400,000	500,000
Accelerating Development & Growth Income & Asset Realisation	100,000	400,000	500,000
Optimised Services	463,239	1,852,957	2,316,197
Totals	**2,000,000**	**8,000,000**	**10,000,000**

3.0 Qualifying Asset Disposals

3.1 For the purposes of the strategy, a qualifying disposal is an asset sale made within the period for which the Strategy applies, by the Council to an entity outside the Council’s group structure.

3.2 Capital receipts which are to be used by the Council under the flexibilities afforded by the Direction, should be from genuine disposals of assets. Where the Council still retains some control of the assets, directly or indirectly, and retains exposure to the risks and rewards from those assets, the disposal does not give rise to a capital receipt that can be used in accordance with the Direction.

4.0 Forecast Costs

4.1 It is estimated that a maximum budget for the Transformation Programme delivery resource be set at £7m over the three year period. It is currently estimated that the majority of these costs will be incurred in the first year of the programme.

4.2 Capital receipts to fund these costs have been identified and will be earmarked to fund future costs.

5.0 Prudential Indicators

5.1 The impact upon the Council’s treasury management prudential indicators is included within the Council’s Treasury Management Strategy which is recommended for approval by Council, elsewhere on the Agenda.

6.0 Next Steps

6.1 Once approved, the Strategy will be shared with the Department for Levelling Up, Housing and Communities in accordance with the requirements of the Government Direction. In addition, the Strategy will be shared with the Council’s External Auditor Grant Thornton.

6.2 The Strategy will be updated regularly over the coming year and reported to Executive Board and Council, as further information becomes available regarding the level of savings and costs for each area of the Transformation Programme.

	Programme Summaries	ACTIVITY FY22/23	FY23/24	FY24/25	FY25/26
Adults/Adults with Learning Difficulties					
1	Appropriate identification, submission and award of Continuing Health Care Funding to support health needs of adults in care	■	■		
2	Review of existing Supported Living arrangements and design a new strategy and delivery plan for a revised service offer to promote independence including new accomodation solutions	■	■	■	
3	Options appraisal and optimisation of Day Care delivery model to maximise impact and independence across the service		■	■	
4	Review the incidence of multiple care package receiptiants to re-align provision and promote independence.	■	■		
5	Increased employment opportunities for individuals with learning difficulties including remodelling support offer, business alignment, training, and work readiness		■	■	
6	Review transitions service and needs assessments to redesign service and prevent needs escalation with individuals who do not qualify for support under the Care Act		■	■	
7	Introduction of technology to aid hospital discharge, promote independence, improve safeguarding and re-model service delivery		■	■	■
Childrens Services		FY22/23	FY23/24	FY24/25	FY25/26
8	Re-design Front Door to enhance multi agency offer, new panel arrangements , embracing Systemic Practice principles	■	■		
9	Implement Systemic Practice methods of working across the organisation to improve quality	■	■	■	
10	Implement High Cost placement panel and review all high cost placements, and integrate into BAU	■	■		
11	Commission Family Group Conference Contract	■	■		
12	Analyse potential benefits of PAUSE and commission PAUSE services	■	■		
13	Organisational review to establish new organisational design and roles consistent with Systemic Practice model	■	■		
14	Develop Digital solutions of social work		■	■	■
15	Develop outreach work to support prevention in outreach placement work		■	■	
16	Develop 16+ housing offer		■	■	■
17	Implement Juno		■	■	
18	Revsied residential commissioning arrangement in place		■	■	
19	Review theraputic model with CAHMS		■	■	■
20	Develop vulnerable adolescent service complimentary to Edge of Care service		■	■	
Special Educational Needs		FY22/23	FY23/24	FY24/25	FY25/26
21	Redesign SEN Transport system to include re-deisgning pathway, re-training staff, improved partnership working, redesigned parent information including web site, re-negotiated contracts	■	■		
22	Deliver projects to create additional in-borough SEN provision and reduce out of authority placements	■	■	■	
23	Review needs analysis of childern, develop enhance prevatative solutions with parents, communities and schools to reduce escalation of needs, evolving relatiosnhip with schools and enhacing school inclusion		■	■	■
Accelerating Development & Growth Income and Asset Rationaisation		FY22/23	FY23/24	FY24/25	FY25/26
24	Identify short term critical posts to initiate acceleration in delivering the Local Plan and recruit	■	■		
25	Conduct detailed options appraisal to assess optimum model to accelerate income and reduce revenue risk to the Council	■	■		
26	Implement preferred approach to accelerating delivery of the Local Plan		■	■	■
27	Develop review of Council assets and determine project to rationalise accommodation, improve usage and reduce costs	■	■	■	■
Optimised Services		FY22/23	FY23/24	FY24/25	FY25/26
28	Review successsful approaches to household waste reduction and increasing recycling. Design new campaign to achieve peer average performance for waste and recycling, and implement sustained campaign	■	■	■	■
29	Review other services waste services, review contractual arrangements with merseyside waste authority, assess joint working potential, designing new and sustainable waste delivery model	■	■	■	■
30	Review parks and open spaces delivery models at other LA's, assess opportunities for greater community involvement, determine options for alternative maintenance arrangements	■	■		
31	Review commercial arrangements for Stadium, determine commercial strategy and implement with new offers and revised arrangements with users	■	■	■	■
32	Develop and delivery new medium term leisure strategy to increase participation and reduce operating costs in advance of new leisure centre opening including alternative provision considerations.	■	■	■	■
33	Build new corporate capacity to support development and sustainability of the Council in adapting to future changes and opportunities including policy, performance management, data insight, communications, organisational development, etc.	■	■	■	
34	Implement new corporate Operating Model to streamline processes, reposition administrative support, drive transparent performance management, create unified "front door" arrangements for residents with partners	■	■		
35	Implement new HR systems and processes and reduce reliance on agency staff, simplify administration processes, speed up recruitment and reposition Council in employee market	■	■	■	

REPORT TO:	Executive Board
DATE:	16 February 2023
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Leader
TITLE:	Capital Strategy 2023/24
WARDS:	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Council's Capital Strategy for 2023/24 and recommend it's approval by Council.

2.0 RECOMMENDATION: That Council be recommended to approve the 2023/24 Capital Strategy, as presented in the Appendix.

3.0 SUPPORTING INFORMATION

3.1 The 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 2023/24.

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 FINANCIAL IMPLICATIONS

5.1 There are a number of financial implications discussed, the current capital programme and how it is financed is shown in 2.3, and details of the Minimum Revenue Provision (MRP), the revenue cost to the capital schemes, is shown in 4.1.

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 CLIMATE CHANGE IMPLICATIONS

9.1 None

10.0 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

2023/24

Revenues and Financial Management Division
Finance Department
January 2023

CAPITAL STRATEGY STATEMENT 2023/24

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 2021/22 is shown below, along with estimates for 2022/23 and the following three years:

Table 1 – Capital Expenditure and Funding

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Expenditure:					
People	2,364	4,578	8,008	2,360	1,140
Enterprise, Community & Resources	18,955	37,475	42,222	24,777	12,774
	21,319	**42,053**	**50,230**	**27,137**	**13,914**
Financed By:					
Capital receipts	(2,833)	(488)	(5,400)	(1,400)	(1,400)
Capital grants	(9,339)	(32,482)	(25,111)	(11,671)	(9,457)
Revenue	(124)	(221)	-	-	-
Net financing need for the year	**9,023**	**8,862**	**19,719**	**14,066**	**3,057**

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

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Minimum Revenue Provision					
General Fund	2,406	2,580	3,151	2,735	3,641
Leases and PFI Schemes	479	558	615	628	724
Mersey Gateway unitary charge	6,518	6,766	7,326	8,511	9,450
Net financing need for the year	**9,403**	**9,904**	**11,092**	**11,874**	**13,815**

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 2021/22 and how this is expected to change in 2022/23 and over the following three years.

Table 3 – Capital Financing Requirement

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement	**614,330**	**606,305**	**614,395**	**615,850**	**604,528**
Movement in CFR due to:					
Net financing need for the year	9,023	8,862	19,719	14,066	3,057
PFI / Finance Leases	-	-	-	-	-
Use of Reserves to reduce MRP liability	(511)	(6,983)	(537)	(737)	(564)
Less Minimum Revenue Provision	(9,403)	(9,904)	(11,092)	(11,874)	(13,815)
Increase / (Decrease) in CFR	**(891)**	**(8,025)**	**8,090**	**1,455**	**(11,322)**

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

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Receipts - 1st April	**(2,082)**	**(1,061)**	**(9,430)**	**(9,657)**	**(9,932)**
Asset Sales	(2,323)	(15,839)	(6,164)	(2,226)	(2,564)
Use of Capital Receipts					
- New Capital Expenditure	2,833	488	5,400	1,400	1,400
- Repayment of debt	511	6,982	537	551	564
Capital Receipts - 31st March	**(1,061)**	**(9,430)**	**(9,657)**	**(9,932)**	**(10,532)**

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 16 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.

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REPORT TO: Council

DATE: 8 March 2023

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Leader

SUBJECT: 2022/23 Revised Capital Programme as at 31 December 2023

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To seek approval to a number of revisions to the Council's 2022/23 capital programme.

2.0 RECOMMENDED: That the revisions to the Council's 2022/23 capital programme set out in paragraph 3.2 below, be approved.

3.0 SUPPORTING INFORMATION

3.1 On 16 February 2023 Executive Board received a report of spending against the Council's revenue budget and capital programme as at 31 December 2022. A number of revisions to the 2022/23 capital programme were recommended for approval by Council as outlined below.

3.2 It is proposed to revise the Council's 2022/23 capital programme, to reflect a number of changes in spending profiles and funding as schemes have developed. These are reflected in the revised capital programme presented in the Appendix. The schemes which have been revised within the programme are as follows;

i. Schools Access Initiative
ii. Cavendish School Extension
iii. Disabled Facilities Grants
iv. Stair Lifts
v. Millbrow Care Homes
vi. St Luke's Care Homes
vii. St Patricks Care Home
viii. Halton Leisure Centre
ix. Equality Act Improvement Works
x. Runcorn Town Centre Fund
xi. Runcorn Station Quarter
xii. SUD Green Cycle / Walk Corridors
xiii. Silver Jubilee Bridge Decoupling
xiv. Widnes Loops

xv. Transformation Programme

3.3 Capital spending at 31 December 2022 totalled £18.516m, which represents 102% of the planned spending of £18.174m at this stage. This represents 64% of the total Capital Programme of £28.818m (which assumes a 20% slippage between years).

4.0 POLICY AND OTHER IMPLICATIONS

4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.0 RISK ANALYSIS

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

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

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

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

Capital Programme as at 31 December 2022 **Appendix**

Directorate/Department	2022/23 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2022	Total Allocation Remaining		2023/24 Capital Allocation	2024/25 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
PEOPLE DIRECTORATE							
Asset Management Data	6	2	2	4		0	0
Capital Repairs	1,155	972	972	183		294	0
Asbestos Management	29	17	17	12		0	0
Schools Access Initiative	36	19	19	17		0	0
Basic Needs Projects	0	0	0	0		278	0
Fairfield Primary School	20	0	0	20		283	20
Kitchen Gas Safety	1	1	1	0		0	0
Small Capital Works	124	57	57	67		0	0
SEMH Free School	237	231	231	6		232	0
Cavendish School Extension	469	33	33	436		23	0
High Need Provision unallocated	0	0	0	0		3,201	0
Grants – Disabled Facilities	580	435	429	151		600	600
Stair Lifts	220	165	168	52		270	270
Joint Funding RSL Adaptations	300	225	221	79		270	270
ALD Bungalows	0	0	0	0		199	0
Purchase of 2 adapted Properties	0	0	0	0		358	0
Millbrow Care Home	180	110	104	76		220	0
Madeline McKenna	100	100	104	-4		0	0
St Lukes	20	10	9	11		1,080	0
St Patricks	150	100	100	50		1,250	1,200
Care Homes Refurbishment	0	0	0	0		0	0
Telehealthcare Upgrade	400	100	100	300		0	0
TOTAL PEOPLE DIRECTORATE	**4,027**	**2,577**	**2,567**	**1,460**		**8,558**	**2,360**

Directorate/Department	2022/23 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2022	Total Allocation Remaining		2023/24 Capital Allocation	2024/25 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE							
Stadium Minor Works	37	10	9	28		30	30
Stadium Decarbonisation Scheme	0	0	117	-117		0	0
Open Spaces Schemes	450	157	157	293		600	600
Upton Improvements	13	0	0	13		0	0
Crow Wood Park	39	25	27	12		0	0
Brookvale Pitch Refurbishment	70	38	71	-1		0	0
Halton Leisure Centre	3,296	1,200	1,359	1,937		15,000	11,285
Children's Playground Equipment	80	5	3	77		65	65
Landfill Tax Credit Schemes	340	0	0	340		340	340
Runcorn Town Park	256	150	164	92		310	310
Widnes Crematorium Replacement Cremator	200	200	242	-42		0	0
Spike Island / Wigg Island	60	5	1	59		964	964
Litter Bins	20	0	0	20		20	20
IT Rolling Programme	700	296	296	404		700	700
3MG	164	18	18	146		0	0
Murdishaw redevelopment	31	2	2	29		0	0
Equality Act Improvement Works	200	53	53	147		400	300
Widnes Market Refurbishment	6	6	6	0		0	0
Broseley House	21	7	7	14		0	0
Solar Farm Extension	11	0	0	11		0	0
Foundary Lane Residential Area	2,117	2,075	2,075	42		2,117	0
Directorate/Department	**2022/23 Capital Allocation**	**Allocation to Date**	**Actual Spend to 31 December 2022**	**Total Allocation Remaining**		**2023/24 Capital Allocation**	**2024/25 Capital Allocation**
	£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**
Kingsway Learning Centre Improved Facilities	36	0	0	36		0	0
Halton Lea TCF	388	353	353	35		0	0
Property Improvements	213	169	169	44		200	200
Astmoor Regeneration	14	14	14	0		0	0
Runcorn Town Centre Fund	2,000	1,346	1,346	654		7,436	7,436
Woodend, Unit 10 Catalyst	500	79	79	421		0	0
St Paul's Mews	500	500	515	-15		0	0
Runcorn Station Quarter	110	60	60	50		420	0
Waterloo Building	0	0	0	0		100	0
Bridge and Highway Maintenance	2,448	716	716	1,732		1,873	0
Integrated Transport	1,553	543	543	1,010		0	0
EATF Runcorn Busway	1,546	1,252	1,252	294		0	0
CRSTS Funded Schemes	3,306	1,292	1,292	2,014		0	0
Street Lighting - Structural Maintenance	853	178	178	675		200	200
Street Lighting - Upgrades	530	101	101	429		1,000	0
SUD Green Cycle / Walk Corridors	517	517	517	0		0	0
Runcorn East Connectivity	1,500	729	729	771		4,069	0
Risk Management	495	33	33	462		120	120
Fleet Replacements	2,500	658	658	1,842		4,467	1,147
Silver Jubilee Bridge - Major Maintenance Scheme	321	0	0	321		0	0
Silver Jubilee Bridge - Decoupling / Runcorn Station Quarter	275	275	275	0		0	0
Widnes Loops	17	17	17	0		0	0
Silver Jubilee Bridge - Lighting	469	16	16	453		562	0
LCWIP (Local cycling and walking infrastructure plan) / Dukesfield	2,750	2,434	2,434	316		0	0
MG Land Acquisition	904	0	-20	924		0	0
MG Development Costs	40	0	-3	43		0	0
MG Handback Land	100	68	68	32		0	0
Transformation Programme	0	0	0	0		5,000	1,000
TOTAL ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE	**31,996**	**15,597**	**15,949**	**16,047**		**45,992**	**24,717**

Capital Programme as at 31 December 2022

Directorate/Department	2022/23 Capital Allocation	Allocation to Date	Actual Spend to 31 December 2022	Total Allocation Remaining		2023/24 Capital Allocation	2024/25 Capital Allocation
	£'000	£'000	£'000	£'000		£'000	£'000
TOTAL CAPITAL PROGRAMME	**36,023**	**18,174**	**18,516**	**17,507**		**54,550**	**27,077**
Slippage (20%) Carried Forward	-7,205					-10,910	-5,415
Slippage Brought Forward						7,205	10,910
TOTAL	**28,818**	**18,174**	**18,516**	**10,302**		**50,845**	**32,571**

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 Agenda Item 9d

REPORT TO:	Executive Board
DATE:	16 February 2023
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Leader
SUBJECT:	Treasury Management Strategy Statement 2023/24
WARD(S)	Borough-wide

1.0 **PURPOSE OF THE 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 2023/24.

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 (2023/24). 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 **FINANCIAL IMPLICATIONS**

5.1 Treasury Management can have a major impact on the financial position of the Council. The strategy enables the Council maximise its financial yield whilst keeping within the principals of security and liquidity as set out in the prudential code.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

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 quarterly basis to the Executive Board.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 The Treasury Management Code states that to consider the Environmental, social and governance (ESG) when considering their counterparties, but this is secondary to the fundamental principals of Security, Liquidity and Yield when considering counterparies.

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

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

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2023/24

Revenues and Financial Management Division
Finance Department
January 2023

TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

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.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

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 2021 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.

Quarterly Reports - In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by Executive Board and the reports, specifically, should comprise updated Treasury/Prudential Indicators.

1.3 Treasury Management Strategy for 2023/24

The strategy for 2023/24 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, training was last undertaken by Members in February 2018, a further training session will be arranged over the forthcoming year. 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 2023/24 – 2025/26

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

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Expenditure:					
People	2,364	4,578	8,008	2,360	1,140
Enterprise, Community & Resources	18,955	37,475	37,222	23,777	11,774
	21,319	**42,053**	**45,230**	**26,137**	**12,914**
Financed By:					
Capital receipts	(2,833)	(3,304)	(2,069)	(3,069)	(2,069)
Capital grants	(9,339)	(32,482)	(25,111)	(11,671)	(9,457)
Revenue	(124)	(221)	-	-	-
Net financing need for the year	**9,023**	**6,046**	**18,050**	**11,397**	**1,388**

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

	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement	**614,330**	**603,489**	**609,910**	**608,696**	**595,705**
Movement in CFR due to:					
Net financing need for the year	9,023	6,046	18,050	11,397	1,388
PFI / finance leases	-	-	-	-	-
Use of Reserves to reduce MRP liability	(511)	(6,983)	(537)	(737)	(564)
Less Minimum Revenue Provision	(9,403)	(9,904)	(11,092)	(11,874)	(13,815)
Increase / (Decrease) in CFR	**(891)**	**(10,841)**	**6,421**	**(1,214)**	**(12,991)**

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.

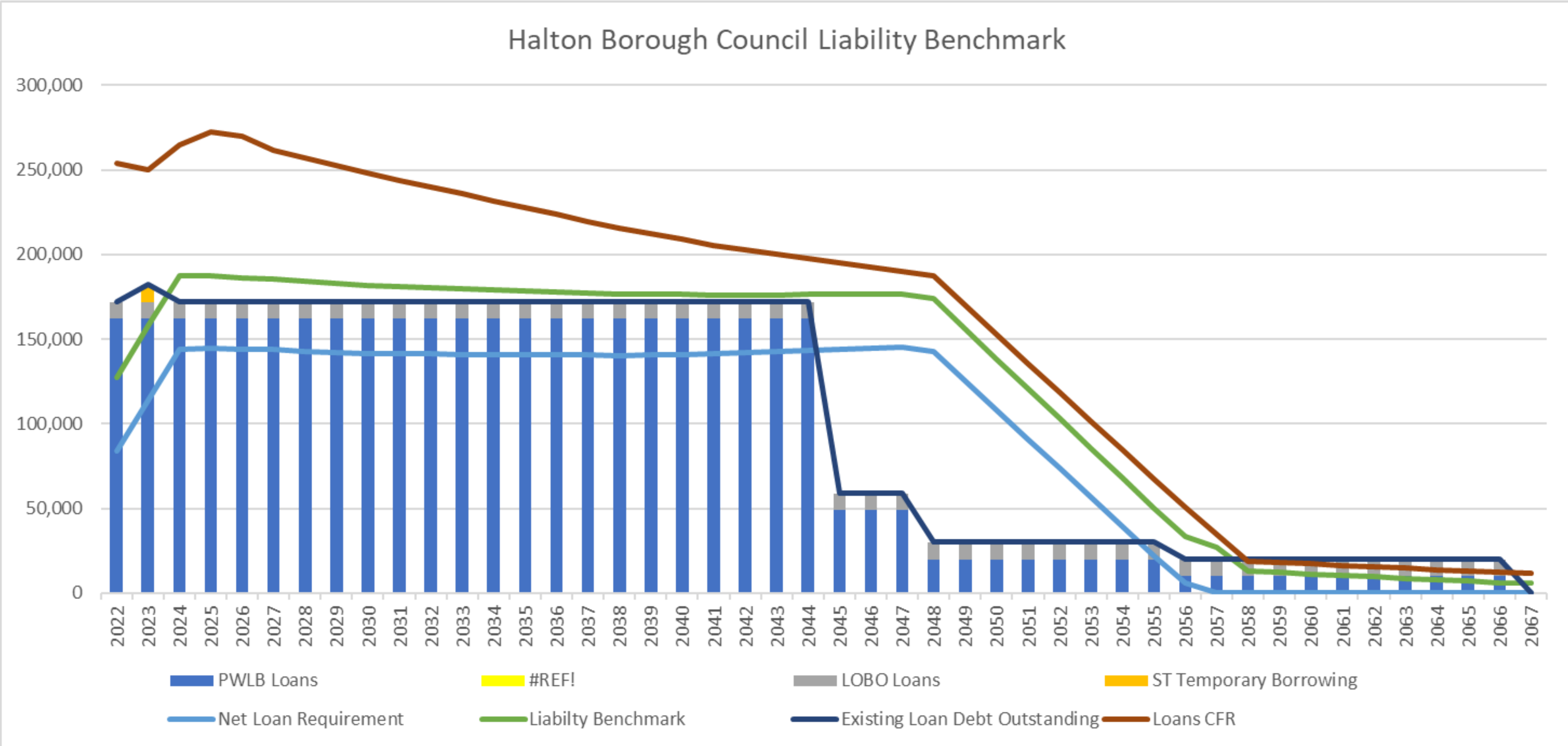
The MRP relating to PFI schemes, finance leases and Mersey Gateway unitary charge payments will be based on the annual lease payment, and will have no direct impact on the Council's revenue budget.

2.4 Liability Benchmark

A new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, but has decided to show the full debt maturity profile, up to 31st March 2067.

There are four components to the LB: -

1. Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



Halton Borough Council Liability Benchmark
300,000
250,000
200,000
150,000
100,000
50,000
0
2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067
PWLB Loans
#REF!
LOBO Loans
ST Temporary Borrowing
Net Loan Requirement
Liabilty Benchmark
Existing Loan Debt Outstanding
Loans CFR

2.5 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.

2.6 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	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Council's net budget	**111,593**	**111,719**	**140,880**	**139,992**	**144,092**
Finance Costs					
Net interest costs	5,111	3,933	2,982	3,685	4,200
Minimum Revenue Provision	2,406	2,580	3,151	2,735	3,641
	7,517	**6,513**	**6,133**	**6,420**	**7,841**
	6.7%	**5.8%**	**4.4%**	**4.6%**	**5.4%**

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 2022 and the position as at 31 December 2022 are shown in Table 4 for borrowing and investments.

Table 4 – Current Portfolio Position

	31st March 2022		31st December 2022	
	£000	%	£000	%
Treasury Investments				
UK banks and building societies	46,449	35%	31,099	25%
Non-UK banks	20,000	15%	30,000	24%
Local authorities	55,700	42%	51,700	42%
Money market funds	-	0%	-	0%
Property funds	10,000	8%	10,000	8%
Total	**132,149**	**100%**	**122,799**	**100%**
Treasury External Borrowing				
Local authorities	-	0%	(15,000)	9%
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)	**(39,851)**		**(64,201)**	

The Council's treasury portfolio position at 31 March 2022, 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	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Borrowing					
Debt at 1 April	172,000	172,000	182,000	202,000	202,000
Expected change in debt	-	10,000	20,000	-	-
Debt at 31 March	**172,000**	**182,000**	**202,000**	**202,000**	**202,000**
Other long-term liabilities					
Debt at 1 April	367,676	360,679	353,355	345,413	336,274
Expected change in debt	(6,997)	(7,324)	(7,942)	(9,139)	(10,175)
Debt at 31 March	**360,679**	**353,355**	**345,413**	**336,274**	**326,099**
Total external debt at 31 March	**532,679**	**535,355**	**547,413**	**538,274**	**528,099**
Capital Financing Requirement	**614,330**	**603,489**	**609,910**	**608,696**	**595,705**
Under / (over) borrowing	**81,651**	**68,134**	**62,497**	**70,422**	**67,606**

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	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Debt	192,000	202,000	222,000	222,000
Other long term liabilities	360,679	353,355	345,413	336,274
Operational boundary	**552,679**	**555,355**	**567,413**	**558,274**
Total external debt at 31 March	532,679	535,355	547,413	538,274
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	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Capital Financing Requirement	603,489	609,910	608,696	595,705
Contingency	20,000	20,000	20,000	20,000
Total	**623,489**	**629,910**	**628,696**	**615,705**
Total external debt at 31 March	532,679	535,355	547,413	538,274
Estimated headroom	**90,810**	**94,555**	**81,283**	**77,431**

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-23	4.25	4.3	4.5	4.7	4.4
Jun-23	4.50	4.2	4.4	4.6	4.3
Sep-23	4.50	4.1	4.3	4.5	4.2
Dec-23	4.50	4.0	4.2	4.4	4.1
Mar-24	4.00	3.9	4.0	4.3	4.0
Jun-24	3.75	3.8	3.9	4.1	3.8
Sep-24	3.50	3.6	3.7	4.0	3.7
Dec-24	3.25	3.5	3.6	3.9	3.6
Mar-25	3.00	3.4	3.5	3.7	3.4
Jun-25	2.75	3.3	3.4	3.6	3.3
Sep-25	2.50	3.2	3.3	3.5	3.2
Dec-25	2.50	3.1	3.2	3.5	3.2

Interest Rates

Interest rates have increased seven times since the initial post Covid increase to 0.5% in February 2022 and reached 3.5% in December 2022.

As shown in the forecast table above, the Bank Rate is expected to peak at 4.5% in June 2023 before falling back down to 2.5% by September 2025. Additional details are given below.

Forecasts for Bank Rate

The forecast reflects a view that the Monetary Policy Committee will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase further than 4.5%.

It is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

In the upcoming months, the forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

Gilt yields / PWLB Rates

Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).

It is thought that the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

Investment and borrowing rates

- **Investment returns.** The Bank rate is expected to reach 4.5% in 2023/24. Short term investment returns (up to three months) are expected to fall to 3.30% in 2024/25, 2.60% in 2025/26, then 2.50% in 2026/27.
- **Borrowing for capital expenditure**. The long-term (beyond 10 years), forecast for Bank Rate is 2.50%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed. Better value can generally be obtained at the shorter end of the curve, and shorter dated-fixed local authority to local authority monies should be considered.

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 medium and longer dated borrowing rates is expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 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, 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

There are currently no plans to reschedule any of the Council's current borrowing as there is still a large difference between premature redemption rates and new borrowing rates.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

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

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

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). Though it should be noted that there is currently a temporary statutory override to allow English local authorities time to adjust their portfolio of all pooled investments and to delay implementation of IFRS 9 for five years ending 31/03/23. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.

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 2023/24

The Council has set the following counterparty limits for 2023/24 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	

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:

- 2022/23 4.25%
- 2023/24 4.00%
- 2024/25 3.00%
- 2025/26 2.50%

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	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £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'	11,700	6,700	-	-

4.6 Investment rate benchmarking

The Council will use an investment benchmark produced by Link to assess the investment performance of its investment portfolio of 7 days, 1, 3, 6, 12 months.

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 2023/24 and future years

In order to determine its MRP for 2023/24 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

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REPORT TO:	Executive Board
DATE:	16 February 2023
REPORTING OFFICER:	Chief Executive
PORTFOLIO:	Leader's
SUBJECT:	Calendar of Meetings – 2023/24
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2023/24 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 2023/24 Municipal Year.

3.0 SUPPORTING INFORMATION

3.1 Members are asked to consider and recommend approval of the calendar of meetings for the 2023/24 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 CLIMATE CHANGE IMPLICATIONS

9.1 None

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

None under the meaning of the Act.

2023-2024 Year Planner

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

	MAY 2023	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2024	FEB	MARCH	APR	MAY
M	1 Early May Bank Holiday		31			30			1 New Year Bank Holiday			1 Bank Holiday	
T	2			1		31			2			2	
W	3			2			1		3			3	1
T	4 Local Elections	1		3			2		4	1		4	2 Local Elections
F	5	2		4	1		3	1	5	2	1	5	3
S	6	3	1	5	2		4	2	6	3	2	6	4
S	7	4	2	6	3	1	5	3	7	4	3	7	5
M	8 Bank Holiday	5 Dev Manage Com	3 Dev Manage Com	7 Dev Manage Com	4 Dev Manage Com	2 Dev Manage Com	6 Dev Manage Com	4	8 Dev Manage Com	5 Dev Manage Com	4	8 Dev Manage Com	6 Early Spring Bank Hol
T	9 Dev Manage Com	6 Corporate PPB	4 SEMINAR	8 SEMINAR	5 Corporate PPB	3	7 Corporate PPB	5 Dev Manage Com	9	6 Safer PPB	5 Dev Manage Com	9	7 Dev Manage Com
W	10	7	5 HWB Board A&G Board	9	6 SEMINAR	4	8	6 COUNCIL	10 Regulatory	7 Mayoral Committee	6 COUNCIL	10	8
T	11	8	6	10	7	5	9	7 Executive Board	11	8	7	11	9
F	12	9	7	11	8	6	10	8	12	9	8	12	10
S	13	10	8	12	9	7	11	9	13	10	9	13	11
S	14	11	9	13	10	8	12	10	14	11	10	14	12
M	15	12 CYP&F PPB	10	14	11 CYP&F PPB	9	13 CYP&F PPB	11	15	12	11 SEMINAR	15	13
T	16 Exec Board Selection Com	13	11	15	12 Safer PPB	10 SEMINAR	14 Safer PPB	12	16 SEMINAR	13	12	16	14 Exec Board Select Com (prov)
W	17	14 Schools Forum	12	16	13	11 HWB Board Regulatory Schools Forum	15 Environment PPB	13	17 HWB Board Schools Forum	14	13 Regulatory	17	15
T	18	15 Executive Board	13 Executive Board	17	14 Executive Board	12	16 Executive Board	14	18 Executive Board	15	14 Executive Board	18 Executive Board	16
F	19 ANNUAL COUNCIL	16	14	18	15	13	17	15	19	16	15	19	17 ANNUAL COUNCIL (prov)
S	20	17	15	19	16	14	18	16	20	17	16	20	18
S	21	18	16	20	17	15	19	17	21	18	17	21	19
M	22	19 ELS&C PPB	17	21	18 ELS&C PPB	16	20 ELS&C PPB	18	22 CYP&F PPB	19	18	22	20
T	23	20 Safer PPB	18	22	19	17	21	19	23 Corporate PPB	20 Health PPB	19	23	21
W	24	21 Environment PPB	19 COUNCIL	23	20 Environment PPB	18 COUNCIL	22 A&G Board	20	24	21 Environment PPB – Schools Forum	20 HWB Board A&G Board	24	22
T	25	22	20	24	21	19 Executive Board	23	21	25	22 Executive Board	21	25	23
F	26	23	21	25	22	20	24	22	26	23	22	26	24
S	27	24	22	26	23	21	25	23	27	24	23	27	25
S	28	25	23	27	24	22	26	24	28	25	24	28	26
M	29 Bank Holiday	26	24	28 Summer Bank Holiday	25	23	27	25 Xmas Day	29 ELS&C PPB	26	25	29	27 Bank Holiday
T	30	27 Health PPB	25	29	26 Health PPB	24	28 Health PPB	26 Box Day	30	27	26	30	28
W	31	28 Regulatory	26	30	27 A&G Board	25	29 Regulatory	27	31	28	27		29
T		29	27	31	28	26	30	28		29	28		30
F		30	28		29	27		29			29 Bank Holiday		31
S			29		30	28		30			30		1
S			30			29		31			31		2

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REPORT TO:	Council
DATE:	8 March 2023
REPORTING OFFICER:	Chief Executive
PORTFOLIO:	Leader’s
SUBJECT:	Appointment of Deputy Electoral Registration Officers
WARD(S)	Borough wide

1.0 **PURPOSE OF THE REPORT**

1.1 To consider the appointment of Deputy Electoral Registrations Officers.

2.0 **RECOMMENDATION: That**

2.1 The Council appoint Janice Bisset (Elections Manager) and Paul Beaumont (Deputy Elections Manager) as Deputy Electoral Registration Officers to, in the absence of the Electoral Registration Officer: -

1. Approve and sign temporary Voter Authority Certificates;
2. Conduct hearings of registration applications, objections and reviews.

3.0 **SUPPORTING INFORMATION**

3.1 Pursuant to section 8(2) of the Representation of the People Act 1983, the Council is required to appoint an Electoral Registration Officer (“the ERO”) who is responsible for compiling and maintaining the register of electors. The ERO has a number of statutory duties, many of which he must perform personally. A breach of these duties is serious and may result in criminal liability. For these reasons, the Electoral Commission recommends the appointment of one or more deputy EROs who can act in the ERO’s absence. The power to appoint deputy EROs rests with the Council rather than the ERO.

3.2 As members will be aware, the Chief Executive is the ERO and there are currently no deputies. This is because the need for deputy EROs has not previously arisen. Following recent changes to the elections process under the Elections Act 2022, namely the introduction of voter ID requirements, deputy EROs are now required to provide resilience to the role so that the Council may comply with its statutory duties in relation to elections and ensure the smooth administration of the electoral process.

3.3 From 4 May 2023, voters in England will need to show photo ID to vote at polling stations at local elections and other specified elections (and at UK General Elections from October 2023). Where a person does not have an accepted photo ID, they may apply to the Council for a permanent Voter Authority Certificate ("VAC") and a temporary VAC may be issued in certain circumstances. A temporary VAC is only valid for the relevant date of a specific election and it must be signed by the ERO. For security reasons, the Electoral Commission advises that this should be a wet ink signature.

3.4 It is impractical for the Chief Executive to approve and personally sign each temporary VAC and given that these may be issued where there is not enough time to issue a permanent VAC prior to polling day, there is a risk that he is not available to sign these in time. The appointment of deputy EROs would therefore avoid this situation and any resulting breach of statutory duty.

3.5 It is also recommended that the EROs are appointed to deal with hearings of registration applications, objections and reviews where the Chief Executive is unavailable. These hearings must be held within a strict time limit and, therefore, appointing deputies would again reduce the risk of there being a breach of this statutory duty.

3.6 According to the Electoral Commission:-

"any deputies appointed should have the skills and knowledge required to carry out the functions that they have been assigned. Appointments should be made in writing and include clear details of the full or particular powers that the deputy is authorised to exercise …."

3.7 Both the Elections Manager (who is also the Acting Returning Officer for UK Parliamentary Elections) and the Deputy Elections Manager have the knowledge and skill set for the role and they are the most appropriate officers in the Council given what their current roles entail. For the sake of clarity, no other functions of the ERO other than the two specified above are to be carried out by the deputy EROs.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **FINANCIAL IMPLICATIONS**

5.1 None – the salaries of the Elections Manager and the Deputy Elections Manager are commensurate to the role of Deputy ERO.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

N/A

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

N/A

6.3 **A Healthy Halton**

N/A

6.4 **A Safer Halton**

N/A

6.5 **Halton's Urban Renewal**

N/A

7.0 **RISK ANALYSIS**

7.1 The appointment of the Deputy Electoral Registration Officer will mitigate risks in the events that the Electoral Registration Officer is unavailable, particularly the risks of not being able to administer electoral register hearings within the statutory timescales.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 There are no Equality or Diversity issues.

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 There are no climate change implications.

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

None under the meaning of the Act.