

**HALTON BOROUGH COUNCIL**



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

*26 November 2024*

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

*You are hereby summoned to attend an Ordinary Meeting of the Halton Borough Council to be held in the Council Chamber, Runcorn Town Hall on Wednesday, 4 December 2024 commencing at 6.30 p.m. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.*

A handwritten signature in black ink that reads 'S. Young'.

*Chief Executive*

**-AGENDA-**

<b>Item No.</b>		<b>Page No.</b>
<b>1.</b>	<b>COUNCIL MINUTES</b>	<b>SEE MINUTE BOOK</b>
<b>2.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>3.</b>	<b>THE MAYOR'S ANNOUNCEMENTS</b>	
<b>4.</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>5.</b>	<b>LEADER'S REPORT</b>	
<b>6.</b>	<b>URGENT DECISION</b>	<b>1 - 2</b>
<b>7.</b>	<b>MINUTES OF THE EXECUTIVE BOARD</b>	<b>SEE MINUTE BOOK</b>
	a) 24 October 2024	
	b) 14 November 2024	
<b>8.</b>	<b>MINUTES OF THE HEALTH AND WELLBEING BOARD</b>	<b>SEE MINUTE BOOK</b>
<b>9.</b>	<b>QUESTIONS ASKED UNDER STANDING ORDER 8</b>	
<b>10.</b>	<b>MATTERS REQUIRING A DECISION OF THE COUNCIL</b>	
	a) 2024/25 Spending as at 30 September 2024 - EXB52	<b>3 - 60</b>
	RECOMMENDED: That the Board	
	1) all spending continue to be limited to only absolutely essential items;	
	2) Executive Directors identify reductions to their directorate forecast outturn net spend position and urgently implement them; and	
	3) Council be asked to agree to submit an application for Exceptional Finance Support to cover the deficit position for the year, as recommended within the Medium Term Financial Strategy report elsewhere on the agenda.	
	b) Medium Term Financial Strategy 25/26-27/28 - Key Decision - EXB53	<b>61 - 84</b>

RECOMMENDED: That the Board

- 1) the Medium Term Financial Strategy be approved;
- 2) the 2025/26 base budget be prepared on the basis of the underlying assumptions set out in the Strategy;
- 3) the Reserves and Balances Strategy be approved;
- 4) the award of Council Tax Support for 2025/26 remains at the 2024/25 level of 21.55%; and
- 5) Council approve the submission of an application to Government for Exceptional Finance Support.

- c) Determination of Council Tax Base 2025/26 - Key Decision - EXB54

**85 - 88**

RECOMMENDED: That the Board

- 1) setting the 2025/26 Council Tax Base at 36,936 for the Borough and that the Cheshire Fire Authority, the Cheshire Police and Crime Commissioner, Liverpool City Region Combined Authority and the Environment Agency be so notified; and
- 2) setting the Council Tax Base for each of the Parishes as follows:

Parish	Tax Base
Hale	674
Halebank	546
Daresbury	301
Moore	344
Preston Brook	373
Sandymoor	1,645

- d) Gambling Act 2005 Statement of Gambling Policy
- e) Members Allowance Review
- f) External Auditor's Annual Report 2023/24
- g) Absence of a Member

**89 - 110**

**111 - 114**

**115 - 172**

Under Section 85 of the Local Government Act 1972, permission is sought for:

- Councillor Skinner to be granted a period of absence from attending Council meetings for a period of 6 months, concluding on 4 June 2025, due to Maternity Leave; and
- Councillor Stretch to be granted a period of absence from attending Council meetings for a period of 6 months, concluding on 4 June 2025, due to personal reasons.

h) Application for Exceptional Financial Support

**173 - 180**

**11. MINUTES OF THE POLICY AND PERFORMANCE BOARDS AND THE AUDIT AND GOVERNANCE BOARD**

**SEE MINUTE BOOK**

a) Children, Young People and Families

b) Employment, Learning, Skills and Community

c) Safer

d) Environment and Urban Renewal

e) Corporate Services

**12. COMMITTEE MINUTES**

**SEE MINUTE BOOK**

a) Development Management

b) Regulatory

c) Regulatory Sub Committee

d) Taxi Licensing Sub Committee

e) Appointments

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



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

**Please note that if this resolution is passed, members of the press and public will be asked to leave the room prior to the consideration of the following business.**

**14. MATTERS REQUIRING A DECISION OF THE COUNCIL**

- a) Children's Service Improvement Programme Funding - Workforce Stabilisation - Key Decision - EXB47

**181 - 206**

RECOMMENDED: That the Board

- 1) Council be asked to approve the investment as defined in the report for improvement programme funding; and
- 2) delegated authority to approve the expenditure of the programme budget is given to the Executive Director of Children's Services in consultation with the lead member for Children and Young People.

- b) Legal Services Transformation Report - Key Decision - EXB57

**207 - 262**

RECOMMENDED: That the Board

- 1) adopts Option Three within the Legal Services Transformation Report:

Interim structure with enhanced efficiency and effectiveness in service delivery moving towards consideration of viability around options of:

- Outsourcing;
- Formation of a collaboration/shared service with another Local Authority;
- Wholly owned subsidiary Legal Company

- 2) Council be requested to approve the necessary funding set out in paragraph 5 of the report.

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**REPORT TO:** Council

**DATE:** 4 December 2024

**REPORTING OFFICER:** Chief Executive

**PORTFOLIO:** Leader

**SUBJECT:** Urgent Decisions

**WARDS:** Borough Wide

### 1.0 PURPOSE OF THE REPORT

1.1 To bring to the attention of Council urgent decisions taken since the last meeting of the Council.

**2.0 RECOMMENDATION: That the report is noted.**

### 3.0 SUPPORTING INFORMATION

3.1 The Council's Constitution gives authority to the Chief Executive to take urgent decisions which are required before the next formal meeting of Executive Board/Council.

These must be made in consultation with the Leader of the Council where practicable, and with the Director – Finance and/or Director – Legal and Democratic Services where necessary. They must also be reported for information to the next practically available meeting of the Board.

3.2 More information on each can be found on the Council's website here:

<http://councillors.halton.gov.uk/mgDelegatedDecisions.aspx?bcr=1>

3.3 The urgent decisions taken since the last meeting of Council:

Date Decision taken	Decision details
15 October	Household Support Fund – 2024/25 Scheme and Spending Plan

### 4.0 POLICY IMPLICATIONS

4.1 There are none other than the constitutional requirement to report urgent decisions for information.

### 5.0 RISK ANALYSIS

5.1 The report is for information, and there are no risk issues arising from it.

**6.0 EQUALITY AND DIVERSITY ISSUES**

6.1 None.

**7.0 CLIMATE CHANGE IMPLICATIONS**

None

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

8.1 No background papers were used in the preparation of this report. Further information on the decisions taken is available from the link in Paragraph 3.2.

<b>REPORT TO:</b>	Executive Board
<b>DATE:</b>	14 November 2024
<b>REPORTING OFFICER:</b>	Director of Finance
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	2024/25 Spending as at 30 September 2024
<b>WARD(S):</b>	Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 To report the Council's overall revenue net spend position as at 31 September 2024 together with a 2024/25 forecast outturn position.

## **2.0 RECOMMENDED: That**

- 1) All spending is limited to only absolutely essential items;**
- 2) Executive Directors identify reductions to their directorate forecast outturn net spend position and urgently implement them; and**
- 3) Council be asked to agree to submit an application for Exceptional Finance Support to cover the deficit position for the year, as recommended within the Medium Term Financial Strategy report elsewhere on the agenda.**

## **3.0 SUPPORTING INFORMATION**

### **Revenue Spending**

- 3.1 Appendix 1 presents a summary of spending against the operational revenue budget up to 30 September 2024 and Appendix 2 provides detailed figures for each individual Department. In overall terms, net Council spending as at 30 September 2024 is £8.864m over budget. The outturn forecast for the year estimates that net spending will be over budget by £20.642m if no corrective action is taken.
- 3.2 The forecast outturn overspend has increased from the amount of £19.777m reported to Management Team at the end of July 2024. The increase is largely accounted for within the Children's Directorate where the overspend has increased by £0.682m and the Adult's Directorate where the overspend has increased by £0.368m.
- 3.3 Included within the forecast position is a provision of £0.5m relating to potential costs from a planning appeal awarded against the Council. No actual costs have yet been awarded but it is necessary to provide for an estimate at this stage.

- 3.4 The forecast position continues to be of great concern, there is no evidence of a reduction in spending across service areas despite previous reports highlighting the overspend and funding difficulties.
- 3.5 At the halfway point for the year it is highly unlikely that available reserves will be sufficient to cover the forecast deficit for the year. The Council will therefore need to look towards requesting Exceptional Financial Support from Government which will add to future year costs.
- 3.6 The available reserves to the Council (General and Useable Earmarked) total £11.6m. This level is well below that required to help provide a balanced budget position. Further detail on reserves is provided at para 3.18
- 3.7 The figures reflect a prudent yet realistic view of spend and income levels through to the end of the year. Work will continue to progress on updating the financial position as more information is made available. Included within the forecast position is an estimate to allow for the 2024/25 pay award which has recently been agreed but not yet implemented.
- 3.8 MHCLG officers have been made aware of the Council's financial position and will continue to be updated. Discussions have taken place regarding the process the Council will need to follow in order to apply for the Government's Exceptional Financial Support arrangement. If this action is not undertaken, the Director of Finance will be required to issue a Section 114 Notice under the Local Government Finance Act 1988.
- 3.9 The largest pressure on the budget continues to be within the Children & Families Department, net spend for the year is forecast to be £8.559m (20.3%) above 2023/24 actual spend. There continue to be significant increases in the forecasts relating to salary (agency) costs and children in care.
- 3.10 The use and cost of agency staff continues to be one of the main contributing factors to the overspend position for the year. This is mostly evident within the Children & Families Department and the Care Homes Division. Initiatives and support from the Transformation Programme are ongoing to reduce reliance upon agency staff.

3.11 Analysis of agency spend for the year, together with comparative analysis of 2023/24 costs, is included in the table below.

	2024/25			2023/24
	Q1	Q2	Total	Total
	£'000	£'000	£'000	£'000
Adult Social Care	1,341	1,656	2,997	5,927
Chief Executives Delivery Unit	132	179	311	0
Children & Family Services	1,283	1,432	2,715	6,157
Community & Greenspace	116	129	245	336
Economy, Enterprise & Property	86	105	191	343
Education, Inclusion & Provision	99	78	177	393
Finance	14	42	56	56
Legal & Democratic Services	253	274	527	814
Planning & Transportation	94	85	179	206
Public Health & Public Protection	11	10	21	21
<b>Total</b>	<b>3,429</b>	<b>3,990</b>	<b>7,419</b>	<b>14,253</b>

3.12 Within the approved budget for the year is a £4m target against the Transformation Programme. To date budget savings of £0.129m have been identified against this target. In addition, the Transformation Delivery Unit (TDU) have identified some reductions in mitigating and controlling costs although these will not lead to an overall reduction in the budgeted target.

3.13 The forecast overspend is significantly above that which has been recorded in recent years. Whilst the current year net budget for the Council has increased by £7.7m (5.45%), this is well below the forecast increase in net costs, currently estimated as an increase of £22.837m (15.5%).

### Revenue - Operational Spending

3.14 Operational net spending for the first two quarters of the year is higher than the budget to date by £8.864m Based on current forecasts it is estimated net spend will be over budget for the year by £20.642m if no further corrective action is taken.

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

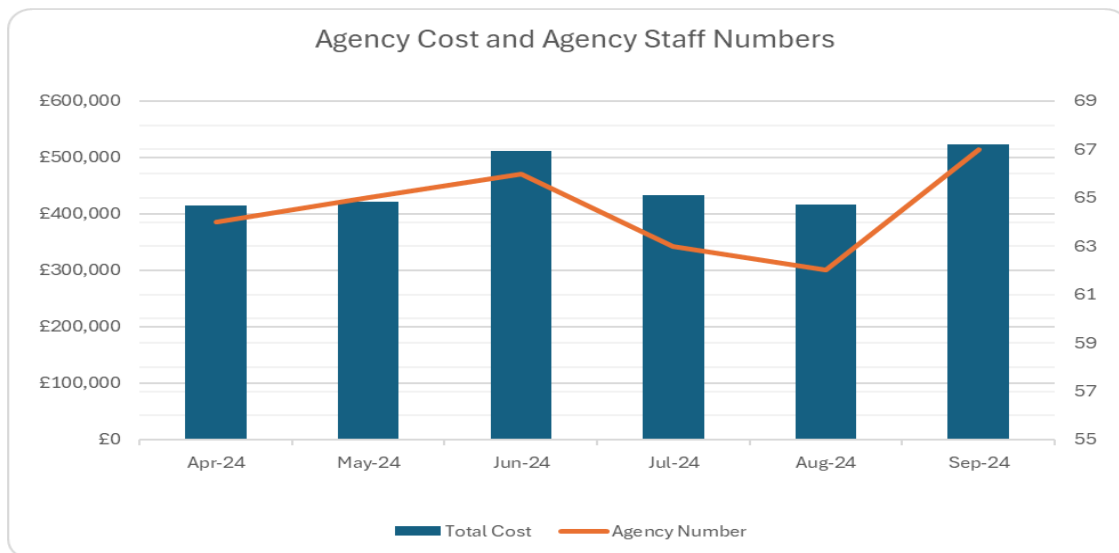
#### (i) Children and Families Department

##### Employee Expenditure

Employee costs are over budget profile at the end of financial year 2024/25 by £3.056m. There continues to be heavy reliance on agency staff to fill vacancies across the structure.

The chart below demonstrates agency costs that cover the month of April to September based on the period that was worked. An

estimated figure has also been included in September for invoices not yet received for work that was provided in September. The chart also includes the number of agency members of staff where an invoice has been received within each period.



Various workstreams are in place to target the difficulties in recruitment, including a recruitment work group, social work academy and market supplements for applicable posts.

### Residential Care

Out of Borough Residential Care continues to be the main budget pressure for the Children and Families Department as the costs of residential care have continued to rise year on year.

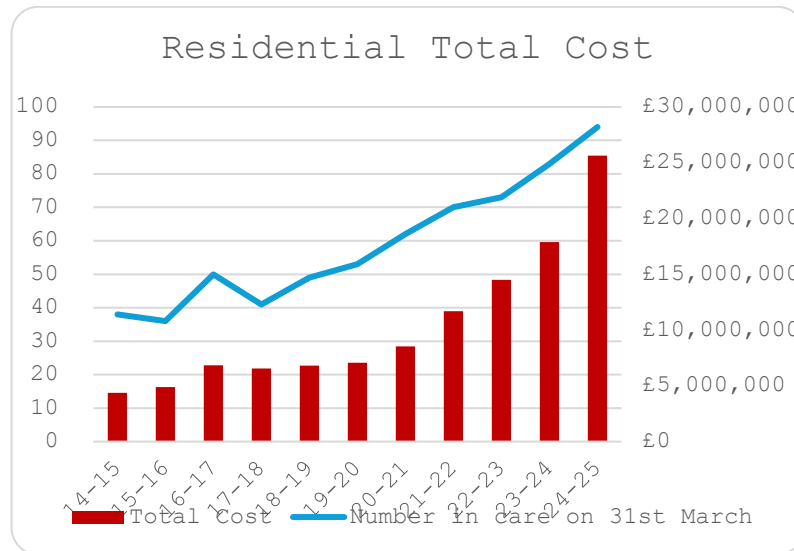
Provision	Weekly Costs	30-Sep-24		31-Jul-24	
		No. Placed	Estimated cost for the year	No. Placed	Estimated cost for the year
Residential	£2000 - £3000	3	425,275	2	197,563
Residential	£3001 - £4000	15	3,177,897	14	2,576,320
Residential	£4001 - £5000	11	2,464,877	12	2,707,103
Residential	£5001 - £15000	41	16,205,195	38	15,556,103
Secure	£6397 - £8137				
Leaving Care	£443 - £7175	18	2,643,101	19	2,742,900
Parent & Child	£2000 - £5500	6	715,298	6	663,491
<b>Total:</b>		<b>94</b>	<b>25,631,643</b>	<b>91</b>	<b>24,443,479</b>

At the end of financial year 24/25 the estimated overspend is £7.394m over budget for residential placements. Overall cost of packages are increasing due to the complexity of support the young people require as well as standard package cost increases.

The graph below illustrates the rising costs of Residential Care, for consistency this does not include the costs of Unaccompanied



Asylum-Seeking Children (UASC) as these costs were not included in previous years.



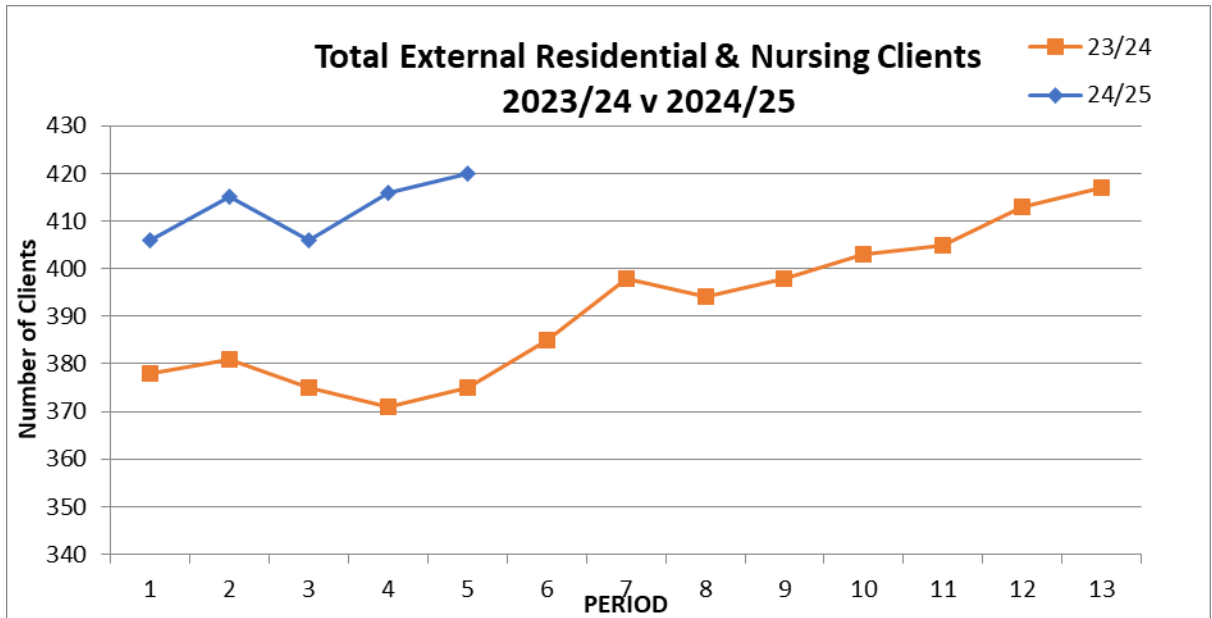
(ii) **Adult Social Care Directorate**

**Community Care**

At the end of September 2024 expenditure on Community Care services is over budget profile by £1.4m. It is anticipated that at the end of the financial year it will be overspent by £2.4m. This is an increase of £0.3m from the previous position reported at the end of July.

There are currently 420 residents in permanent external residential/nursing care as at the end of August 2024 compared to 406 in April, an increase of 3.4%. Compared to the 2023/24 average of 390 this is an increase of 7.6%. The average cost of a package of care since April has increased from £866 to £881 a slight increase of 1.7%. In addition to these placements there are 94 residents placed within council internal care homes.

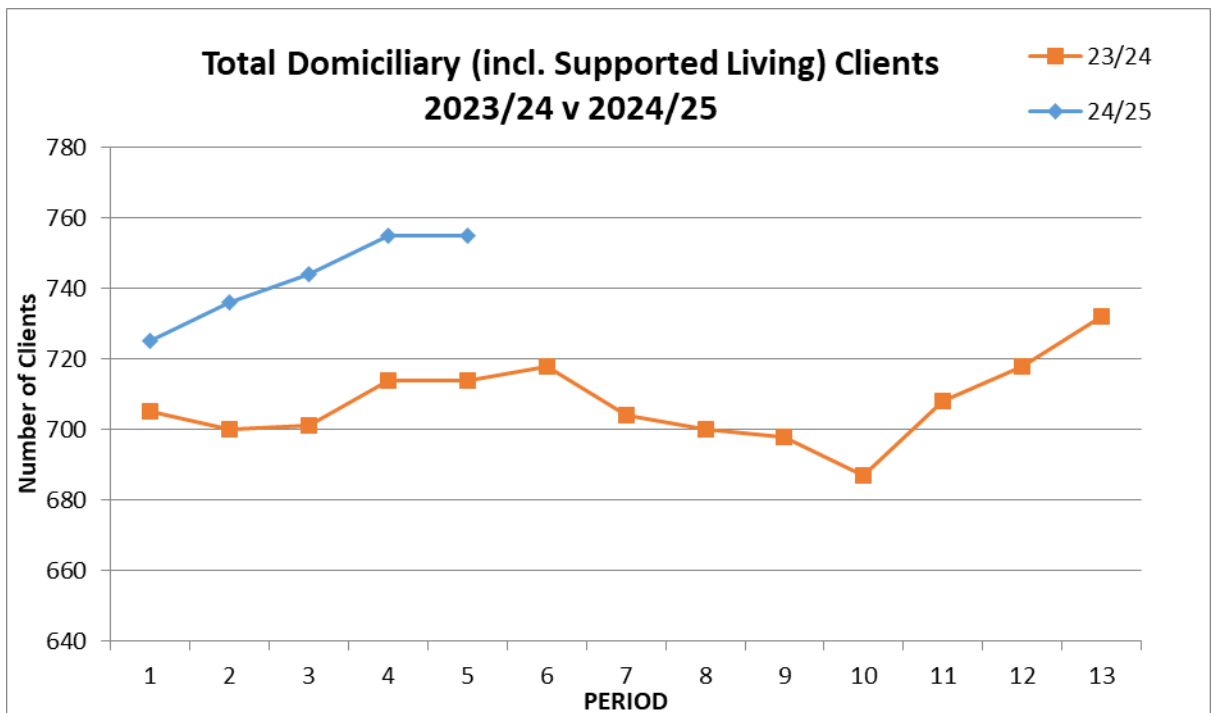
The graph below illustrates the demand for permanent placements.



### Domiciliary Care & Supported Living

There are currently 755 service users receiving a package of care at home compared to 744 in June, a slight increase of 1.5%. However, the average number of service users during 2023/24 was only 707, an increase of 6.7% which demonstrates demand for the service has increased this financial year.

The graph below illustrates the demand for the service from April 2023 to date.



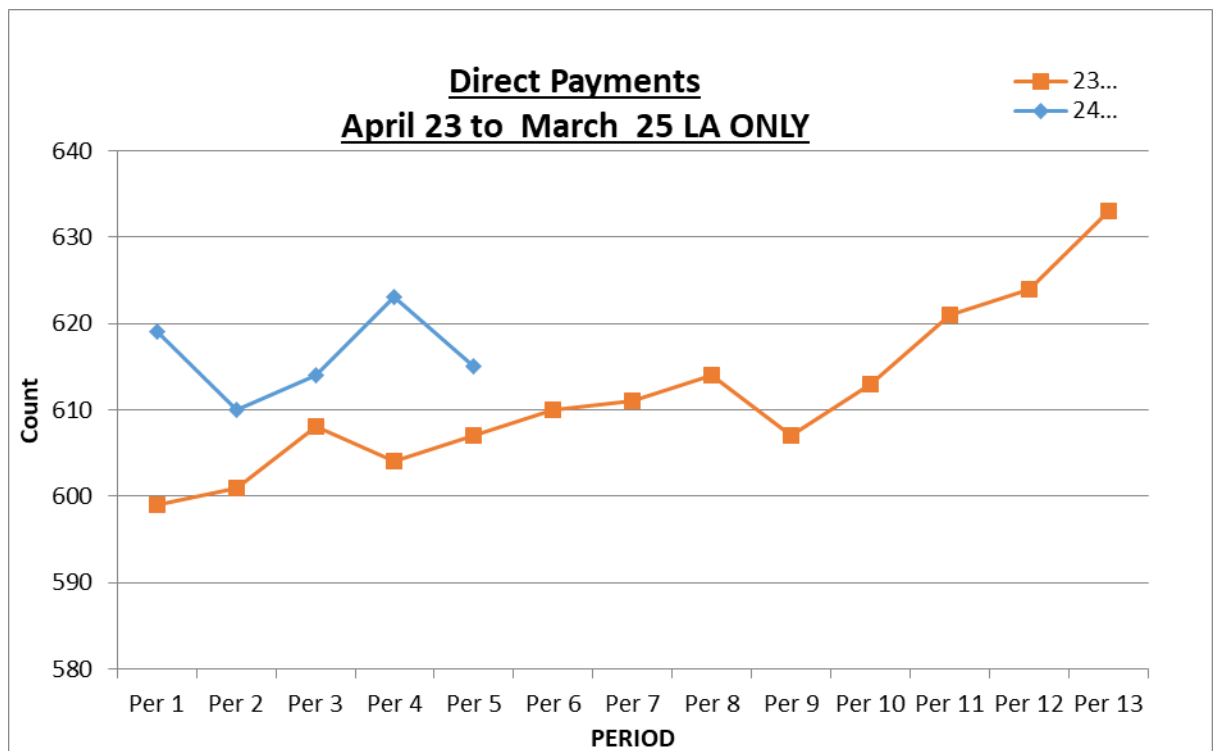
### Direct Payments

In August 615 clients received a Direct Payment (DP) compared with 619 in April a very slight decrease of 0.64%. However the average number of DP's in 2023/24 was 591, therefore there has been an increase of 4.06% on last year's average.

The average cost of a package of care has decreased since April from £529.04 to £455.65 in August, a reduction of 13.7%.

Currently there are 193 service users receiving a DP to pay care providers that have an hourly rate higher than the Council's domiciliary contracted rate of £21.18. This is an increase from period 4 of 32 clients and a financial increase of £5,860 per week (£0.152m to year end if this continues). This appears to be a trend and is exerting additional pressure on the budget.

The graph below illustrates the demand for the service from April 2023 to date.



### Care Homes

Spend to 30th September 2024 across the division is over budget profile by £0.315m. The forecast for the end of 2024/25 financial year is an estimated outturn position of £1.198m over budget. This is assuming the level of agency continues at a similar rate and includes higher spend assumptions later in the financial year due to winter pressures surrounding staffing and utilities.

Recruitment of staff is a continued pressure across the care homes. There remains a high number of staff vacancies across the care homes. A proactive rolling recruitment exercise is ongoing supported by HR.

Due to pressures with recruitment and retention in the sector, heavy reliance is being placed on overtime and expensive agency staff to support the care homes. At the end of September 2024 total agency spend across the care homes reached £1.887m, the cost of this has partially been offset by staff vacancies.

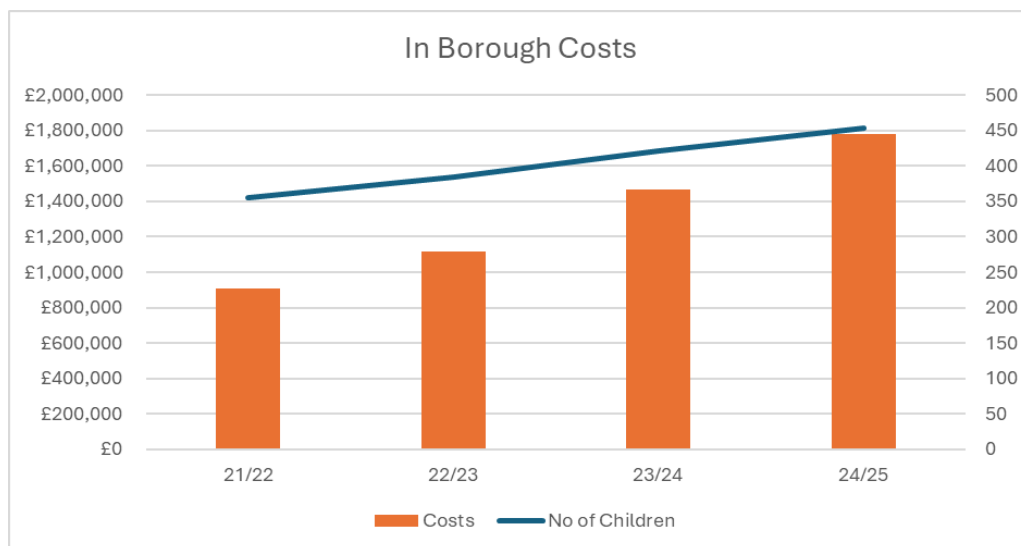
**(iii) Education, Inclusion and Provision**

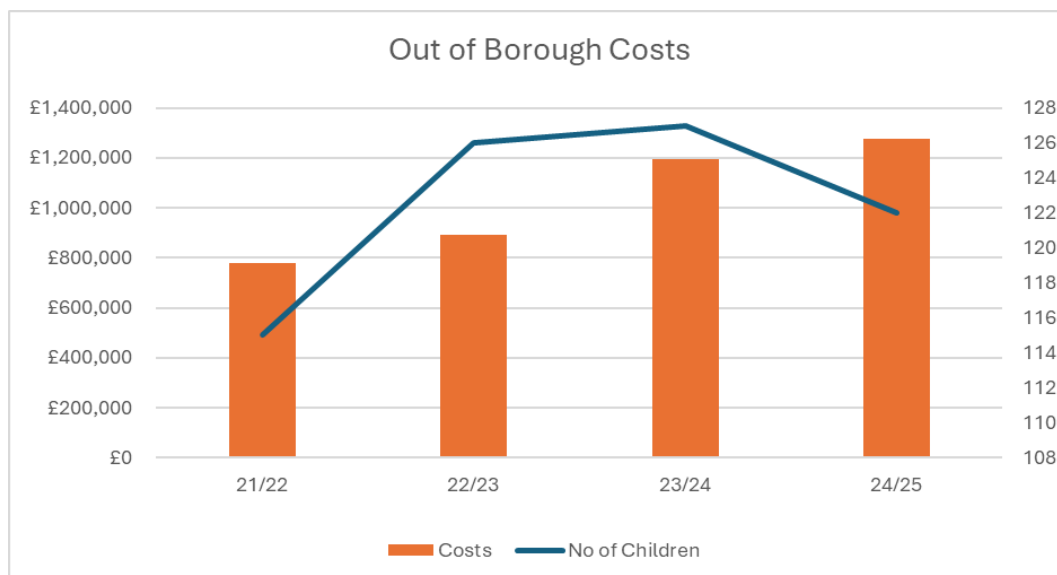
Schools Transport is the main budget pressure for Education, Inclusion and Provision. The Council has a statutory responsibility to provide Special Educational Needs (SEN) pupils with transport. This is split into two main areas of SEN pupils attending In Borough and out of Borough Schools.

The table below illustrates the split between the two areas, and how each areas spend compares to the budget.

2024-25 as at Sep-24					
Area	Number of Users	Budget £000	Projected Spend £000	Variance £000	Average Cost per User
In Borough	453	1,826	1,781	46	£3,931
Out of Borough	122	434	1,274	(840)	£10,443
<b>Total</b>	<b>575</b>	<b>2,261</b>	<b>3,055</b>	<b>(794)</b>	

The graphs below show the trend in the number of SEN children using this service and the associated costs.





A further pressure on the departmental budget for the year relates to Psychology and SEN Assessment services provided to schools. For a number of years these costs have been funded by the Dedicated Schools Grant (DSG). The Department for Education have recently advised that these costs cannot be DSG funded as they are outside of scope in meeting the grant conditions. It is therefore currently assumed this cost will fall upon the Council's budget at a cost of £0.860m, until at such time other sources of funding are found.

### Collection Fund

- 3.16 Council tax collection through to the end of September 2024 is 53.82% which is -0.11%% on the collection rate at the same point last year.

Debt relating to previous years continues to be collected, the Council utilises powers through charging orders and attachment to earnings/benefits to secure debts. £1.44m has been collected in relation to previous year debt.

- 3.17 Business rate collection through to the end of September 2024 is 58.76% which is up 2.41% on the collection rate at the same point last year.

£1.343m has been collected in relation to previous year debt.

### Review of Reserves

- 3.18 As at 30 September 2024 the Council's General Reserve is unchanged from the previous period at £5.149m, which represents 3.44% of the Council's 2024/25 net budget. This is considered to be a minimum balance level.

- 3.19 There is a regular review of earmarked reserves undertaken to determine whether they can be released in part or in full to assist with funding the Council's current financial challenges, recognising that this only provides one-year solutions.

Reserves Summary

- 3.20 A summary breakdown of Council reserves is presented in the table below, this shows the balance of reserves as at 30 September 2024.

<b>Summary of General and Earmarked Reserves</b>	
<b>Reserve</b>	<b>Reserve Value £m</b>
<b>Corporate:</b>	
General Fund	5.149
Transformation Fund	6.432
Capital Reserve	0.499
Insurance Reserve	1.000
<b>Specific Projects:</b>	0
Adult Social Care	0.507
Fleet Replacement	0.328
Highways Feasibility Costs	0.102
Local Development Framework	0.494
Community & Environment	0.253
Mersey Valley Golf Club	0.483
Mersey Gateway	27.560
Various Other	0.656
<b>Grants:</b>	0
Building Schools for the Future	6.529
Public Health	1.881
Supporting Families Performance Payments	0.534
Children's & Education	0.741
Domestic Abuse	1.186
Enterprise & Employment	0.111
Various Other	0.768
	0
<b>Total Earmarked Reserves</b>	<b>55.213</b>

- 3.21 Held within the Transformation Reserve is £6.432m, set aside to provide funding for providing future balanced budgets and a range of potential spending commitments in future years associated with delivering the Transformation Programme.
- 3.22 The above table shows the diminishing level of reserves available to assist with funding any future budget overspends and balancing future budgets. Only the £11.581m of the General Fund and Transformation Reserve could now be used for these purposes, as all remaining reserves are committed for specific purposes. It is therefore essential over the coming year that

councilwide spending is brought in line with budget and the Transformation Programme delivers the required budget savings.

### **Capital Spending**

3.23 Council approved the 2024/25 Capital Programme on 6 March 2024. Since then the capital programme has been revised to reflect a number of changes in spending profiles and funding as schemes have developed. Appendix 3 brings all the separate elements together and report on the Council's total planned capital programme expenditure over the next three years. The schemes which have been revised within the programme are as follows:

- a. Allocation of Children's Capital
- b. Oakmeadow & Peelhouse Improvements
- c. Property Improvements
- d. Waterloo Building
- e. Port of Weston
- f. Kingsway Leisure Centre Demolition
- g. MG Handback Land

3.24 Capital spending at 30 September 2024 totalled £17.3m, which represents 25% of the total Capital Programme of £69.8m (which assumes a 20% slippage between years).

### **Approved Savings**

3.25 On 02 February 2023, Council approved saving measures against the budget for the three year period 01 April 2023 to 31 March 2026. Appendix 4 lists those savings covering 2024/25 and 2025/26, together with RAG rated information on progress to date with developing and implementing the target savings.

## **4.0 CONCLUSIONS**

4.1 As at 30 September 2024, net revenue spend is forecast to be £20.642m over the budget for the year.

4.2 It is clear Council reserves alone are insufficient to meet this pressure. Urgent corrective should be taken as soon as possible across all Council services to identify spend reductions.

4.3 Departments should ensure that all spending continues to be limited to what is absolutely essential throughout the remainder of the year, to ensure that the forecast outturn overspend is minimised as far as possible and future spending is brought in line with budget.

4.4 It is recommended to Council that an application be submitted for the Government's exceptional Financial Support, to assist with funding the forecast overspend and future budget setting.

**5.0 POLICY IMPLICATIONS**

5.1 None.

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

**6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence**

**6.2 Building a Strong, Sustainable Local Economy**

**6.3 Supporting Children, Young People and Families**

**6.4 Tackling Inequality and Helping Those Who Are Most In Need**

**6.5 Working Towards a Greener Future**

**6.6 Valuing and Appreciating Halton and Our Community**

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

**7.0 RISK ANALYSIS**

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

7.2 A budget risk register of significant financial risks has been prepared and is included at Appendix 5.

**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 1072**

10.1 There are no background papers under the meaning of the Act



Summary of Revenue Spending to 30 September 2024

APPENDIX 1

Directorate / Department	Annual Budget £'000	Budget To Date £'000	Actual To Date £'000	Variance (Overspend) £'000	September 2024 Forecast Outturn (o'spend) £'000	July 2024 Forecast Outturn (o'spend) £'000
Adult Social Care	22,714	11,162	11,331	(169)	(335)	0
Care Homes`	10,043	4,825	5,140	(315)	(1,198)	(1,290)
Community Care	16,404	8,612	10,081	(1,469)	(2,433)	(2,128)
Complex Care Pool	10,704	1,195	890	305	308	128
<b>Adults Directorate</b>	<b>59,865</b>	<b>25,794</b>	<b>27,442</b>	<b>(1,648)</b>	<b>(3,658)</b>	<b>(3,290)</b>
Finance	5,031	5,274	4,775	499	369	(219)
Legal & Democratic Services	-618	-124	319	(443)	(976)	(858)
ICT & Support Services	2,278	666	955	(289)	(588)	(89)
Chief Executives Delivery Unit	1,169	189	219	(30)	(63)	6
<b>Chief Executives Directorate</b>	<b>7,860</b>	<b>6,005</b>	<b>6,268</b>	<b>(263)</b>	<b>(1,258)</b>	<b>(1,160)</b>
Children & Families	38,362	14,703	20,217	(5,514)	(12,333)	(11,617)
Education, Inclusion & Provision	9,769	2,795	3,574	(779)	(1,642)	(1,676)
<b>Childrens Directorate</b>	<b>48,131</b>	<b>17,498</b>	<b>23,791</b>	<b>(6,293)</b>	<b>(13,975)</b>	<b>(13,293)</b>
Community & Greenspace	25,408	9,867	9,704	163	395	324
Economy, Enterprise & Property	2,336	651	631	20	30	25
Planning & Transportation	8,406	1,784	1,553	231	102	(53)
<b>Environment &amp; Regeneration Directorate</b>	<b>36,150</b>	<b>12,302</b>	<b>11,888</b>	<b>414</b>	<b>527</b>	<b>296</b>
Corporate & Democracy	-3,801	-2,733	-1,547	(1,186)	(2,380)	(2,373)
Public Health Directorate	1,291	89	-23	112	102	43
<b>Total Operational Net Spend</b>	<b>149,496</b>	<b>58,955</b>	<b>67,819</b>	<b>(8,864)</b>	<b>(20,642)</b>	<b>(19,777)</b>



## Adult Social Care

## APPENDIX 2

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	17,543	8,776	8,249	527	1,060
Agency- Covering Vacancies	0	0	580	(580)	(1,160)
Premises	481	263	247	16	0
Supplies & Services	511	297	319	(22)	(45)
Aids & Adaptations	37	18	21	(3)	0
Transport	242	120	152	(32)	(60)
Food & Drink Provisions	214	107	89	18	30
Supported Accommodation and Services	1,385	652	608	44	90
Emergency Duty Team	115	0	0	0	0
Transfer To Reserves	282	0	0	0	0
Capital Financing	13	0	0	0	0
Contracts & SLAs	1,090	537	534	3	0
<b>Housing Solutions Grant Funded Schemes</b>					
Homelessness Prevention	471	148	130	18	0
Rough Sleepers Initiative	167	48	49	(1)	0
Trailblazer	100	50	43	7	0
<b>Total Expenditure</b>	<b>22,651</b>	<b>11,016</b>	<b>11,021</b>	<b>(5)</b>	<b>(85)</b>
<b>Income</b>					
Fees & Charges	-873	-430	-393	(37)	(70)
Sales & Rents Income	-480	-311	-317	6	10
Reimbursements & Grant Income	-2,308	-658	-635	(23)	0
Capital Salaries	-121	-61	-61	0	0
Housing Schemes Income	-631	-626	-625	(1)	0
<b>Total Income</b>	<b>-4,413</b>	<b>-2,086</b>	<b>-2,031</b>	<b>(55)</b>	<b>(60)</b>
<b>Net Operational Expenditure</b>	<b>18,238</b>	<b>8,930</b>	<b>8,990</b>	<b>(60)</b>	<b>(145)</b>
<b>Recharges</b>					
Premises Support	529	264	264	0	0
Transport Support	581	291	400	(109)	(190)
Central Support	3,465	1,732	1,732	0	0
Asset Rental Support	13	0	0	0	0
Recharge Income	-112	-55	-55	0	0
<b>Net Total Recharges</b>	<b>4,476</b>	<b>2,232</b>	<b>2,341</b>	<b>(109)</b>	<b>(190)</b>
<b>Net Departmental Expenditure</b>	<b>22,714</b>	<b>11,162</b>	<b>11,331</b>	<b>(169)</b>	<b>(335)</b>

## Care Homes

	Annual Budget £'000	Budget to Date £'000	Actual Spend £'000	Variance (Overspend) £'000	Forecast Outturn £'000
<b>Expenditure</b>					
<b><u>Madeline Mckenna</u></b>					
Employees	698	349	316	33	35
Agency - covering vacancies	0	0	70	(70)	(152)
Other Premises	101	38	39	(1)	(3)
Supplies & Services	20	8	12	(4)	(2)
Food Provison	48	20	24	(4)	(1)
<b>Total Madeline Mckenna Expenditure</b>	<b>867</b>	<b>415</b>	<b>461</b>	<b>(46)</b>	<b>(123)</b>
<b><u>Millbrow</u></b>					
Employees	2,056	1,028	618	410	679
Agency - covering vacancies	3	3	458	(455)	(950)
Other Premises	129	51	70	(19)	(38)
Supplies & Services	61	27	49	(22)	(25)
Food Provison	78	33	39	(6)	1
<b>Total Millbrow Expenditure</b>	<b>2,327</b>	<b>1,142</b>	<b>1,234</b>	<b>(92)</b>	<b>(333)</b>
<b><u>St Luke's</u></b>					
Employees	2,884	1,442	1,012	430	740
Agency - covering vacancies	250	250	696	(446)	(1,023)
Premises	172	73	109	(36)	(67)
Supplies & Services	59	21	47	(26)	(26)
Reimbursement & Grant Income	-104	-104	-104	0	0
Client Income	-44	-44	-44	0	0
Food Provison	120	60	62	(2)	(3)
<b>Total St Luke's Expenditure</b>	<b>3,337</b>	<b>1,698</b>	<b>1,778</b>	<b>(80)</b>	<b>(379)</b>
<b><u>St Patrick's</u></b>					
Employees	1,839	919	590	329	566
Agency - covering vacancies	42	42	504	(462)	(1,001)
Other Premises	157	55	64	(9)	(17)
Supplies & Services	64	29	22	7	14
Food Provison	122	50	49	1	2
Reimbursement & Grant Income	-21	-21	-21	0	0
<b>Total St Patrick's Expenditure</b>	<b>2,203</b>	<b>1,074</b>	<b>1,208</b>	<b>(134)</b>	<b>(436)</b>
<b><u>Care Homes Divison Management</u></b>					
Employees	362	180	141	39	77
Supplies & Services	0	0	2	(2)	(4)
<b>Care Home Divison Management</b>	<b>362</b>	<b>180</b>	<b>143</b>	<b>37</b>	<b>73</b>
<b>Net Operational Expenditure</b>	<b>9,096</b>	<b>4,509</b>	<b>4,824</b>	<b>(315)</b>	<b>(1,198)</b>
<b>Recharges</b>					
Premises Support	264	88	88	0	0
Transport Support	0	0	0	0	0
Central Support	683	228	228	0	0
Asset Rental Support	0	0	0	0	0
Recharge Income	0	0	0	0	0
<b>Net Total Recharges</b>	<b>947</b>	<b>316</b>	<b>316</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>10,043</b>	<b>4,825</b>	<b>5,140</b>	<b>(315)</b>	<b>(1,198)</b>

## Community Care

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Residential & Nursing	13,372	6,302	7,279	(977)	(1,345)
Domiciliary Care & Supported living	12,890	5,867	5,846	21	46
Direct Payments	14,125	7,389	8,035	(646)	(1,155)
Day Care	648	389	274	115	7
<b>Total Expenditure</b>	<b>41,035</b>	<b>19,947</b>	<b>21,434</b>	<b>(1,487)</b>	<b>(2,447)</b>
<b>Income</b>					
Residential & Nursing Income	-13,182	-5,842	-5,849	7	6
Community Care Income	-2,270	-1,043	-1,048	5	11
Direct Payments Income	-1,014	-435	-441	6	8
Income from other CCGs	-135	-34	-34	0	0
Market sustainability & Improvement Grant	-2,796	-1,398	-1,398	0	0
Adult Social Care Support Grant	-5,167	-2,583	-2,583	0	0
War Pension Disregard Grant	-67	0	0	0	(11)
<b>Total Income</b>	<b>-24,631</b>	<b>-11,335</b>	<b>-11,353</b>	<b>18</b>	<b>14</b>
<b>Net Operational Expenditure</b>	<b>16,404</b>	<b>8,612</b>	<b>10,081</b>	<b>(1,469)</b>	<b>(2,433)</b>

## Complex Care Pool

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Intermediate Care Services	5,220	2,109	2,226	(117)	(233)
Oakmeadow	1,831	884	921	(37)	(74)
Community Home Care First	2,111	818	649	169	338
Joint Equipment Store	871	276	276	0	0
Development Fund	582	66	0	66	133
Contracts & SLA's	3,243	98	98	0	0
Inglenook	127	55	41	14	28
HICafs	3,703	1,210	1,066	144	289
Carers Breaks	494	225	156	69	138
Carers centre	371	0	0	0	0
Residential Care	7,225	3,629	3,629	0	0
Domiciliary Care & Supported Living	4,227	2,113	2,113	0	0
<b>Total Expenditure</b>	<b>30,005</b>	<b>11,483</b>	<b>11,175</b>	<b>308</b>	<b>619</b>
<b>Income</b>					
BCF	-13,484	-6,742	-6,742	0	0
CCG Contribution to Pool	-2,865	-1,432	-1,432	0	0
Oakmeadow Income	-19	-16	-13	(3)	(4)
ASC Discharge Grant Income	-1,631	-816	-816	0	0
ICB Discharge Grant Income	-1,282	-1,282	-1,282	0	0
Other Income	-20	0	0	0	0
<b>Total Income</b>	<b>-19,301</b>	<b>-10,288</b>	<b>-10,285</b>	<b>(3)</b>	<b>(4)</b>
ICB Contribution Share of Surplus				0	(307)
<b>Net Operational Expenditure</b>	<b>10,704</b>	<b>1,195</b>	<b>890</b>	<b>305</b>	<b>308</b>

## Finance Department

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	6,945	3,373	3,343	30	60
Insurances	986	565	322	243	260
Supplies & Services	417	279	366	(87)	(167)
Rent Allowances	35,500	15,651	15,651	0	0
Concessionary Travel	1,748	533	530	3	6
LCR Levy	1,748	0	0	0	0
Bad Debt Provision	77	0	0	0	(145)
Non HRA Rent Rebates	70	27	25	2	3
Discretionary Social Fund	106	53	0	53	106
Discretionary Housing Payments	300	150	101	49	97
Household Support Fund Expenditure	2,625	1,235	1,235	0	0
<b>Total Expenditure</b>	<b>50,522</b>	<b>21,866</b>	<b>21,573</b>	<b>293</b>	<b>220</b>
<b>Income</b>					
Fees & Charges	-335	-155	-159	4	9
Burdens Grant	-60	-66	-78	12	24
Dedicated schools Grant	-144	-10	0	(10)	(19)
Council Tax Liability Order	-581	-439	-493	54	108
Business Rates Admin Grant	-157	0	0	0	0
Schools SLAs	-312	-312	-307	(5)	(5)
LCR Reimbursement	-1,748	0	0	0	0
HB Overpayment Debt Recovery	-400	-200	-184	(16)	(36)
Rent Allowances	-34,700	-13,041	-12,926	(115)	(232)
Non HRA Rent Rebate	-70	-35	-37	2	(3)
Discretionary Housing Payment Grant	-300	-300	-93	(207)	(21)
Housing Benefits Admin Grant	-498	-249	-244	(5)	(9)
Housing Benefits Award Accuracy	0	0	-12	12	12
Universal Credits	-5	-3	0	(3)	(5)
Household Support Fund Grant	-2,625	0	-243	243	0
VEP Grant	0	0	-5	5	5
CCG McMillan Reimbursement	-87	-43	-25	(18)	5
Reimbursements & Grant Income	-151	-76	-329	253	316
Transfer from Reserves	-7	-7	-7	0	0
<b>Total Income</b>	<b>-42,180</b>	<b>-14,936</b>	<b>-15,142</b>	<b>206</b>	<b>149</b>
<b>Net Operational Expenditure</b>	<b>8,342</b>	<b>6,930</b>	<b>6,431</b>	<b>499</b>	<b>369</b>
<b>Recharges</b>					
Premises Support	377	188	188	0	0
Transport Support	0	0	0	0	0
Central Support	2,365	1,183	1,183	0	0
Asset Rental Support	0	0	0	0	0
Recharge Income	-6,053	-3,027	-3,027	0	0
<b>Net Total Recharges</b>	<b>-3,311</b>	<b>-1,656</b>	<b>-1,656</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>5,031</b>	<b>5,274</b>	<b>4,775</b>	<b>499</b>	<b>369</b>

## Legal Services

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend )	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	1,511	873	864	9	17
Agency Related Expenditure	0	219	527	(308)	(616)
Supplies & Services	385	260	277	(17)	(33)
Civic Catering & Functions	23	9	3	6	12
Legal Expenses	218	19	126	(107)	(259)
Transport Related Expenditure	11	10	6		7
Other Expenditure	0	3	3	0	0
Capital Financing	0	0	0	0	0
<b>Total Expenditure</b>	<b>2,148</b>	<b>1,393</b>	<b>1,806</b>	<b>(417)</b>	<b>(872)</b>
<b>Income</b>					
School SLA's	-98	-78	-77	(1)	(20)
Licence Income	-301	-139	-129	(10)	(49)
Government Grant	-42	-42	-42	0	0
Reimbursement & Other Grants	-161	-161	-161	0	0
Fees & Charges Income	-74	-40	-21	(19)	(35)
Transfer from Reserves	-27	-27	-27	0	0
<b>Total Income</b>	<b>-703</b>	<b>-487</b>	<b>-457</b>	<b>(30)</b>	<b>(104)</b>
<b>Net Operational Expenditure</b>	<b>1,445</b>	<b>906</b>	<b>1,349</b>	<b>(447)</b>	<b>(976)</b>
<b>Recharges</b>					
Premises Support	53	26	26	0	0
Transport Support	0	0	0	0	0
Central Support	275	139	139	0	0
Asset Rental Support	0	0	0	0	0
Support Costs Income	-2,391	-1,195	-1,195	0	0
<b>Net Total Recharges</b>	<b>-2,063</b>	<b>-1,030</b>	<b>-1,030</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>-618</b>	<b>-124</b>	<b>319</b>	<b>(447)</b>	<b>(976)</b>



## ICT &amp; Support Services Department

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	5,596	2,746	2,631	115	230
Supplies & Services	921	409	565	(156)	(310)
Capital Finance	100	50	11	39	81
Computer Repairs & Software	1,724	1,547	1,734	(187)	(374)
Communication Costs	13	0	59	(59)	(122)
Premises	159	81	73	8	17
Transport	3	1	0	1	2
<b>Total Expenditure</b>	<b>8,516</b>	<b>4,834</b>	<b>5,073</b>	<b>(239)</b>	<b>(476)</b>
<b>Income</b>					
Fees & Charges	-1,056	-533	-556	23	36
Schools SLA Income	-646	-554	-490	(64)	(130)
Reimbursements & Grant Income	0	9	18	(9)	(18)
Transfer from Reserves	-148	-148	-148	0	0
<b>Total Income</b>	<b>-1,850</b>	<b>-1,226</b>	<b>-1,176</b>	<b>(50)</b>	<b>(112)</b>
<b>Net Operational Expenditure</b>	<b>6,666</b>	<b>3,608</b>	<b>3,897</b>	<b>(289)</b>	<b>(588)</b>
<b>Recharges</b>					
Premises Support	550	275	275	0	0
Transport Support	19	10	10	0	0
Central Support	2,380	1,190	1,190	0	0
Asset Rental Support	1,494	0	0	0	0
Support Costs Income	-8,831	-4,417	-4,417	0	0
<b>Net Total Recharges</b>	<b>-4,388</b>	<b>-2,942</b>	<b>-2,942</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>2,278</b>	<b>666</b>	<b>955</b>	<b>(289)</b>	<b>(588)</b>

## Chief Executives Delivery Unit

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend )	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	3,304	1,605	1,623	(18)	(35)
Employees Training	99	50	52	(2)	(9)
Apprenticeship Levy	300	136	147	(11)	(21)
Supplies & Services	391	154	124	30	62
<b>Total Expenditure</b>	<b>4,094</b>	<b>1,945</b>	<b>1,946</b>	<b>-1</b>	<b>-3</b>
<b>Income</b>					
Fees & Charges	-223	-122	-118	(4)	(9)
Schools SLA Income	-565	-539	-509	(30)	(56)
Transfer from Reserves	0	0	-5	5	5
<b>Total Income</b>	<b>-788</b>	<b>-661</b>	<b>-632</b>	<b>(29)</b>	<b>(60)</b>
<b>Net Operational Expenditure</b>	<b>3,306</b>	<b>1,284</b>	<b>1,314</b>	<b>(30)</b>	<b>(63)</b>
<b>Recharges</b>					
Premises Support	174	87	87	0	0
Transport	0	0	0	0	0
Central Support	1,209	605	605	0	0
Asset Rental Support	53	0	0	0	0
HBC Support Costs Income	-3,573	-1,787	-1,787	0	0
<b>Net Total Recharges</b>	<b>-2,137</b>	<b>-1,095</b>	<b>-1,095</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>1,169</b>	<b>189</b>	<b>219</b>	<b>(30)</b>	<b>(63)</b>

## Children &amp; Families

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	15,065	6,758	8,283	(1,525)	(3,056)
Other Premises	415	141	160	(19)	(34)
Supplies & Services	1,723	1,135	1,449	(314)	(610)
Transport	360	138	112	26	45
Direct Payments	1,097	548	631	(83)	(178)
Commissioned services to Vol Orgs	224	101	101	0	0
Residential Care	17,570	6,168	10,321	(4,153)	(7,394)
Out of Borough Adoption	96	0	0	0	96
Out of Borough Fostering	4,253	1,716	2,176	(460)	(991)
In House Adoption	548	165	129	36	68
Special Guardianship Order	2,510	1,115	1,144	(29)	(70)
In House Foster Carer Placements	2,739	1,194	1,031	163	302
Lavender House Contract Costs	234	80	73	7	15
Home Support & Respite	340	179	174	5	8
Care Leavers	248	134	188	(54)	(107)
Family Support	53	22	30	(8)	(22)
Contracted services	3	2	2	0	0
Early Years	0	0	0	0	0
Emergency Duty	132	0	0	0	(51)
Youth Offending Services	321	10	10	0	(140)
Transfer to Reserves	8	0	0	0	0
<b>Total Expenditure</b>	<b>47,939</b>	<b>19,606</b>	<b>26,014</b>	<b>(6,408)</b>	<b>(12,119)</b>
<b>Income</b>					
Fees & Charges	-33	-7	0	(7)	(14)
Sales Income	-4	-2	0	(2)	(3)
Rents	-81	-21	-24	3	0
Reimbursement & other Grant Income	-766	-450	-365	(85)	(111)
Transfer from reserve	-5	-5	-5	0	0
Dedicated Schools Grant	-50	0	0	0	0
Government Grants	-10,371	-5,285	-6,270	985	(86)
<b>Total Income</b>	<b>-11,310</b>	<b>-5,770</b>	<b>-6,664</b>	<b>894</b>	<b>(214)</b>
<b>Net Operational Expenditure</b>	<b>36,629</b>	<b>13,836</b>	<b>19,350</b>	<b>(5,514)</b>	<b>(12,333)</b>
<b>Recharges</b>					
Premises Support	398	199	199	0	0
Transport	16	9	9	0	0
Central Support	2,274	1,137	1,137	0	0
Asset Rental Support	0	0	0	0	0
HBC Support Costs Income	-955	-478	-478	0	0
<b>Net Total Recharges</b>	<b>1,733</b>	<b>867</b>	<b>867</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>38,362</b>	<b>14,703</b>	<b>20,217</b>	<b>(5,514)</b>	<b>(12,333)</b>

## Education, Inclusion &amp; Provision

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	7,419	3,563	3,683	(120)	(311)
Agency - covering vacancies	72	36	163	(127)	(227)
Agency - addition to establishment	0	0	14	(14)	(15)
Premises	14	12	11	1	3
Supplies & Services	3,258	1,765	1,747	18	41
Independent School Fees	9,113	4,557	4,551	6	0
Schools Contingency	181	132	132	0	0
Transport	43	21	18	3	(10)
Schools Transport	2,341	580	948	(368)	(737)
Early Years Payments	10,002	5,001	5,001	0	0
Early Years Pupil Premium	177	89	89	0	0
Commissioned Services	1,719	620	770	(150)	(300)
Inter Authority Special Needs	855	447	447	0	0
Grants to Voluntary Organisations	173	86	68	18	10
Capital Financing	4,608	2,103	2,103	0	1
<b>Total Expenditure</b>	<b>39,975</b>	<b>19,012</b>	<b>19,745</b>	<b>(733)</b>	<b>(1,545)</b>
<b>Income</b>					
Fees & Charges Income	-424	-243	-254	11	(30)
Government Grant Income	-7,120	-4,644	-4,644	0	0
Dedicated Schools Grant	-22,492	-11,246	-11,246	0	0
Inter Authority Income	-311	-155	-157	2	0
Reimbursements & Other Grant Income	-1,788	-894	-821	(73)	0
Schools SLA Income	-481	-240	-318	78	25
Transfers from Reserves	-84	-42	0	(42)	0
<b>Total Income</b>	<b>-32,700</b>	<b>-17,464</b>	<b>-17,440</b>	<b>(24)</b>	<b>(5)</b>
<b>Net Operational Expenditure</b>	<b>7,275</b>	<b>1,548</b>	<b>2,305</b>	<b>(757)</b>	<b>(1,550)</b>
<b>Recharges</b>					
Premises Support	344	172	172	0	0
Transport Support	528	264	295	(31)	(92)
Central Support	1,605	802	802	0	0
Asset Rental Support	17	9	0	9	0
Recharge Income	0	0	0	0	0
<b>Net Total Recharges</b>	<b>2,494</b>	<b>1,247</b>	<b>1,269</b>	<b>(22)</b>	<b>(92)</b>
<b>Net Departmental Expenditure</b>	<b>9,769</b>	<b>2,795</b>	<b>3,574</b>	<b>(779)</b>	<b>(1,642)</b>

## Community &amp; Greenspaces

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	17,358	8,358	7,845	513	1,024
Agency - covering vacancies	0	0	124	(124)	(249)
Agency - in addition to establishment	0	0	134	(134)	(268)
Premises	3,521	1,609	1,644	(35)	(60)
Supplies & Services	2,108	987	1,032	(45)	(90)
Hired & Contracted Services	510	418	418	0	0
Book Fund	128	80	80	0	0
Food Provision	388	213	195	18	37
School Meals Food	1,960	693	716	(23)	(45)
Transport	117	14	18	(4)	(9)
Other Agency Costs	441	247	247	0	0
Other Expenditure	0	0	58	(58)	(60)
Waste Disposal Contracts	7,002	1,598	1,470	128	255
Grants to Voluntary Organisations	64	32	18	14	29
Grant to Norton Priory	172	87	87	0	0
Transfers to Reserves	0	0	0	0	0
<b>Total Expenditure</b>	<b>33,769</b>	<b>14,336</b>	<b>14,086</b>	<b>250</b>	<b>564</b>
<b>Income</b>					
Sales Income	-1,373	-755	-734	(21)	(44)
Fees & Charges Income	-5,470	-3,091	-3,129	38	83
Rental Income	-235	-108	-123	15	30
Markets Income	-910	-462	-437	(25)	(50)
Government Grant Income	-1,165	-1,165	-1,165	0	0
Reimbursements & Other Grant Income	-703	-323	-323	0	0
School SLA Income	-1,313	-404	-404	0	0
School Meals Income	-3,598	-1,383	-1,283	(100)	(200)
Internal Fees Income	-286	-29	-59	30	60
Capital Salaries	-173	-43	-33	(10)	(20)
Transfers from Reserves	-15	-15	-15	0	0
<b>Total Income</b>	<b>-15,241</b>	<b>-7,778</b>	<b>-7,705</b>	<b>(73)</b>	<b>(141)</b>
<b>Net Operational Expenditure</b>	<b>18,528</b>	<b>6,558</b>	<b>6,381</b>	<b>177</b>	<b>423</b>
<b>Recharges</b>					
Premises Support	1,675	837	837	0	0
Transport	2,257	1,097	1,111	(14)	(28)
Central Support	3,897	1,949	1,949	0	0
Asset Rental Support	199	0	0	0	0
HBC Support Costs Income	-1,148	-574	-574	0	0
<b>Net Total Recharges</b>	<b>6,880</b>	<b>3,309</b>	<b>3,323</b>	<b>(14)</b>	<b>(28)</b>
<b>Net Departmental Expenditure</b>	<b>25,408</b>	<b>9,867</b>	<b>9,704</b>	<b>163</b>	<b>395</b>

## Economy, Enterprise &amp; Property

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	4,805	2,549	2,390	159	329
Agency - covering vacancies	0	0	154	(154)	(320)
Agency - in addition to establishment	0		0	0	0
Repairs & Maintenance	1,706	917	967	(50)	(99)
Premises	136	119	119	0	0
Energy & Water Costs	1,247	471	417	54	107
NNDR	690	670	660	10	10
Rents	173	92	89	3	7
Economic Regeneration Activities	21	0	0	0	0
Security	544	251	278	(27)	(55)
Supplies & Services	555	194	186	8	17
Supplies & Services - Grant	1,931	367	367	0	0
Grants to Voluntary Organisations	59	59	59	0	0
Capital Finance	0	0	0	0	0
Transfer to Reserves	185	185	185	0	0
<b>Total Expenditure</b>	<b>12,052</b>	<b>5,874</b>	<b>5,871</b>	<b>3</b>	<b>(4)</b>
<b>Income</b>					
Fees & Charges Income	-833	-396	-427	31	63
Rent - Commercial Properties	-872	-233	-223	(10)	(20)
Rent - Investment Properties	-38	-19	-19	0	0
Government Grant	-2,311	-1,041	-1,041	0	0
Reimbursements & Other Grant Income	-148	-76	-73	(3)	(6)
Schools SLA Income	-227	-201	-197	(4)	(8)
Recharges to Capital	-295	-198	-201	3	5
Transfer from Reserves	-1,120	-1,120	-1,120	0	0
<b>Total Income</b>	<b>-5,844</b>	<b>-3,284</b>	<b>-3,301</b>	<b>17</b>	<b>34</b>
<b>Net Operational Expenditure</b>	<b>6,208</b>	<b>2,590</b>	<b>2,570</b>	<b>20</b>	<b>30</b>
<b>Recharges</b>					
Premises Support	2,074	1,037	1,037	0	0
Transport	30	14	14	0	0
Central Support	1,947	973	973	0	0
Asset Rental Support	4	0	0	0	0
HBC Support Costs Income	-7,927	-3,963	-3,963	0	0
<b>Net Total Recharges</b>	<b>-3,872</b>	<b>-1,939</b>	<b>-1,939</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>2,336</b>	<b>651</b>	<b>631</b>	<b>20</b>	<b>30</b>

## Planning & Transportation Department

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	5,545	2,688	2,530	158	295
Agency - covering vacancies	110	93	120	(27)	(54)
Agency - in addition to establishment	24	12	57	(45)	(48)
Efficiency Savings	-150	-75	0	(75)	(150)
Premises	193	119	96	23	47
Hired & Contracted Services	59	29	36	(7)	(180)
Planning Appeal Provision	0	0	0	0	(500)
Supplies & Services	144	35	158	(123)	(246)
Street Lighting	1,609	358	337	21	42
Highways Maintenance - Routine & Reactive	1,772	648	587	61	122
Highways Maintenance - Programmed Works	1,851	252	107	145	290
Fleet Transport	1,455	703	654	49	98
Bus Support - Halton Hopper Tickets	23	19	15	4	8
Bus Support	498	249	390	(141)	0
Agency Related Expenditure	8	7	8	(1)	(2)
Grants to Voluntary Organisations	31	31	31	0	0
NRA Levy	74	73	73	0	1
LCR Levy	1,059	529	529	0	0
Contribution to Reserves	359	0	0	0	0
<b>Total Expenditure</b>	<b>14,664</b>	<b>5,770</b>	<b>5,728</b>	<b>42</b>	<b>(277)</b>
<b>Income</b>					
Sales & Rents Income	-96	-78	-88	10	20
Planning Fees	-826	-409	-274	(135)	(268)
Building Control Fees	-245	-122	-128	6	12
Other Fees & Charges	-908	-456	-610	154	307
Grants & Reimbursements	-153	-90	-90	0	0
Government Grant Income	-111	-39	-39	0	0
Halton Hopper Income	-24	-12	-2	(10)	(19)
Recharge to Capital	-365	-91	-91	0	0
LCR Levy Reimbursement	-1,059	-529	-529	0	0
Contribution from Reserves	-1,036	-1,036	-1,036	0	0
<b>Total Income</b>	<b>-4,823</b>	<b>-2,862</b>	<b>-2,887</b>	<b>25</b>	<b>52</b>
<b>Net Operational Expenditure</b>	<b>9,841</b>	<b>2,908</b>	<b>2,841</b>	<b>67</b>	<b>(225)</b>
<b>Recharges</b>					
Premises Support	560	280	280	0	0
Transport	749	390	383	7	13
Central Support	1,534	767	767	0	0
Asset Rental Support	851	0	0	0	0
HBC Support Costs Income	-5,129	-2,561	-2,718	157	314
<b>Net Total Recharges</b>	<b>-1,435</b>	<b>-1,124</b>	<b>-1,288</b>	<b>164</b>	<b>327</b>
<b>Net Departmental Expenditure</b>	<b>8,406</b>	<b>1,784</b>	<b>1,553</b>	<b>231</b>	<b>102</b>

## Corporate &amp; Democracy

	Annual Budget	Budget to Date	Actual Spend	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
Employees	412	206	169	37	0
Contracted Services	39	20	0	20	0
Supplies & Services	119	60	80	(20)	0
Premises Expenditure	5	5	7	(2)	0
Transport Costs	1	0	0	0	0
Members Allowances	983	492	475	17	0
Interest Payable - Treasury Management	1,099	550	807	(257)	(273)
Interest Payable - Other	357	119	197	(78)	(100)
Bank Charges	132	44	128	(84)	(100)
Audit Fees	348	174	15	159	0
Contingency	986	493	0	493	986
Capital Financing	2,408	2	2	0	0
Contribution to Reserves	0	0	0	0	0
Debt Management Expenses	20	10	0	10	0
Precepts & Levies	240	40	35	5	(30)
Agency Related Expenditure	0	0	0	0	0
Business Support Grants	0	0	0	0	0
Transformation Efficiency Savings	-4,000	-2,000	0	(2,000)	(3,871)
<b>Total Expenditure</b>	<b>3,149</b>	<b>215</b>	<b>1,915</b>	<b>-1,700</b>	<b>-3,388</b>
<b>Income</b>					
Interest Receivable - Treasury Management	-4,152	-2,076	-2,559	483	966
Interest Receivable - Other	-19	-6	-6	0	0
Other Fees & Charges	-158	-79	-47	(32)	0
Grants & Reimbursements	-255	-85	-85	0	0
Government Grant Income	-377	-126	-189	63	42
<b>Total Income</b>	<b>-4,961</b>	<b>-2,372</b>	<b>-2,886</b>	<b>514</b>	<b>1,008</b>
<b>Net Operational Expenditure</b>	<b>-1,812</b>	<b>-2,157</b>	<b>-971</b>	<b>(1,186)</b>	<b>(2,380)</b>
<b>Recharges</b>					
Premises Support	21	10	10	0	0
Transport	0	0	0	0	0
Central Support	1,016	533	533	0	0
Asset Rental Support	0	0	0	0	0
HBC Support Costs Income	-3,026	-1,119	-1,119	0	0
<b>Net Total Recharges</b>	<b>-1,989</b>	<b>-576</b>	<b>-576</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>-3,801</b>	<b>-2,733</b>	<b>-1,547</b>	<b>(1,186)</b>	<b>(2,380)</b>



## Public Health

	Annual Budget £'000	Budget to Date £'000	Actual Spend £'000	Variance (Overspend) £'000	Forecast Outturn £'000
<b>Expenditure</b>					
Employees	5,345	2,238	2,184	54	48
Agency - covering vacancies	0	0	17	(17)	0
Premises	6	0	0	0	0
Supplies & Services	387	188	169	19	38
Contracts & SLA's	7,913	3,372	3,319	53	16
Transport	4	2	0	2	0
Transfer to Reserves	19	19	19	0	0
Other Agency	24	24	24	0	0
<b>Total Expenditure</b>	<b>13,698</b>	<b>5,843</b>	<b>5,732</b>	<b>111</b>	<b>102</b>
<b>Income</b>					
Fees & Charges	-83	-61	-62	1	0
Reimbursements & Grant Income	-306	-276	-276	0	0
Transfer from Reserves	-1,714	-65	-65	0	0
Capital Salaries	0	0	0	0	0
Government Grant Income	-12,193	-6,297	-6,297	0	0
<b>Total Income</b>	<b>-14,296</b>	<b>-6,699</b>	<b>-6,700</b>	<b>1</b>	<b>0</b>
<b>Net Operational Expenditure</b>	<b>-598</b>	<b>-856</b>	<b>-968</b>	<b>112</b>	<b>102</b>
<b>Recharges</b>					
Premises Support	149	75	75	0	0
Transport Support	22	11	11	0	0
Central Support	2,387	1,194	1,194	0	0
Asset Rental Support	0	0	0	0	0
Recharge Income	-669	-335	-335	0	0
<b>Net Total Recharges</b>	<b>1,889</b>	<b>945</b>	<b>945</b>	<b>0</b>	<b>0</b>
<b>Net Departmental Expenditure</b>	<b>1,291</b>	<b>89</b>	<b>-23</b>	<b>112</b>	<b>102</b>



Capital Programme as at 30 September 2024

Appendix 3

Scheme Detail	2024/25 Original Allocation £000	2024/25 Revised Allocation £000	Q1 Spend £000	Q2 Spend £000	Q3 Spend £000	Q4 Spend £000	Total Spend £000	Allocation remaining £000
<b>Childrens Directorate</b>								
Capital Repairs	749.0	749.0	151.0	531.0			682.0	67.0
Basic Need Projects	600.8	600.8	0.0	0.0			0.0	600.8
SEND capital allocation	3,355.2	3,355.2	178.0	519.0			697.0	2,658.2
SCA unallocated	255.6	448.0	0.0	0.0			0.0	448.0
Family Hubs & Start for Life	53.2	53.2	1.3	54.1			55.4	(2.2)
Childcare Expansion	314.8	314.8	0.0	0.0			0.0	314.8
<b>Directorate Total</b>	<b>5,328.6</b>	<b>5,521.0</b>	<b>330.3</b>	<b>1,104.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1,434.4</b>	<b>4,088.8</b>
<b>Adults Directorate</b>								
Halton Carers Centre Refurbishment	199.0	0.0	0.0	0.0			0.0	0.0
Grants - Disabled Facilities	600.0	1,050.0	353.0	227.0			580.0	470.0
Stair Lifts	270.0	200.0	66.0	23.0			89.0	111.0
Joint Funding RSL Adaptations	270.0	150.0	53.0	24.0			77.0	73.0
Telehealthcare Digital Switchover	0.0	135.0	60.0	0.0			60.0	75.0
Oakmeadow & Peelhouse Network Improvements	0.0	40.0	0.0	0.0			0.0	40.0
Millbrow Refurbishment	0.0	100.0	26.0	8.0			34.0	66.0
Madeline McKenna Refurbishment	0.0	50.0	9.0	73.0			82.0	(32.0)
St Lukes Care Home	0.0	50.0	10.0	14.0			24.0	26.0
St Patricks Care Home	1,200.0	50.0	14.0	16.0			30.0	20.0
<b>Directorate Total</b>	<b>2,539.0</b>	<b>1,825.0</b>	<b>591.0</b>	<b>385.0</b>	<b>0.0</b>	<b>0.0</b>	<b>976.0</b>	<b>881.0</b>

## Capital Programme as at 30 September 2024 Continued

Scheme Detail	2024/25 Original Allocation	2024/25 Revised Allocation	Q1 Spend	Q2 Spend	Q3 Spend	Q4 Spend	Total Spend	Allocation remaining	2025/26 Allocation	2026/27 Allocation
<b>Environment &amp; Regeneration Directorate</b>										
Stadium Minor Works	30.0	30.0	7.9	7.7			15.6	14.4	30.0	30.0
Halton Leisure Centre	8,997.0	8,997.0	2,030.0	3,045.4			5,075.4	3,921.6		
Children's Playground Equipment	67.8	67.8	1.0	1.0			2.0	65.8	65.0	65.0
Landfill Tax Credit Schemes	340.0	340.0	0.0	0.0			0.0	340.0	340.0	340.0
Upton Improvements	13.0	13.0	0.0	0.0			0.0	13.0		
Crow Wood Park Play Area	12.0	12.0	0.0	0.0			0.0	12.0		
Open Spaces Schemes	600.0	600.0	130.0	154.4			284.4	315.6	600.0	600.0
Runcorn Town Park	468.6	468.6	0.0	6.8			6.8	461.8	280.0	280.0
Spike Island / Wigg Island	1,933.5	1,933.5	2.4	4.4			6.8	1,926.7		
Pickerings Pasture Cafe	503.0	503.0	0.0	0.0			0.0	503.0		
Replacement Cremator Widnes	308.0	308.0	0.0	77.3			77.3	230.7		
Litter Bins	20.0	20.0	0.0	0.0			0.0	20.0	20.0	20.0
3MG	134.5	134.5	0.0	0.0			0.0	134.5		
Murdishaw redevelopment	21.2	21.2	5.4	0.0			5.4	15.8		
Equality Act Improvement Works	293.2	93.2	8.7	17.6			26.3	66.9	300.0	300.0
Foundary Lane Residential Area	1160.0	1160.0	1.8	464.8			466.6	693.4		
Town Deal	11352.9	11552.9	174.9	261.8			436.7	11,116.2	7,190.4	
Property Improvements	360.2	460.5	4.3	131.1			135.4	325.1	200.0	200.0
Runcorn Station Quarter	484.7	484.7	0.0	60.5			60.5	424.2		
Waterloo Building	0.0	75.0	46.0	66.0			112.0	-37.0		
UK Shared Prosperity Fund	178.2	178.2	0.0	0.0			0.0	178.2		
Runcorn Waterfront Residential Development	484.7	268.7	8.6	122.9			131.5	137.2		
Changing Places	24.1	24.1	2.5	0.1			2.6	21.5		
Sci-tech Daresbury Project Violet	2200.0	2200.0	0.0	0.0			0.0	2,200.0		
Port of Weston	0.0	3,960.0	0.0	1.3			1.3	3,958.7		
Kingsway Leisure Centre Demolition	0.0	750.0	0.0	30.7			30.7	719.3		
Bridge and Highway Maintenance	0.0	2,265.6	281.0	313.0			594.0	1,671.6		







**Capital Programme as at 30 September 2024 Continued**

<b>Scheme Detail</b>	<b>2024/25 Original Allocation</b>	<b>2024/25 Revised Allocation</b>	<b>Q1 Spend</b>	<b>Q2 Spend</b>	<b>Q3 Spend</b>	<b>Q4 Spend</b>	<b>Total Spend</b>	<b>Allocation remaining</b>
Runcorn Busway	0.0	0.0	227.0	80.0			307.0	-307.0
ATF3 Murdishaw to Whitehouse	0.0	3,000.0	175.0	363.0			538.0	2,462.0
ATF4 Widnes Town Centre Accessibility	0.0	114.5	0.0	0.0			0.0	114.5
A56 Reconstruction (Delph Lane)	0.0	943.7	351.0	0.0			351.0	592.7
Dukesfield ATL (Waterloo Bridge)	0.0	0.0	1.0	0.0			1.0	-1.0
LCWIP Phase 2 Daresbury	0.0	3,861.7	629.0	56.0			685.0	3,176.7
Additional Pothole Funding	0.0	429.1	0.0	0.0			0.0	429.1
CRSTS	5,819.4	5,288.6	1,656.0	884.0			2,540.0	2,748.6
Street Lighting - Structural Maintenance	1,025.6	1,025.6	0.0	37.0			37.0	988.6
Street Lighting - Upgrades	969.4	969.4	0.0	0.0			0.0	969.4
East Runcorn Connectivity	5,851.7	5,851.7	453.0	207.0			660.0	5,191.7
Risk Management	597.8	597.8	5.0	0.0			5.0	592.8
Fleet Replacements	4,927.4	4,927.4	1,082.0	455.0			1,537.0	3,390.4
Early Land Acquisition Mersey Gateway	212.4	212.4	0.0	16.4			16.4	196.0
Mersey Gateway Crossings Board	0.0	0.0	0.0	0.0			0.0	0.0
Mersey Gateway Handback Land	0.0	27.0	0.0	26.9			26.9	0.1
<b>Directorate Total</b>	<b>49,390.3</b>	<b>64,170.4</b>	<b>7,283.5</b>	<b>6,892.1</b>	<b>0.0</b>	<b>0.0</b>	<b>14,175.6</b>	<b>49,994.8</b>
<b>Chief Executives Directorate</b>								
IT Rolling Programme	1,026.9	1,026.9	27.7	668.2			695.9	331.0
Halton Smart Microgrid	11,000.0	11,000.0	0.0	0.0			0.0	11,000.0
Transformation Programme	3,740.0	3,740.0	0.0	0.0			0.0	3,740.0
<b>Directorate Total</b>	<b>15,766.9</b>	<b>15,766.9</b>	<b>27.7</b>	<b>668.2</b>	<b>0.0</b>	<b>0.0</b>	<b>695.9</b>	<b>15,071.0</b>
<b>Grand Total</b>	<b>73,024.8</b>	<b>87,283.3</b>	<b>8,232.5</b>	<b>9,049.4</b>	<b>0.0</b>	<b>0.0</b>	<b>17,281.9</b>	<b>70,035.6</b>



## Progress Against Agreed Savings

## Appendix 4

### Adult Social Care

	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
ASC1	Housing Solutions	474	Remodel the current service based on good practice evidence from other areas.	0	125		Anticipated to be achieved, currently under review.
ASC2	Telehealthcare	680	Explore alternative funding streams such as Health funding or Disabled Facilities Grants.	170	0		Currently Under Review
			Increase charges / review income.	170	0		Charges were increased by 40% w.e.f. April 2024, so this should be achieved
			Cease the key safe installation service.	15	0		Service still being provided
ASC17/18	Quality Assurance Team	395	Review the activities of the Quality Assurance Team, given there are fewer providers for domiciliary care and the transfer of four care homes into the Council.	0	0		Saving implemented
			Merge the service with the Safeguarding Unit.	50	0		

ASC16	Shared Lives (Adult Placement Service)	115	Engage with an external agency currently operating Shared Lives to take over the running of this service. It is anticipated that this would provide an improved service.	58	0		Service currently still provided in-house, although a balanced budget will be attained for 2024/25 as a result of current temporary savings, and work is ongoing to ensure the 2025/6 structure can achieve the permanent savings target
ASC19	Voluntary Sector Support	N/A	Review the support provided by Adult Social Care and all other Council Departments, to voluntary sector organisations. This would include assisting them to secure alternative funding in order to reduce their dependence upon Council funding. A target saving phased over two years has been estimated.	200	100		Anticipated to be achieved
ASC4	Positive Behaviour Support Service	349	Increase income generated in order to ensure full cost recovery, through increased service contract charges to other councils.	100	0		Contracts being re-costed on renewal, saving anticipated to be achieved
				150	0		ICB funding not secured, although a balanced budget will be attained for 2024/25 as a result of current temporary savings, and work is ongoing to ensure the 2025/6 structure can

			Review the Integrated Care Board contribution for Adults, to ensure the full recovery of related costs.				achieve the permanent savings target
ASC15	Learning Disability Nursing Team	424	Cease provision of this service. The service is a Health related function rather than Adult Social Care, but this is a historical arrangement. The Integrated Care Board would need to consider how they want to provide this function.	424	0		Costs now recharged to the ICB
ASC14	Care Management Community Care Budget	18,982	Attract £500k investment from the pooled budget (BCF) from 2024/25. Undertake work in years 1 and 2 to reduce reliance upon contracted services from 2025/26. Services are currently in the process of being redesigned on a “Strengths Based Approach” ie. focused upon prevention.	500	1,000		Position currently being reviewed.



<b>Total Adult Social Care Department</b>	<b>1,837</b>	<b>1,225</b>		
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## Finance

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
F9	Internal Audit	300	Restructure in light of potential retirements over the next two years within the Internal Audit Team.	0	50		No official changes made yet
F13	Discretionary Support Scheme	221	Review the roles, procedures and structure of the team.	25	0		On track
F17	Council Tax	84	Increase the charges applied when a court summons is issued by 30% (£23), to achieve full cost recovery over the three year period.	40	40		On track
<b>Total Finance Department</b>				<b>65</b>	<b>90</b>		

## Legal and Democratic Services

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
L4	Marketing, Design and Communications	45	Review the frequency of production of Inside Halton, as part of the wider consideration of the Council's communications strategy required for the Transformation Programme	15		<input checked="" type="checkbox"/>	Budget adjusted inline with the savings in the ICT department
<b>Total Legal Services Department</b>				<b>15</b>	<b>0</b>		

## Children and Families

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
C1	Ditton and Warrington Road Daycare Centres	52	Closure of Ditton and Warrington Road daycare centres, given the significant on-going net losses at both centres. Sufficient alternative provision exists nearby, as well as in the adjoining nursery schools.	26	0		Early Years has now closed and budget for 24/25 has been removed
C2	Children's Centres	1,293	Review the operation of Windmill Hill Children's Centre, where there is the potential to save on premises and staffing costs.	0	22		This is subject to further review as external factors are changing the original review parameters. Potential alternative funding also to be reviewed.
C3	Children with Disabilities and Inglefield	858	Explore the potential for selling Inglefield and then purchase two bungalows within the community to provide a more appropriate setting.	112	0		Amount was removed at budget setting as will not be achieved
<b>Total Children &amp; Families Department</b>				<b>138</b>	<b>22</b>		

## Education, Inclusion and Provision

Ref	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
EIP1	Education Psychology Service	339	There is excess demand from schools for the Education Psychology Service. The service is valued and there is opportunity to expand our offer and generate additional income.	52	0	✓	
EIP2	SEN Assessment Team	82	Consideration will be given to funding the full service costs from the High Needs Block of the Dedicated Schools Grant.	80	0	✗	DSG funding removed as does not comply with grant conditions.
EIP5	Commissioning	148	Review with Health colleagues how the Emotional Health and Wellbeing Service for Children in Care, Care Leavers and Carers could instead be provided by Child and Adolescent Mental Health Services (CAMHS) as they are commissioned by the Integrated Care Board.	148	0	u	To be reviewed.
<b>Total Education, Inclusion and Provision Department</b>				<b>280</b>	<b>0</b>		

Community and Greenspace


Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
COMM3	Sport & Recreation	471	Restructuring the roles and responsibilities of the Sports Development Team	36	0		✓ Restructure is currently underway
COMM5	Stadium & Catering Services – School Meals	12	Cease to deliver the school meals service, which has made significant losses of over £200,000 for a number of years and is forecast to make a similar loss by year-end. Work would be undertaken with schools over the next two years to support them to secure an alternative means of delivery, whether in-house or via an external provider.	0	12		✓ The cessation of the service is underway with the majority of schools ending their contracts by the end of the calendar year.
<b>Total Community &amp; Greenspace Department</b>				<b>36</b>	<b>12</b>		

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
EEP4	Cleaning Services – Council Buildings	580	Review cleaning arrangements, with a focus on only emptying bins and cleaning toilets daily.	100	0	U	A review of the cleaning service is underway with some positions removed from the structure. The full savings will not be achieved until the accommodation review is complete.
EEP2	Caretaking & Security Services	641	A review and restructuring of caretaking arrangements.	52	0	U	The restructure can now take place following the retirement of a member of staff. The full saving will not be made until financial year 25/26
<b>Total Economy, Enterprise &amp; Property Department</b>				<b>152</b>	<b>0</b>		





**Policy, Planning and Transportation**

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value		Current Progress	Comments
				24/25 £'000	25/26 £'000		
PPT6	Traffic	N/A	Consider introducing civil traffic enforcement for traffic violations. Employ private sector civil enforcement officers to issue fines and generate income. It would take 12 months to apply for powers from the DFT and put the scheme in place. The Environment & Urban Renewal Policy & Performance Board will consider this via a Topic Group.	150	0		Not currently viable, therefore no income will be generated in the current year as the traffic enforcement will not be carried out.
<b>Total Policy, Planning &amp; Transportation Department</b>				<b>150</b>	<b>0</b>		

**Symbol**

**Objective**



Indicates that the objective is on course to be achieved within the appropriate timeframe.



Indicates that it is uncertain or too early to say at this stage whether the milestone/objective will be achieved within the appropriate timeframe.



Indicates that it is highly likely or certain that the objective will not be achieved within the appropriate timeframe.





2024/25 Budget Risk Register as at 30 September 2024

Appendix 5

Risk No	Risk Identified	Impact	Likelihood	Risk Score	Risk Control Measures	Assessment of Residual Risk with Control Measures Implemented			Responsible Person	Timescale for Review	Progress Comments	Date Updated
						Impact	Likelihood	Risk Score				
1	<p><b>Pay costs</b></p> <ul style="list-style-type: none"> <li>• Pay award</li> <li>• Staff Turnover Saving Target</li> <li>• Agency, casuals and overtime</li> <li>• National Living Wage</li> <li>• Pension Costs</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>• Budget based upon individual staff members/vacancies</li> <li>• Budget monitoring</li> <li>• Contingency</li> <li>• Balances</li> <li>• Medium Term Forecast</li> <li>• Engage with Cheshire Pension Scheme and pension actuary</li> <li>• Recruitment and retention scheme children social care workers.</li> <li>• Social Care Academy for children social care workers</li> <li>• Connect to Halton</li> </ul>	3	3	9	ED/SB/Executive Directors	Monthly	<p>2024/25 pay offer accepted but not yet implemented, covers:</p> <ul style="list-style-type: none"> <li>•£1290 on all pay points from 1st April</li> <li>•Equivalent to 5.77% on point 2 and 2.5% on point 43</li> <li>•2.5% on all pay points above 43 and below chief officer level</li> </ul> <p>Estimated 4% 2024.25 budget uplift will cover cost of pay award. Connect to Halton scheme went live September 2024, agency and casual appointments to be covered by the scheme.</p>	30/9/24

2	<b>Redundancy and Early Retirements</b>	3	3	9	<ul style="list-style-type: none"> <li>• Benefits Tracking Process</li> <li>• Future savings to take into account cost of redundancy and early retirements.</li> <li>• Seek Government approval to use capital receipts to fund transformation costs.</li> <li>• Transformation Reserve</li> </ul>	2	3	6	ED/SB	Quarterly	Tracker created to monitor redundancy costs in current year. Transformation reserve created to cover costs but limited reserves will impact use of this. Look to capitalise compulsory costs where possible where evidence exists it creates in a longer term saving.	30/9/24
3	<b>Savings not achieved</b>	4	3	12	<ul style="list-style-type: none"> <li>• Budget monitoring</li> <li>• Contingency</li> <li>• Reserves / Provisions</li> <li>• Rigorous process in approving savings.</li> <li>• Review of savings at departmental and directorate level</li> <li>• Monthly budget monitoring</li> </ul>	4	2	8	RR/ED/SB	Monthly	Savings for 2024/25 have been written into Directorate budgets. Budget savings monitored closely and if necessary offsetting savings sought. Transformation Programme Board meeting on monthly basis to discuss progress against programme.	30/9/24

					<ul style="list-style-type: none"> <li>• Medium Term Financial Forecast</li> <li>• 2023/24 to 2025/26 savings agreed February 2023.</li> <li>• RAG monitoring of savings included in quarterly monitoring reports.</li> <li>• Transformation saving targets reported monthly through Transformation Programme Board.</li> </ul>							
4	<b>Price inflation</b>	3	3	9	<ul style="list-style-type: none"> <li>• Prudent budget provision</li> <li>• Latest forecast information used eg. utilities</li> <li>• Budget monitoring</li> <li>• Contingency</li> <li>• Balances</li> </ul>	3	3	9	ED/SB	Monthly	CPI for September 2024 is 1.7% and RPI is 2.7%. Office of Budget Responsibility (OBR) forecast inflation to hit low of 1.5% in 2025 and remain at just below 2% through to 2027.	30/9/24

					<ul style="list-style-type: none"> <li>• CPI/RPI monitoring</li> <li>• MTFS</li> </ul>							
5	<b>Review of LG Finance</b> <ul style="list-style-type: none"> <li>• Business rates retention – 100% Pilot and Review</li> <li>• Fair Funding Review</li> <li>• National Public Spending Plans</li> <li>• Social Care Green Paper</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>• MPs</li> <li>• SIGOMA / LG Futures</li> <li>• Liverpool City Region &amp; Merseyside Treasurers Group</li> <li>• Medium Term Financial Strategy</li> <li>• Member of business rate retention pilot region</li> <li>• Dialogue with DCLG</li> </ul>	3	3	9	ED/SB/NS/M W/MG	Weekly/ Monthly	Business rate retention pilot continues through to March 2026. New Government are committed to providing more certainty on LG Finances through multi year settlements. No indication of funding for April 2025 onwards. Chancellor to make budget statement 30 October, further updates could be provided then.	30/9/24
6	<b>Treasury Management</b> <ul style="list-style-type: none"> <li>• Borrowing</li> <li>• Investment</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>• Treasury Management Strategy</li> <li>• Link Asset Services advice</li> </ul>	1	3	3	ED/SB/MG	Daily / Quarterly	Investment rates continue to be high relative to last decade. BoE base rate at 5.00%, general thoughts are for this rate to be	30/9/24



					<ul style="list-style-type: none"> <li>• Treasury Management planning and monitoring</li> <li>• Attendance at Networking and Benchmarking Groups</li> <li>• Officer Training</li> </ul>						lowered towards the end of the financial year and further reductions beyond this. Council to use internal reserves ahead of any new borrowing being undertaken.	
7	<b>Demand led budgets</b> <ul style="list-style-type: none"> <li>• Children in Care</li> <li>• Out of borough fostering</li> <li>• Community Care</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>• Budget monitoring</li> <li>• Contingency</li> <li>• Balances</li> <li>• Review service demand</li> <li>• Directorate recovery groups</li> <li>• Monthly budget monitoring</li> </ul>	4	4	16	ED/SB/NS/MW	Monthly	Children in care, numbers and costs continue to exceed budget. Numbers of children in care and with protection plans reviewed on a weekly basis. Community care costs and numbers on increase, reviewed on a regular basis.	30/9/24
8	<b>Mersey Gateway Costs</b> <ul style="list-style-type: none"> <li>• Costs</li> <li>• Toll Income</li> <li>• Funding</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>• Regular monitoring with Crossing Board</li> <li>• Capital reserve</li> <li>• Government Grant</li> </ul>	2	1	2	ED/SB/MG	Quarterly	Arrangements in place to monitor spend and availability of liquidity fund.	30/9/24

	<ul style="list-style-type: none"> <li>Accounting treatment</li> </ul>				<ul style="list-style-type: none"> <li>Liquidity Fund</li> </ul>							
9	<b>Council Tax Collection</b>	3	3	9	<ul style="list-style-type: none"> <li>Council tax monitoring on monthly basis</li> <li>Review of Collection Rate</li> <li>Collection Fund Balance</li> <li>Provision for bad debts</li> <li>Review recovery procedures</li> <li>Benchmarking</li> </ul>	3	2	6	ED/PG/SB/P D/BH/MG	Monthly	Collection rate to 30 September 2024 was 53.82% which is marginally lower than the rate of 53.93% at the same point last year. It is uncertain at this point if collection for the year will be at the same level as for 2023/24. To 30 September 2024 £1.44m was collected in relation to old year debt.	30/9/24
10	<b>Business Rates Retention Scheme</b>	3	3	9	<ul style="list-style-type: none"> <li>Review and monitoring of latest business rates income to baseline and estimate for year.</li> <li>Prudent allowance for losses in collection</li> <li>Prudent provision set aside for losses from valuation appeals</li> </ul>	3	1	3	ED/SB/LB/M G	Monthly	Collection rate to 30 September 2024 was 58.76% which is 2.41% higher than the rate at the same point last year. It is uncertain at this point if collection for the year will be at the same level as for	30/9/24

					<ul style="list-style-type: none"> <li>Regular monitoring of annual yield and baseline / budget position</li> <li>Benchmarking Groups</li> <li>Review recovery procedures</li> </ul>						2023/24. To 30 September 2024 £1.34m was collected in relation to old year debt.	
11	<b>Income recovery</b> <ul style="list-style-type: none"> <li>Uncertainty to economy following Brexit, cost of living and high inflation</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Corporate charging policy</li> <li>Budget monitoring</li> <li>Contingency</li> <li>Balances</li> <li>Income benchmarking</li> </ul>	3	2	6	ED/MM/SB	Monthly	Income shortfalls identified and cause of increased concern in certain areas are being closely monitored. Cost of living crisis adds to uncertainty over collection.	30/9/24
13	<b>Capital Programme</b> <ul style="list-style-type: none"> <li>Costs</li> <li>Funding</li> <li>Key Major Projects</li> <li>Clawback of Grant</li> <li>Availability and timing of capital receipts</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Project Management</li> <li>Regular monitoring</li> <li>Detailed financial analysis of new schemes to ensure they are affordable</li> <li>Targets monitored to minimise clawback of grant.</li> </ul>	3	2	6	Project Managers/ED /SB/LH	Quarterly	Capital receipts have been fully committed therefore new capital schemes need to bring own funding.	30/9/24

	<ul style="list-style-type: none"> <li>• Cashflow</li> <li>• Contractors</li> </ul>				<ul style="list-style-type: none"> <li>• Contractor due diligence</li> <li>• Dialogue with Government departments.</li> </ul>							
14	<b>Academy Schools</b> <ul style="list-style-type: none"> <li>• Impact of transfer upon Council budget</li> <li>• Loss of income to Council Services</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>• Early identification of school decisions</li> <li>• DfE Regulations</li> <li>• Prudent consideration of financial transactions to facilitate transfer</li> <li>• Services continue to be offered to academies</li> <li>• Transfer Protocol</li> </ul>	1	3	3	ED/SB/NS	Monthly	Consideration given in MTFS for loss of funding.	30/9/24
15	<b>Reserves</b> <ul style="list-style-type: none"> <li>• Diminishing reserves, used to balance budget, fund overspend positions.</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>• Monitored on a quarterly basis, reported to Management Team and Exec Board</li> <li>• Benchmarking</li> <li>• Financial Forecast</li> <li>• Programme to replenish reserves.</li> </ul>	3	3	9	ED/SB	Quarterly	Monitored and reported on a regular basis. Council reserves at historic low levels. Reserves will need to be replenished within future budgets	30/9/24

16	<b>Budget Balancing</b> <ul style="list-style-type: none"> <li>• Council has struggled to achieve a balanced budget position for a number of years.</li> <li>• Forecast for current year is an overspend position of £19m.</li> <li>• Reserves insufficient to balance current year budget.</li> <li>• Before transformation targets, there is a forecast budget gap of £68.5m through to 2028/29.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>• Current year budgets monitored on a regular basis.</li> <li>• Forward forecasting through to March 2029 reported on a prudent basis.</li> <li>• Regular conversations with DHLUC re Council's financial position.</li> <li>• LGA to undertake a financial assurance review.</li> <li>• Transformation programme in place.</li> </ul>	4	4	16	ED/SB	Ongoing	Updated benchmarking to be reported to better inform Transformation Programme targets.	30/9/24

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**REPORT TO:** Executive Board

**DATE:** 14 November 2024

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Medium-Term Financial Strategy 2025/26 – 2028/29

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 To establish the Council's Medium-Term Financial Strategy for the period 2025/26 to 2028/29.

### **2.0 RECOMMENDATIONS: That;**

- (i) the Medium Term Financial Strategy presented in Appendix 1, be approved;**
- (ii) the 2025/26 base budget be prepared on the basis of the underlying assumptions set out in the Strategy;**
- (iii) the Reserves and Balances Strategy presented in Appendix 2 be approved;**
- (iv) the award of Council Tax Support for 2025/26 remains at the 2024/25 level of 21.55%.**
- (v) Council approve the submission of an application to Government for Exceptional Finance Support”.**

### **3.0 SUPPORTING INFORMATION**

#### Medium-Term Financial Strategy

3.1 The Medium-Term Financial Strategy (MTFS) sets out a three-year projection of the Council's resources and spending. It has been based on the most recent information that is currently available. The 2025/26 financial year sits outside of the period of time covered by the most recent Public Sector Spending Review, published in October 2021. The Chancellor has commissioned a new Spending Review which is intended to set Government Departmental Expenditure Limits over a three-year period. The Spending Review is set to conclude in Spring 2025, which will not be in time to inform 2025/26 budgets. 2025/26 Departmental Expenditure Limits are anticipated to be announced in

the Budget on 30 October 2024 and will be for a single year only. Details of the 2025/26 Local Government Finance Settlement are expected to be released in December 2024 on a provisional basis, with a final settlement expected in January 2025.

- 3.2 The uncertainty regarding 2025/26 financial resources means the financial information included within the MTFs is based on a large number of assumptions and best estimates. The financial forecast will be updated as further information becomes known.
- 3.3 There is considerable uncertainty surrounding Local Government Funding in 2025/26 and beyond. The previous Government had committed to commissioning a Fair Funding Review, which would change how funding is apportioned between councils. This was originally proposed in 2016 and then repeatedly delayed, with the Fair Funding Working Party not meeting since 2019. The proposed Business Rates Baseline Reset and a move to 75% Business Rates Retention were also postponed indefinitely. There has been no confirmation from the new Government whether these schemes will be re-started, or whether there are any plans to implement fundamental reforms of the Local Government Finance system in the future.
- 3.4 Appendix 1 details the Medium-Term Financial Strategy from 2025/26 – 2028/29 which has been produced using a prudent estimate of the financial conditions over the course of the next four years.
- 3.5 The Strategy provides initial guidance to the Council on its financial position into the medium-term. It assumes the achievement of budget savings proposals totalling £1.349m relating to 2025/26, which Council approved on 1 February 2023. Details of these savings can be found in Appendix 3.
- 3.6 Adopting a prudent view, the Strategy identifies that further revenue budget savings of approximately £38.1m, £14.5m, £7.3m, and £9.3m are required over the next four years. As a result, a total of £69.2m will need to be removed from the Council's budget by reducing spending or increasing income, by 2028/29. This represents 46.3% of the 2024/25 net budget.
- 3.7 The projections within the strategy show there is continued need to find a significant level of budget savings over the next four years, the scale of which will be extremely difficult to implement.
- 3.8 The Council's Transformation Programme will be key to closing the budget gap, as it will require fundamental changes to the way the Council delivers services. Work is currently ongoing to refocus and reprioritise the Programme given the scale of financial challenges that the Council faces.
- 3.9 The Council has a legal duty to set a balanced budget each year, meaning that anticipated expenditure cannot exceed the income which the Council expects to receive in any particular year.

#### Exceptional Financial Support



- 3.10 If a local authority does not expect to be able to set a balanced budget, they can apply to the Ministry of Housing, Communities, and Local Government (MHCLG) for Exceptional Financial Support (EFS). This will normally take the form of a capitalisation direction, permitting the authority to meet revenue costs through capital resources. It is important to note that EFS is not a long-term solution to solving financial difficulties. The additional capital resources required will take the form of borrowing from the Public Works Loan Board. The cost of this borrowing, which can be significant, must be met from future revenue budgets, putting additional pressure on the funding available for core services. Government will only grant EFS where they are satisfied that authorities will continue to mitigate and manage their cost pressures, in order to ensure they return to a sustainable budget position in the short to medium term. Any authority receiving EFS will be subject to an external assurance review and will be required to regularly report to Government on their financial position.

#### Section 114 of the Local Government Finance Act 1988

- 3.11 If MHCLG do not approve an application for EFS, the Section 151 Officer of any council which cannot set a balanced budget, will be required to issue a Section 114 Notice under the Local Government Finance Act 1988. Once the Notice is issued, no new spending can be undertaken without authorisation of the Section 151 Officer, and the council must meet within 21 days to discuss how to reduce expenditure to match the funding available. Government may also elect to intervene in the management of the council, either through direct instructions to make certain changes or the appointment of commissioners to take over operations.

## **4.0 POLICY IMPLICATIONS**

- 4.1 The MTFS represents the “finance guidelines” which form part of the Council’s medium-term corporate planning process. These guidelines identify the financial constraints which the Council will face in delivering its key priorities and objectives, and are an important influence on the development of the Corporate Plan, Service Plans and Strategies.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The MTFS provides a guide to projected funding resources and spending requirements over the four year term. The grant amounts included in the MTFS are based on the latest information provided by Government. As new information comes to light the forecast of future income streams will be updated. Decreases to funding resources will create further budget pressures for the Council in delivering its key priorities and objectives.

## **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

- 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

**6.2 Building a Strong, Sustainable Local Economy**

**6.3 Supporting Children, Young People and Families**

**6.4 Tackling Inequality and Helping Those Who Are Most In Need**

**6.5 Working Towards a Greener Future**

**6.6 Valuing and Appreciating Halton and Our Community**

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 MTFFS is a key part of the Council's financial planning process, and as such it aims to minimise the risk that the Council fails to achieve a balanced budget.

7.2 The financial forecast is presented on a prudent basis but there is continued uncertainty around Government support, funding levels and the high cost of inflation. This will be reviewed on a constant basis to help mitigate the increased level of risk.

7.3 The failure to set a balanced revenue budget may lead to the requirement for the Council's Section 151 Officer to issue a Section 114 Notice.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no direct equality and diversity issues.

**9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 There are no direct climate change issues.

**10.0 REASON FOR THE DECISION**

10.1 To seek approval for the Council's Medium Term Financial Strategy for 2025/26 to 2028/29.

**11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

11.1 The alternative option of not maintaining a Medium-Term Financial Strategy has been considered. However, this would not follow good financial

management practice, as the Medium Term Financial Strategy is a key element in informing the Council's financial planning and budget setting processes.

**12.0 IMPLEMENTATION DATE**

12.1 The Medium Term Financial Strategy 2025/26 to 2028/29 will be implemented from 1st April 2025.

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

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Local Government Grant Settlement 2024/25	Revenues and Financial Management Division, Halton Stadium, Widnes	Steve Baker

## Appendix 1

### Medium Term Financial Strategy 2025/26 – 2028/29

#### 1.0 Introduction

- 1.1 The Medium Term Financial Strategy (MTFS) sets out a four-year projection of the Council's resources and spending covering the period 2025/26 to 2028/29. The projections made within the MTFS must be treated with caution and require continuous updating as the underlying assumptions behind them become clearer.
- 1.2 The MTFS represents the "finance guidelines" that form part of the medium-term corporate planning process. These guidelines identify the financial constraints which the Council will face in delivering its key objectives, and are an important influence on the development of the Corporate Plan, Service Plans and other strategies.
- 1.3 Beyond 2024/25 there is great uncertainty regarding the funding of local government. There has been no indication from the new Government as to when, or if, there will be a major review of local government finances.
- 1.4 The following measures will continue to be considered throughout the period covered by the MTFS:
- **Business Rates Retention** – The movement towards an increased retained share of business rates for local government has been cancelled. It is not clear what impact this will have on the 100% rates retention pilot scheme operating within Liverpool City Region. This arrangement has increased the funding available to Halton, by allowing all growth above the business rates baseline to be retained rather than shared with Government. For the purposes of the MTFS, it has been assumed that the pilot scheme will remain in operation during 2025/26, but will cease in 2026/27, leading to a reduction in funding of approximately £6.296m.
  - **Business Rates Baseline Reset** – A reset of the business rates baseline was due to take place in 2021/22, but was subsequently postponed. Halton has seen a high level of growth in business rates since the previous reset in 2013 and would be expected to lose funding from a reset in the baseline. The greater the delay to the reset, the more difficult it becomes to implement as there will be additional years of growth to account for, leading to larger changes to the funding of individual authorities which will likely require transitional arrangements to mitigate. It has been assumed that the reset will not take place within the time period covered by the forecast.
  - **Assessment of Needs Reset** – Central Government's current assessment of the needs of individual authorities has not been updated since 2013, and in many cases is based on data that is even older. Halton is an area of high deprivation which has worsened relative to other areas over this period. A

review of the relative needs of individual councils, and changes to the allocation of government grant funding, would likely lead to increased funding for Halton. A Fair Funding Review was proposed to address this issue in 2016, but this appears to have been indefinitely delayed. There has been no indication from the new Government as to whether a fundamental review of local government finance will be undertaken over the course of the current Parliament. The MTFS assumes that the distribution of funding to councils will not be subject to significant change prior to 2028/29.

- **Autumn Budget 2024** – The Chancellor is expected to deliver the Autumn Budget on 30 October 2024 which will provide an update on Government plans for tax and public spending based on the latest forecast from the Office for Budget Responsibility (OBR).
- **Social Care Reform** – It has been confirmed that planned reforms to the Adult Social Care system, which would have capped the lifetime contributions that individuals were required to make towards their care, has been cancelled. In preparing the forecast, it has been assumed that the funding already provided to implement the scheme will remain with authorities to fund current social care pressures.

## 2.0 Council Tax Support

- 2.1 Funding to support council tax discounts is received from Government through a grant included in the Settlement Funding Assessment. Every council is responsible for implementing a local scheme to offer council tax discounts to those residents who may have been eligible to this previously through Council Tax Benefit.
- 2.2 The Halton scheme uses as a basis the previous regulations relating to Council Tax Benefit, which ensures that support for claimants with disabilities, claimants with children, and claimants who are working is maintained. Residents who qualify for the scheme will have their liability reduced to 21.55% of the maximum amount paid.
- 2.3 Council Tax Support Grant is not separately identifiable within Settlement Funding Assessment. It is assumed the level of funding will move in line with the Council's overall Settlement Funding Assessment.
- 2.4 The MTFS assumes that the level of Council Tax Support given to existing claimants will remain at the rate of 21.55% for the period of the MTFS. It also assumes that Council Tax Support funding will not be shared with Parish Councils.

### 3.0 Council Tax Forecast

- 3.1 For 2024/25 the council tax for a Band D property in Halton is £1,758.89 (excluding Police, Fire, LCR and Parish precepts), which is expected to generate income of £64.039m.
- 3.2 When setting council tax levels, higher increases reduce the requirement to make budget savings. However, there are other factors that need to be considered when determining the appropriate increase in council tax. These factors include:
- Halton has the fourth lowest council tax levels in the North West for 2024/25.
  - Halton's 2024/25 council tax is £55.67 (3.1%) below the average council tax set by unitary councils in England.
  - Inflation - the Consumer Price Index (CPI) as at September 2024 (latest available) is currently at 1.7% and the Retail Price Index (RPI) is at 2.7%.
- 3.3 The 2025/26 council tax base shows an increase of 304 Band D equivalent properties to a total of 36,713, assuming a collection rate of 97%. The increase in the tax base will result in an increase of £0.535m of council tax income.
- 3.4 In 2024/25 the Council utilised £0.234m of council tax surplus income to balance the budget. It is anticipated that there will be no surplus generated from council tax in 2024/25 to aid with setting the 2025/26 budget.
- 3.5 For the purposes of this strategy it is assumed the Council will apply a council tax increase of 2.99% in 2025/26. It is further assumed there will be a 2% increase for the adult social care precept in 2025/26. Beyond 2025/26, the forecast assumes an increase in council tax of 1.99%, plus an additional 1% for the adult social care precept.
- 3.6 Table 1 estimates the net amount of council tax income that will be generated by various percentage increases in Halton's Band D council tax for the next four years, assuming no change in council tax base beyond 2025/26. The council tax referendum limits have not yet been confirmed by government for 2025/26. The MTFs assumes that these limits will remain at 3% for council tax, plus an additional 2% for the adult social care precept in 2025/26, reducing to 2% for council tax and 1% for the adult social care precept for 2026/27 onwards.

**Table 1 – Additional Council Tax Income 2025/26 to 2028/29**

<b>Projected Increases in Council Tax Income</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
0%	-	-	-	
1%	678	685	692	699
2%	1,356	1,383	1,411	1,439
3%	2,034	2,095	2,158	2,222
4%	2,712	2,820	2,933	3,050
5%	3,390	3,559	3,737	3,924

3.7 The Levelling-Up and Regeneration Bill, published on 11 May 2022 introduced legislation which allows 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. The Council made this determination within the 2024/25 Budget report, approved by Council on 6 March 2024. The premium will therefore come into effect on 1 April 2025.

#### **4.0 Business Rates Retention Scheme**

4.1 The aim of the business rates retention scheme is to promote economic development and generate future growth in business rates. The Council will only be rewarded if it increases its local share of business rates above a pre-set baseline. Conversely if the local share of business rates collected falls below the baseline position, this would be to the Council's detriment.

4.2 An estimate of the Council's share of retained business rates will be provided to MHCLG in January 2025.

4.3 Following the cancellation of the Government's move towards increased business rates retention by local authorities, it has been assumed that the Liverpool City Region 100% business rates retention pilot will end in 2026/27, reducing the funding available to Halton by an estimated £6.296m. No allowance for transitional arrangements beyond the end of the scheme has been included within the forecast. The Liverpool City Region are currently lobbying Government for a long term extension of the rates retention pilot.

4.4 The business rates multiplier, used to calculate the rates charged on commercial properties, is updated each year by the Consumer Price Index (CPI) inflation figure for the previous September. If Government make the policy choice to freeze the multiplier to avoid increasing costs for businesses, they will compensate local authorities through additional grant funding.

4.5 The most recent forecast for business rates estimates that there will be a deficit for 2024/25 of approximately £1m, primarily due to higher than anticipated levels of charity and small business rates relief being awarded. This deficit will not impact on the Council's budget in 2024/25, but will need to be factored into

the 2025/26 budget position. The impact of the deficit means that the funding generated from business rates is likely to decrease between 2024/25 and 2025/26.

- 4.6 Table 2 shows the estimated business rates income received in each year of the forecast, assuming that inflation remains close to the Bank of England target of 2% during 2025/26 and remains there for the duration of the forecast.

**Table 2 – Business Rate Retention**

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Projected Business Rates Income	63,091	64,164	65,447	66,756	68,091
Business Rates Surplus / (Deficit)	2,472	(1,000)	0	0	0
Section 31 Grants and Top-Up Multiplier Adjustment	15,141	15,472	15,782	16,097	16,419
Top-Up Funding	4,519	4,007	4,087	4,169	4,252
<b>Forecast Business Rates Retained (Incl. Top-Up Funding)</b>	<b>85,223</b>	<b>82,643</b>	<b>85,316</b>	<b>87,022</b>	<b>88,763</b>
<b>Increase / (Decrease) in Business Rates Retained</b>	<b>0</b>	<b>(2,560)</b>	<b>2,673</b>	<b>1,706</b>	<b>1,740</b>

## **5.0 Dedicated Schools Grant Deficit**

- 5.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant allocation which is used to fund a variety of education services, with the majority forming the Individual Schools Budget.
- 5.2 The conditions of the grant make clear that it can only be spent on the Schools Budget, so that any underspend must be carried forward to future years.
- 5.3 In recent years, significant pressures on high needs budgets have led to many local authorities recording deficits against the DSG. Proper accounting practice requires these deficits to be offset against the council's General Fund, reducing the funding available for other local services.
- 5.4 In 2019/20 the Government issued a statutory override, to be applied from the 2020/21 financial year, which requires DSG deficits to be carried forward to the Schools Budget in future years, and prevents this being funded from General Fund resources.



- 5.5 The statutory override is due to expire on 31 March 2026. Without further government intervention, DSG deficits will need to be funded from General Fund resources from 1 April 2026. Given the level of deficits on a national basis, with some authorities recording a DSG deficit greater than the balance on their general fund, it is highly likely that the expiry of the statutory override would trigger a number of Section 114 notices and applications for EFS.
- 5.6 Halton is currently participating in the Delivering Better Value in SEND Programme, which supports local authorities to improve services to children and young people with SEND and aims to deliver effective and financial sustainable SEND services. Table 3 shows a forecast of Halton's DSG deficit before any impact of the Programme, and if the Programme successfully achieves its aims.

**Table 3 – Forecast DSG Deficit**

<b>Year</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Unmitigated Cumulative Deficit	£5.3m	£10.8m	£17.8m	£25.8m	£33.9m
Target Cumulative Deficit	£5.3m	£8.8m	£13.5m	£18.4m	£22.1m

- 5.7 Due to the high impact that the ending of the statutory override will have on a large number of authorities, the forecast assumes that this will be extended until at least 2029/30. If the statutory override does end on 31 March 2026, an additional £10.8m of spending pressures would need to be included within the 2026/27 budget.

## **6.0 Four-Year Financial Forecast**

- 6.1 The Medium-Term Financial Strategy (MTFS) provides a forecast of the increase in revenue expenditure that will be required over the next four years in order to maintain existing policies and programmes.
- 6.2 The Council's financial position over the course of 2025/26 – 2028/29 is extremely uncertain due to the ongoing political uncertainty surrounding the future of local government funding, the continuing increase in demand for key Council services, and costs within Adults and Children's social care increasing above the rate of general inflation. This forecast uses prudent estimates based on the information that is currently available. Figures should be treated with caution and will need to be continually updated as new information becomes available.
- 6.3 For the purposes of this forecast it has been assumed that there will be no major changes in the allocation method of Local Government funding within the next four years. It has been assumed that Halton will continue in the 100% business rates retention pilot scheme during 2025/26, but that this will cease in 2026/27.

- 6.4 It has been assumed that council tax will rise by 2.99% in 2025/26 which was the maximum allowed without a local referendum for 2024/25, plus an additional precept for Adult Social Care of 2%. For 2026/27 onwards it has been assumed that the referendum limit will revert to 2% with a 1% additional increase for the adult social care precept. For the final two years of the forecast, it is assumed that council tax will rise by 1.99%, plus the additional 1% precept. Any increase in council tax below these levels would lead to an increase in the required level of budget savings.
- 6.5 At September 2024, Retail Price Index (RPI) inflation stood at 2.7%, with Consumer Prices Index (CPI) inflation at 1.7%. 1.7% has been built into the MTFs for general contract inflation, with 6.4% inflation built into the forecast for social care contracts which are sensitive to increases in the National Living Wage.
- 6.6 For 2024/25, a pay rise of £1,290 pro rata was agreed for spinal column points 1 – 43, with a 2.5% pay rise agreed for all staff above this point. A 2% increase in pay budgets has been allowed for in each year of the forecast. If pay awards exceed or fall short of this level, the impact on the forecast will be as follows:

**Table 4 – Pay Forecast**

<b>Increase in Pay</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>Total</b>	<b>Difference to MTFs</b>
1%	987	999	1,007	1,015	4,008	(4,117)
2%	1,973	2,010	2,050	2,091	8,125	0
3%	2,960	3,045	3,136	3,230	12,370	4,246
4%	3,946	4,099	4,263	4,433	16,742	8,617
5%	4,933	5,173	5,432	5,703	21,241	13,116

- 6.7 Employer pension contribution rates have been set at 20% for 2025/26. The next triennial valuation is due to be undertaken by Cheshire Pension Fund during 2025/26, which will set the employer contribution rates for the following three years. For the purpose of the forecast, it has been assumed that the contribution rate will not change during 2026/27 - 2028/29.
- 6.8 It has been assumed that there will be no change to the grant funding received from Government, with the exception of the Services Grant. This grant has seen significant reductions in value over the past two years and it has been assumed that this funding will cease altogether in 2025/26. This has added £0.252m to the forecast.
- 6.9 The net revenue costs associated with the capital programme are included in the forecast. It is estimated that there will be an increase in costs of £0.619m in 2025/26, primarily relating to the opening of the new Halton Leisure Centre. Costs are forecast to increase by £0.090m in 2026/27 and £0.034m in 2027/28. The forecast assumes that any new capital projects which are approved over the medium-term will be self-funded through capital grants, capital receipts or will generate revenue savings to fund the cost of borrowing.

- 6.10 It is currently forecast that there will be an overspend of £20.942m against the 2024/25 revenue budget. The most significant pressures are caused by Children's Services (£12.333m) and Adult Social Care (£3.658m).
- 6.11 Where current-year spending pressures are expected to re-occur in 2025/26, additional budget has been built into the forecast. £1.198m has been included for agency staffing costs within the in-house Care Homes, £2.433m for Adult Social Care packages, £2.326m for agency staffing costs within Children's Services, £9.426m for Children's Social Care packages, £0.644m for Home to School Transport costs, and £0.858m for additional costs within Legal Services related to increases in caseload.
- 6.12 The additional costs associated with the Children's Service Improvement Programme Funding, presented to Executive Board on 24 October 2024 have been included in the forecast. The programme aims to stabilise the service and is anticipated to lead to decreases in the costs of placements and agency staff. £4.310m has been included in the MTFS during 2025/26 to reflect the costs of the additional established posts, with an additional £0.260m required in 2026/27. The Programme is expected to produce cost mitigation of £2.091m during 2025/26, with further cost reductions of £3.336m and £1.215m anticipated in 2026/27 and 2027/28 respectively. The progress of the Programme will be regularly evaluated and these figures will be updated in future forecasts.
- 6.13 Funding has been included within the forecast to account for an increase in demand for Adult Social Care packages based on historical data. £2.382m has been included for 2025/26, with an additional £2.499m, £2.621m, and £2.749m provided in the following three financial years. Rising demand for Adult Social Care services is major risk to the Council's budget. The figures included in the forecast are based on the average increase in costs due to demand over the past four years. The following table shows the impact on the budget if demand is lower or higher than forecast:

**Table 5 – Adult Social Care Demand**

<b>Percentage Demand Increase</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>Total</b>	<b>Difference to MTFS</b>
3%	1,458	1,502	1,547	1,593	6,101	(4,150)
4%	1,944	2,022	2,103	2,187	8,257	(1,994)
4.9% (included in forecast)	2,382	2,499	2,621	2,749	10,251	0
6%	2,916	3,091	3,277	3,474	12,759	2,508
7%	3,403	3,641	3,896	4,168	15,107	4,857

- 6.14 There has been a significant rise in demand for placements within Children's Services over recent years. Funding has been included within the forecast for these demand pressures, based on historical data of placement costs. This is

a highly volatile budget and there is a risk that the funding provided in the MTFS may be insufficient to meet future demand, although this should be mitigated by the work being carried out within the Children's Service Improvement Programme. The following table shows the impact on the budget if demand is lower or higher than forecast:

**Table 6 – Children's Social Care Demand**

<b>Percentage Demand Increase</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>Total</b>	<b>Difference to MTFS</b>
5%	925	972	1,020	1,071	3,989	(4,375)
7%	1,296	1,386	1,483	1,587	5,752	(2,611)
9.77% (included in forecast)	1,808	1,985	2,179	2,392	8,364	0
11%	2,036	2,260	2,508	2,784	9,588	1,225
13%	2,406	2,719	3,072	3,472	11,669	3,305

- 6.15 Growth of £1m has been included in the MTFS for 2025/26 to reflect the costs associated with services which will cease to be funded through the Public Health Grant and will instead need to be funded from the Council's core budget.
- 6.16 On 1 April 2025, the Youth Justice Service will cease to operate through a shared services arrangement, and will move to a model hosted by a single local authority. The new arrangement means that Halton will no longer provide ICT services to the organisation, leading to a loss of income of £0.232m.
- 6.17 An increase in demand for home to school and client transport has led to a significant increase in the amount spent on casual drivers within the service. From 2025/26, it has been determined that these staff should be employed on a permanent basis, requiring an additional budget of £0.350m per year.
- 6.18 During 2024/25, the Department for Education issued a statement on the conditions of the Dedicated Schools Grant to clarify that Special Educational Needs assessments and educational psychology services cannot be funded through the grant. These costs will now need to be met from the Council's own resources at a cost of £1.032m per year.
- 6.19 A combination of falling interest rates and lower cash balances than in previous years mean that the income received from investments is likely to fall significantly in 2025/26. £0.964m of growth has been added to the forecast to account for this in 2025/26, with £0.413m included for 2026/27, and £0.286m included for 2027/28.
- 6.20 During the 2023/24 budget setting process, the Council approved budget savings proposals which covered three financial years. These approved savings have been included in the forecast for 2025/26 with a value of £1.349m

and are detailed in Appendix 3. £0.217m of savings approved for previous financial years have not been achieved, and are unlikely to be achieved in future years. These have been included as growth items within the forecast for 2025/26.

- 6.21 In recent years, a significant amount of reserves have been utilised to help balance the Council's budget, whilst work was undertaken via the Transformation Programme to change the way services are delivered and establish permanent budget savings. As a result, reserves are now at a very low level and therefore the forecast assumes that £2m will be provided in 2026/27 in order to replenish reserves.
- 6.22 There have been an increase in housing benefit claims in relation to residents in supported accommodation in recent years. The Council awards full housing benefit for these residents, but is only reimbursed by the Department for Work and Pensions for the value of the rent in a standard property. This leaves the Council to pick up the additional costs associated with maintaining and managing these homes. An additional £0.100m is included in each year of the forecast for these costs.
- 6.23 On 01 February 2023, Council approved a Transformation Programme with the aim of making significant changes to the organisational culture and the way that services are delivered over a three-year period, enabling the Council to reach a long-term, sustainable financial position. The target budget reductions for the Programme totalled £20m between 2024/25 and 2026/27. As the forecast deficit has increased significantly over the past year, the Transformation Programme is currently being re-prioritised with the aim of delivering more savings over a shorter time period. Due to the uncertainty surrounding the direction of the Programme, at this stage no savings have been included in the forecast. Any future savings made by the Transformation Programme will reduce the Council's funding gap.

**Table 7 – Medium Term Spending Forecast 2025/26 – 2028/29**

Increase in Spending Required	Year on Year Change £'000			
	2025/26	2026/27	2027/28	2028/29
Removal of 2024/25 Transformation Targets	4,000	0	0	
2024/25 Approved Savings Unachieved	217	0	0	0
Capital Programme	619	90	34	1,000
Pay and Price Inflation	6,870	5,469	5,834	5,747
Effect of Interest Rates on Investments	964	413	286	0
2024/25 Overspend – Children's Services	11,752	0	0	0
2024/25 Overspend – Adult Social Care	3,631	0	0	0
2024/25 Overspend – Home to School Transport	644	0	0	0
2024/25 Overspend – Legal Services	858	0	0	0
Service Demand Pressures – Children's Care	1,809	1,985	2,179	2,392
Service Demand Pressures – Adult Social Care	2,382	2,499	2,621	2,749
Service Demand Pressures – Home to School Transport	350	0	0	0
Children's Improvement Funding	4,310	260	0	0
Cost Mitigation from Children's Investment	(2,091)	(3,336)	(1,215)	0
SEN Assessments and Psychology Services	1,032	0	0	0
Public Health Change to Grant Usage	1,000	0	0	0
Legal Salary Costs	100	0	0	0
Housing Benefit Subsidy Costs	100	100	100	0
Loss of Youth Justice Service Income	232	0	0	0
Additional Client Transport Posts	350	0	0	0
Contingency	1,000	2,000	2,000	2,000
Reverse 2024/25 10% Supplies and Services Savings	0	840	0	0
Reverse 2024/25 10% Property Maintenance Savings	0	247	0	0
Reverse 2024/25 10% Highways Maintenance Savings	0	459	0	0
Cease the Delivery of the School Meals Service	(247)	0	0	0
Other Known Additional Costs	213	554	18	19
Changes to Government Grant Funding	252	0	0	0
Replenish Reserves	0	2,000	0	0
End of Business Rates Retention Scheme	0	6,296	0	0
Agreed Savings	(1,349)	0	0	0
<b>Total Increase</b>	<b>38,998</b>	<b>19,876</b>	<b>11,857</b>	<b>14,007</b>

## 7.0 The Funding Gap

- 7.1 At this level of spending there is a significant funding gap with the forecast level of resources. Table 8 demonstrates the forecast gap between spending and forecast resources from 2025/26 to 2028/29.

**Table 8: Funding Gap 2025/26 – 2028/29**

	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>
Increase in Net Spend Forecast (Table 7)	38,998	19,876	11,857	14,007
Decrease / (Increase) in Business Rates Retained (Incl. Top-Up) (Table 2)	2,580	(2,673)	(1,706)	(1,740)
Increase in Council Tax Base (Para 3.3)	(535)	(646)	(653)	(660)
Decrease / (Increase) in Council Tax Surplus (Para 6.4)	234	0	0	0
<b>Funding Gap Before Council Tax</b>	<b>41,277</b>	<b>16,558</b>	<b>9,498</b>	<b>11,607</b>
<b>Funding Gap After Estimated Council Tax Increase</b>	<b>38,055</b>	<b>14,478</b>	<b>7,316</b>	<b>9,317</b>

- 7.2 The table shows that total savings of £38.055m are forecast to be needed to balance the 2025/26 budget, assuming a 4.99% increase in council tax. This amounts to a 25.46% reduction to the 2024/25 net budget.
- 7.3 There are additional shortfalls of £14.478m, £7.316m, and £9.317m forecast from 2026/27 – 2028/29, bringing the total cumulative shortfall over the next four years to £69.166m. These figures assume a council tax increase of 2.99% from 2026/27 onwards.
- 7.4 This represents a significant challenge for the Council to balance its budget, and a shortfall of this magnitude can only be addressed through restricting current levels of spending, the urgent identification of budget savings, a review of the services which the Council provides to the public, a review of fees and charges, and an application to Government for Exceptional Financial Support.

## 8.0 Capital Programme

8.1 The Council's capital programme is updated regularly throughout the year. Table 9 summarises the fully funded capital programme for the next two years.

**Table 9 – Capital Programme**

	<b>2025/26 (£'000)</b>	<b>2026/27 (£'000)</b>
<b>Spending</b>	<b>19,460</b>	<b>9,847</b>
Funding:		
Prudential Borrowing	4,216	1,669
Grants	13,844	8,178
Capital Receipts	1,400	0
<b>Total Funding</b>	<b>19,460</b>	<b>9,847</b>

8.2 The current system of capital controls allows councils to support and fund the capital programme by way of prudential borrowing. Such borrowing is required to be:

- prudent
- affordable, and
- sustainable

8.3 The capital programme is underpinned by the Capital Strategy agreed by Council in March 2024.

8.4 The Council has used prudential borrowing provided that the cost of borrowing has been covered by revenue budget savings and the spending forecast continues this assumption.

8.5 In previous years the Council has been extremely successful in attracting capital grants and contributions. In this way, the Council has been able to undertake significant capital expenditure without financing costs falling on the revenue budget and this approach will continue.

## 9.0 Reserves and Balances

9.1 The Council's Reserves and Balances Strategy is attached in Appendix 2. It sets out the Council's strategy in respect of the level of reserves and balances it wishes to maintain, by reference to the financial needs and risks associated with the Council's activities.

9.2 The level of balances and reserves will be reviewed as part of the budget monitoring and final accounts processes.



## 10.0 Conclusions

- 10.1 The Council has used significant amounts of reserves over recent years to help provide a balanced budget position and avoid making permanent budget savings. This approach is no longer sustainable given the low level of reserves remaining and therefore it is essential that future spending requirements are managed in line with available budget. The forecast funding gap of £69.671m over the next four years will require the Council to make significant savings, if the Section 151 Officer is to avoid issuing a Section 114 notice. It is clear that, to achieve the level of savings required, it will no longer be possible for the Council to maintain the range and level of service provision that it currently offers.
- 10.2 This Strategy highlights that considerable budget savings will be required over the short-term in order for the Council to deliver balanced annual revenue budgets. In order for this to be done in a managed and sustainable way, it is highly likely that the Council will need to apply to MHCLG for Exceptional Financial Support to provide sufficient time to enable the Transformation Programme to enact changes across the whole organisation with the aim of bringing the Council's expenditure back in line with available funding. The additional costs of borrowing associated with EFS are not included within this forecast, but are estimated to be approximately £0.9m per year, for 25 years, for each £10m borrowed. These costs are subject to change caused by the movement in interest rates.
- 10.3 The Business Rates Retention Scheme carries further risks to the funding available to the Council over the medium and longer term. The lack of certainty provided by Government means that it is very difficult to predict both the timing and extent of the impact upon the Council's budget of potential future funding changes.
- 10.4 The future levels of savings required will be directly influenced by the decisions made concerning council tax increases. Council tax increases will reduce the level of savings required, although the legislative requirements regarding council tax referendums will restrict the Council's scope to implement these increases.
- 10.5 The Medium-Term Financial Strategy provides a framework and underlying assumptions which will be used in the preparation of the 2025/26 annual budget. It has been based upon information that is currently available, however, revisions to the Strategy will need to be made as new developments take place and new information becomes available.
- 10.6 Appendix 2 sets out the Council's Strategy in respect of the level of reserves and balances it wishes to maintain, by reference to the financial needs and risks associated with the Council's activities.

## RESERVES AND BALANCES STRATEGY

### 1.0 INTRODUCTION

- 1.1 The following sets out the Council's Strategy in respect of the level of reserves and balances it wishes to maintain, by reference to the financial needs and risks associated with the Council's activities.
- 1.2 The overall strategy is to provide the Council with an appropriate level of reserves and balances in relation to its day to day activities and to ensure the Council's financial standing is sound and supports the achievement of its long term objectives and corporate priorities.
- 1.3 The Director, Finance will undertake quarterly reviews of the level of reserves and balances and take appropriate action in order to ensure the overall Strategy is achieved. The outcome of the reviews will be reported to the Executive Board and will be used to inform the Medium Term Financial Strategy (MTFS), the annual budget setting process and the final accounts process.
- 1.4 The Strategy concentrates upon the Council's key reserves and balances, being those which may potentially have a significant affect upon the Council's financial standing and its day-to-day operations.

### 2.0 RESERVE BALANCES

- 2.1 As at 30 September 2024 the balance of the Council's general reserve was £5.149m. It has been the Council's policy to maintain general balances at a reasonable level, based upon the financial risks and challenges it faces. This is particularly important at the current time, given the increasing demand-led pressures upon Children's Services and Adult Social Care.
- 2.2 The Council has used reserves in helping to provide balanced budget positions, but the level of reserves is now such that using reserves in this way is no longer sustainable. There is an urgent need to start the process of replenishing reserves, although in the current climate and against the need to take on Exceptional Financial Support this makes replenishment difficult. This forecast assumes from year two reserves will be replenished by the value of £2m in each year.
- 2.3 In addition to the general reserve the Council holds earmarked reserves set aside for specific purposes. As at 30 September 2024 the balance of earmarked reserves was £51.739m, a breakdown of which is presented below. It should be noted that the Mersey Gateway reserve of £27.560m is ringfenced for the Mersey Gateway project.
- 2.4 Held within the Transformation Reserve is £6.432m, set aside to provide funding for towards meeting the Council's 2024/25 overspend position and a range of potential spending commitments in future years associated with

delivering the Transformation Programme. The remaining reserves are earmarked for specific, committed purposes and are therefore not available to support the Council's wider financial needs.

<b>Summary of General and Earmarked Reserves</b>	
<b>Reserve</b>	<b>Reserve Value £m</b>
<b>Corporate:</b>	
General Fund	5.149
Transformation Fund	6.432
Capital Reserve	0.499
Insurance Reserve	1.000
<b>Specific Projects:</b>	0
Adult Social Care	0.569
Fleet Replacement	0.328
Highways Feasibility Costs	0.964
Local Development Framework	0.494
Community & Environment	0.253
Mersey Valley Golf Club	0.483
Mersey Gateway	27.560
Various Other	0.668
<b>Grants:</b>	0
Building Schools for the Future	6.529
Public Health	1.881
Supporting Families Performance Payments	0.534
Children's & Education	0.741
Domestic Abuse	1.186
Enterprise & Employment	0.851
Various Other	0.767
	0
<b>Total Earmarked Reserves</b>	<b>56.888</b>

### 3.0 PROVISIONS

#### Sundry Debtors

- 3.1 The Council makes provision for bad and doubtful debts based upon an annual review of outstanding debts profiled by age and the associated risks of non-payment, depending upon the types of debt.
- 3.2 Past experience has shown that after 43 days (the period covering the initial stages of recovery action) the likelihood of sundry debts being paid reduces significantly and therefore the risk of them not being recovered increases greatly. Increased provision will therefore be made for all sundry debts outstanding for more than 43 days.

- 3.3 The bad debt provisions in respect of sundry debtors at 31 March 2024 totals £5.760m.

**Council Tax / Business Rates (NNDR)**

- 3.4 Bad debt provisions are made in respect of Council Tax and National Non Domestic Rate (NNDR) debts. The bad debt provisions (Council Share) in respect of Council Tax and NNDR debtors at 31 March 2024 totals £17.402m.
- 3.5 The levels of bad debt provisions held are considered prudent in relation to the current level and age profile of outstanding debts. But they will be reviewed annually, particularly in the light of the prevailing economic climate. Therefore appropriate provisions will be made to minimise the risk of financial loss to the Council.
- 3.6 The Council is also required to hold a provision for NNDR valuation appeal claims. The provision as at 31 March 2024 totals £2.003m.

## APPENDIX 3

## 2025/26 APPROVED BUDGET SAVINGS

Department	Service Area	Description of Saving Proposal	Savings Value £'000
Adult Social Care	Housing Solutions	Remodel the current service based on good practice evidence from other areas.	125
Adult Social Care	Voluntary Sector Support	Review the support provided by Adult Social Care and all other Council Departments to voluntary sector organisations. This would include assisting them to secure alternative funding in order to reduce their dependence upon Council funding. A target saving phased over two years has been estimated.	100
Adult Social Care	Care Management Community Care Budget	Attract £500k investment from the pooled budget (BCF) from 2024/25. Undertake work in years 1 and 2 to reduce reliance upon contracted services from 2025/26. Services are currently in the process of being redesigned on a "Strengths Based Approach" i.e. focused upon prevention.	1,000
Children & Families	Children's Centres	Review the operation of Windmill Hill Children's Centre.	22
Community & Greenspace	School Meals	Cease to deliver the school meals service.	12
Finance	Internal Audit	Restructure in light of potential retirements over the next two years within the Internal Audit Team.	50
Finance	Council Tax	Increase the charges applied when a court summons is issued by 30% (£23), to achieve full cost recovery over the three year period.	40
<b>Total Approved Savings</b>			<b>1,349</b>

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**REPORT TO:** Executive Board

**DATE:** 14 November 2024

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Determination of Council Tax Base 2025/26

**WARD(S):** Borough-wide

## 1.0 PURPOSE OF REPORT

- 1.1 The Council is required to determine annually the Council Tax Base for its area and also the Council Tax Base for each of the Parishes.
- 1.2 The Council is required to notify the Council Tax Base figure to the Cheshire Fire Authority, the Cheshire Police & Crime Commissioner, Liverpool City Region Combined Authority and the Environment Agency by 31<sup>st</sup> January 2025. The Council is also required to calculate and advise if requested, the Parish Councils of their relevant Council Tax Bases.

## 2.0 RECOMMENDED: That

- (1) Council set the 2025/26 Council Tax Base at 36,936 for the Borough, and that the Cheshire Fire Authority, the Cheshire Police & Crime Commissioner, Liverpool City Region Combined Authority and the Environment Agency be so notified; and
- (2) Council set the Council Tax Base for each of the Parishes as follows:

Parish	Tax Base
Hale	674
Halebank	546
Daresbury	301
Moore	344
Preston Brook	373
Sandymoor	1,645

### **3.0 SUPPORTING INFORMATION**

- 3.1 The Council Tax Base is the measure used for calculating Council Tax and is used by both the billing authority (the Council) and the major precepting authorities (Cheshire Fire Authority, Cheshire Police & Crime Commissioner and Liverpool City Region Combined Authority), in the calculation of their Council Tax requirements.
- 3.2 The Council Tax Base figure is arrived at in accordance with a prescribed formula, and represents the estimated full year number of chargeable dwellings in the Borough, expressed in terms of the equivalent of Band 'D' dwellings.
- 3.3 The Council Tax Base is calculated using the number of dwellings included in the Valuation List, as provided by the Valuation Office Agency, as at 14 October 2024. Adjustments are then made to take into account the estimated number of discounts, voids, additions and demolitions during the period 14 October 2024 to 31 March 2025.
- 3.4 The tax base calculation has included an element for the Council Tax Reduction Scheme. The estimated amount of Council Tax Support payable for 2025/26 is converted into the equivalent number of whole properties which are deducted from the total.
- 3.5 The tax base calculation will include an element for Care Leavers Discretionary Discount. The estimated amount of Care Leavers Discount payable for 2025/26 is converted into the equivalent number of whole properties which are deducted from the total.
- 3.6 The tax base calculation will include an element for Foster Carers Discretionary Discount. The estimated amount of Foster Carers Discount payable for 2025/26 is converted into the equivalent number of whole properties which are deducted from the total.
- 3.7 An estimated percentage collection rate is then applied to the product of the above calculation to arrive at the Council Tax Base for the year.
- 3.8 Taking account of all the relevant information and applying a 97.0% collection rate, the calculation for 2025/26 provides a tax base figure of **36,936** for the Borough as a whole.



- 3.9 Taking account of all the relevant information and applying a 97.0% collection rate, the appropriate Council Tax Base figure for each of the Parishes is as follows

Parish	Tax Base
Hale	674
Halebank	546
Daresbury	301
Moore	344
Preston Brook	373
Sandymoor	1,645

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The Council Tax Base will enable the Council to set the level of Council Tax to be charged for 2025/26.

#### **6.0 IMPLICATIONS FOR THE COUNCILS PRIORITIES**

- 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
- 6.2 **Building a Strong, Sustainable Local Economy**
- 6.3 **Supporting Children, Young People and Families**
- 6.4 **Tackling Inequality and Helping Those Who Are Most In Need**
- 6.5 **Working Towards a Greener Future**
- 6.6 **Valuing and Appreciating Halton and Our Community**

There are no direct implications, however, council tax revenue supports the delivery and achievement of all the Council's priorities.

#### **7.0 RISK ANALYSIS**

- 7.1 There would be significant loss of income to the Council if the Council Tax Base were not agreed, as it would not be possible to set the level of Council Tax to be charged for 2025/26.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 None.

**9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 None

**10.0 REASON FOR THE DECISION**

10.1 To seek approval for the Council Tax Base for the Borough and also the Council Tax Base for each of the Parishes.

**11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

11.1 The Council is required to determine annually the Council Tax Base and to notify the Cheshire Fire Authority, the Cheshire Police & Crime Commissioner, Liverpool City Region Combined Authority, the Environment Agency and Parish Councils.

**12.0 IMPLEMENTATION DATE**

12.1 The Council Tax Base 2025/26 will be implemented from 1st April 2025.

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

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Working Papers	DCBL Stadium	Stephen Baker

<b>REPORT TO:</b>	Council
<b>DATE:</b>	4 December 2024
<b>REPORTING OFFICER:</b>	Director – Legal and Democratic Services
<b>PORTFOLIO:</b>	Resources
<b>SUBJECT:</b>	Gambling Act 2005 Statement of Gambling Policy
<b>WARD(S)</b>	Boroughwide

### 1.0 **PURPOSE OF THE REPORT**

1.1 To adopt the Statement of Gambling Policy

### 2.0 **RECOMMENDATION: That Council**

- 1. Adopt the Statement of Gambling Policy attached to this report to come into effect immediately following the expiry of the current policy; and**
- 2. Directs that the Director – Legal and Democratic Services publishes the Statement of Gambling Policy in accordance with section 349 Gambling Act 2005 and the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006.**

### 3.0 **SUPPORTING INFORMATION**

3.1 The Council's current Statement of Gambling Policy is due to expire on 30 January 2025. A new policy must therefore be in place on 31 January 2025.

3.2 At a meeting of the Regulatory Committee on 3 July 2024, a new Statement of Gambling Policy was considered, a copy of which is appended to this report, and the Committee authorised the Director – Legal and Democratic Services to undertake a consultation exercise in respect of its contents as required by section 349 of the Gambling Act 2005.

3.3 The consultation exercise was completed on 23 August 2024 and one response was received.

3.4 At its meeting on 9 October 2024, the Regulatory Committee received a report on the consultation exercise and, as there was only one comment received (by Gamcare) it has been addressed (by publishing details of Gamcare on the Council website), when the Committee recommended the new Statement of Gambling Policy for adoption by the Council.

4.0 **POLICY IMPLICATIONS**

4.1 Once it comes into effect, the Statement of Gambling Policy will be used in accordance with the Gambling Act 2005.

5.0 **FINANCIAL IMPLICATIONS**

5.1 None

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

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

The Council's Statement of Gambling Policy operates under a separate statutory code but since it involves licensable activities it is designed to contribute to the licensing objective of the protection of children from harm.

6.2 Building a Strong, Sustainable Local Economy

None

6.3 Supporting Children, Young People and Families

The Council's Statement of Gambling Policy operates under a separate statutory code but since it involves licensable activities it is designed to contribute to the licensing objective of the protection of children from harm.

6.4 Tackling Inequality and Helping Those Who Are Most In Need

NONE

6.5 Working Towards a Greener Future

NONE

6.6 Valuing and Appreciating Halton and Our Community

NONE

7.0 **RISK ANALYSIS**

7.1 NONE

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 NONE

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 NONE

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

This report is based on the Gambling Act 2005. See also the  
Council's existing Statement of Gambling Policy.

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Halton Borough Council

STATEMENT OF GAMBLING  
POLICY

GAMBLING ACT 2005

January 2025 – January 2028

DRAFT

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## PART A

### **1. The Licensing Objectives**

In exercising most of their functions under the Gambling Act 2005, licensing authorities must have regard to the licensing objectives as set out in section 1 of the Act. The licensing objectives are:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling

This policy will promote these licensing objectives.

It should be noted that the Gambling Commission has stated: “The requirement in relation to children is explicitly to protect them from being harmed or exploited by gambling”.

### **2. Introduction**

Halton Borough Council (“the Council”) is situated in the County of Halton and is a Unitary Authority. Halton Borough comprises the towns of Widnes and Runcorn and surrounding villages of Hale, Daresbury, Moore, and Preston Brook. It is predominantly an urban area with a population of around 128,500 (2021 Census). Licensing authorities are required by the Gambling Act 2005 to publish a statement of the principles which it proposes to apply when exercising their functions. This statement must be published at least every three years. The statement must also be reviewed from “time to time” and any amended parts re-consulted upon. The statement must be then re-published.

The Council consulted upon this policy statement before finalising and publishing it. A list of the persons we consulted is provided below.

The Gambling Act requires that the following parties are consulted by Licensing Authorities:

- The Chief Officer of Police
- One or more persons who appear to the authority represent the interests of persons carrying on gambling businesses in the authority’s area
- One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority’s functions under the Gambling Act 2005

List of persons this authority consulted:

- Cheshire Constabulary
- Halton Borough Council People Directorate
- Halton Borough Council Enterprise, Communities and Resources Directorate
- The Bingo Association
- Association of British Bookmakers
- British Amusement Catering Association
- Responsibility in Gambling Trust (U.K.)
- GamCare
- The general public through local advertisement and the Council’s website
- Reel Leisure

- Cashino Gaming Limited
- White Leisure Limited
- British Beer & Pub Association
- William Hill Bookmakers
- Betfred Bookmakers
- Coral Bookmakers
- David Pluck Bookmakers
- Boylesports Bookmakers
- Club 2000 Bingo
- Buzz Bingo

It should be noted that this policy statement will not override the right of any person to make an application, make representations about an application, or apply for a review of a licence, as each will be considered on its own merits and will depend to a large extent on the type of gambling that is proposed for the premises according to the statutory requirements of the Gambling Act 2005. The Council shall aim to permit the use of premises for gambling as set out in section 153 of the Gambling Act 2005.

### **3. Declaration**

In producing this licensing policy statement, this licensing authority declares that it has had regard to the licensing objectives of the Gambling Act 2005, the guidance issued by the Gambling Commission, and any responses from those consulted on the policy statement.

### **4. Competent authority for protection of children from harm**

The licensing authority is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm. The principles are:

- the need for the body to be responsible for an area covering the whole of the licensing authority's area;
- the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group etc.

The Council designates the Halton Borough Council People Directorate for this purpose.

The contact details of all the Responsible Bodies under the Gambling Act 2005 are available from Legal Services Licensing Section.

### **5. Interested parties**

Interested parties can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in the Gambling Act 2005 as follows:

“For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the licensing authority which issues the licence or to which the applications is made, the person-

- a) lives sufficiently close to the premises to be likely to be affected by the authorities activities,
- b) has business interests that might be affected by the authorised activities, or

c) represents persons who satisfy paragraph (a) or (b)”

The licensing authority is required to state the principles it will apply in exercising its powers under section 158 of the Gambling Act 2005 to determine whether a person is an interested party. The principles are:

Each case will be decided upon its merits. The Council will not apply a rigid rule to its decision making. It will consider the examples of considerations provided in the Gambling Commission’s Guidance to local authorities. Note that decisions on Premises Licences must be “in accordance” with Gambling Commission Guidance.

The Gambling Commission has recommended that the licensing authority states that interested parties include trade associations and trade unions, and residents’ and tenants’ associations. This authority will not however generally view these bodies as interested parties unless they have a member who can be classed as one under the terms of the Gambling Act 2005 e.g. lives sufficiently close to the premises to be likely to be affected by the activities being applied for.

Interested parties can be persons who are democratically elected such as Councillors and MP’s. Other than these persons, this authority will require written evidence that a person ‘represents’ someone who either lives sufficiently close to the premises to be likely to be affected by the authorities activities and/or business interests that might be affected by the authorised activities. A letter from one of these persons, requesting the representation is sufficient.

If individuals wish to approach Councillors to ask them to represent their views then care should be taken that the Councillors are not part of the Licensing Committee dealing with the licence application. If there are any doubts then please contact the licensing department. Contact details are set out in Part D below.

## **6. Exchange of Information**

Licensing authorities are required to include in their policy statement the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission, and the functions under section 350 of the Act with the respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.

The principle that this licensing authority applies is that it will act in accordance with the provisions of the Gambling Act 2005 in its exchange of information which includes the provision that relevant data protection legislation will not be contravened. The licensing authority will also have regard to Guidance issued by the Gambling Commission to Local Authorities on this matter, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

Issues of confidentiality will be assessed on a case by case basis since the interests of data subjects must be balanced against the public interest. The fundamental principle which the licensing authority must adhere to is that it must act in the public interest. Data subjects can access information via the licensing authority’s contact details set out below.

## **7. Inspection and criminal proceedings**

Licensing authorities are required by regulation under the Gambling Act 2005 to state the principles to be applied by the authority in exercising the functions under Part 15 of the Act with respect to the inspection of premises; and the powers under section 346 of the Act to institute criminal proceedings in respect of the offences specified.

This licensing authority's principles are that:

It will be guided by the Gambling Commission's Guidance for local authorities and as per the Gambling Commission's Guidance for local authorities, it will endeavour to be:

- Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
- Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;
- Consistent: rules and standards must be joined up and implemented fairly;
- Transparent: regulators should be open, and keep regulations simple and user friendly; and
- Targeted: regulation should be focused on the problem, and minimise side effects

This licensing authority will endeavour to avoid duplication with other regulatory regimes so far as possible.

This licensing authority will also, as recommended by the Gambling Commission's Guidance for local authorities, adopt a risk-based inspection programme.

The licensing authority's Community Safety Team carries out inspections – often jointly with Gambling Commission enforcement staff.

The main enforcement and compliance role for this licensing authority in terms of the Gambling Act 2005 will be to ensure compliance with the Premises Licences and other permissions which is authorised. The Gambling Commission will be the enforcement body for the Operator and Personal Licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines will not be dealt with by the licensing authority but will be notified to the Gambling Commission. This authority also understands that the Gambling Commission will be responsible for compliance as regards unlicensed premises.

This licensing authority will promote efficient and effective regulatory approaches which improve outcomes without imposing unnecessary burdens on business.

## **8. Licensing Authority functions**

Licensing Authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing *Premises Licences*
- Issue *Provisional Statements*
- Regulate *members' clubs* and *miners' welfare institutes* who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
- Issue *Club Machine Permits* to *Commercial Clubs*
- Grant permits for the use of certain lower stake gaming machines at *unlicensed Family Entertainment Centres*
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) of the use of two or fewer gaming machines

- Grant *Licensed Premises Gaming Machine Permits* for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where more than two machines are required
- Register *small society lotteries* below prescribed thresholds
- Issue *Prize Gaming Permits*
- Receive and Endorse *Temporary Use Notices*
- Receive *Occasional Use Notices*
- Provide information to the Gambling Commission regarding details of licences issued (see section above on 'information exchange')
- Maintain registers of the permits and licences that are issued under these functions

It should be noted that local licensing authorities will not be involved in licensing remote gambling at all. This will fall to the Gambling Commission via Operator Licences.

### **Section 17 Crime and Disorder Act 1998 obligation**

Under section 17 of the Crime and Disorder Act 1998 the Council is under a statutory duty to do all that it can to prevent crime and disorder within its administrative area. It is mindful of national concerns that licensed premises can be used for criminal activity such as drug dealing or money laundering. The Council shall work in partnership with licence holders, local businesses, responsible authorities and local communities to promote licensing objectives.

### **Equality and Diversity - obligations for non-discrimination under the Equality Act 2010**

The Council is mindful of its obligations under the Equality Act 2010 and through policy and service delivery shall look to eliminate unlawful discrimination, promote equality of opportunity and promote good relations between diverse communities.

### **Roles of Gambling Commission (Personal and Operator Licences) and licensing authority (premises licence)**

In order for a business to undertake activity covered by the Gambling Act 2005, they are required to hold a personal licence and operator licence (which are issued by the Gambling Commission) together with a premises licence which is issued by the Council in accordance with the licensing objectives.

At present, the Council has issued 22 premises licenses in total (consisting of 2 for Bingo, 15 Betting Shops and 5 Adult Gaming Centres).

### **Conditions of premises licence (mandatory/standard conditions)**

The conditions placed on a premises licence shall consist of the mandatory and standard conditions unless other conditions are required to promote the licensing objectives.

### **Corporate Objectives**

The adopted Halton Borough Council Corporate Plan 2024-29 includes three corporate objectives - Building a Strong Sustainable Local Economy, Supporting Children, Young People and Families and Tackling Inequality/helping those who are

most in need. These are relevant to the issue of gambling and the need to ensure that the process for issuing Premises Licences should be both efficient and effective.

## **PART B PREMISES LICENCES**

### **1. General Principles**

Premises Licences will be subject to the permissions/restrictions set-out in the Gambling Act 2005 and regulations, as well as specific mandatory and default conditions which will be detailed in regulations issued by the Secretary of State. Licensing authorities are able to exclude default conditions and also attach others, where it is believed to be appropriate.

This licensing authority is aware that in making decisions about premises licences it should aim to permit the use of premises for gambling in so far as it thinks it is:

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's statement of licensing policy

*Definition of "premises"* - Premises is defined in the Act as "any place". It is for the licensing authority to decide whether different parts of a building can be properly regarded as being separate premises and as the Gambling Commission states in its Guidance for local authorities, it will always be a question of fact in the circumstances. The Gambling Commission does not however consider that areas of a building that are artificially or temporarily separate can be properly regarded as different premises.

This licensing authority takes particular note of the Gambling Commission's Guidance for local authorities which states that in considering applications for multiple licences for a building or those for a specific part of the building to be licensed, entrances and exits from parts of a building covered by one or more licences should be separate and identifiable so that the separation of different premises is not compromised and that people do not 'drift' into a gambling area.

This licensing authority will also take note of the Gambling Commission's Guidance to local authorities that: Licensing authorities should pay particular attention to applications where access to the licensed premises is through other premises (which themselves may be licensed or unlicensed).

*Location* - This licensing authority is aware that demand issues cannot be considered with regard to the location of premises but that considerations in terms of the licensing objectives can. As per the Gambling Commission's Guidance for local authorities, this authority will pay particular attention to the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder. Should any specific policy be decided upon as regards areas where gambling premises should not be located, this policy statement will be updated. It should be

noted that any such policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how the concerns can be overcome.

*Duplication with other regulatory regimes* - This authority will seek to avoid any duplication with other statutory / regulatory systems where possible, including planning. This authority will not consider whether a licence application is likely to be awarded planning or building consent, in its consideration of it. This authority will though listen to, and consider carefully, any concerns about conditions which are not able to be met by licensees due to planning restrictions, should such a situation arise.

*Licensing objectives* - Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, this licensing authority has considered the Gambling Commission's Guidance to local authorities and some comments are made below.

**Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime** – This licensing authority is aware of the distinction between disorder and nuisance and will consider factors such as whether police assistance was required and how threatening the behaviour was to those who could see it.

**Ensuring that gambling is conducted in a fair and open way** - This licensing authority has noted that the Gambling Commission in its Guidance for local authorities has stated that generally the Commission would not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be a matter for either the management of the gambling business, and therefore subject to the operating licence, or will be in relation to the suitability and actions of an individual and therefore subject to the personal licence. This licensing authority also notes, however, that the Gambling Commission states in relating to the licensing tracks the licensing authorities' role will be different from other premises in that track operators will not necessarily have an operating licence. In those circumstances the premises licence may need to contain conditions to ensure that the environment in which betting takes place is suitable. This licensing authority understands that there may be further guidance from the Gambling Commission on this issue which it will have regard to, when available.

**Protecting children and other vulnerable persons from being harmed or exploited by gambling** - This licensing authority has noted the Gambling Commission Guidance to local authorities states that the objective talks of protecting children from being "harmed or exploited by gambling, but in practice that often means preventing them from taking part in or being in close proximity to gambling.

This licensing authority will pay particular attention to any Codes of Practice which the Gambling Commission issues as regards this licensing objective in relation to specific premises such as casinos. It is understood that a Code for casinos must:

- specify steps that the premises licence-holder must take to ensure that children and young persons (that is those under the age of 18) do not enter casino premises, or in the case of the regional casino do not enter the gambling area;
- amongst those specified steps, ensure that each entrance to the casino or gambling area is supervised by at least one person ("the supervisor") who is responsible for compliance with the code of practice; and

- require that, unless the supervisor is certain that a person seeking admittance is an adult, evidence of age must be required of all those seeking to enter the casino or gambling area.

As regards the term “vulnerable persons” it is noted that the Gambling Commission is not seeking to offer a definition but states that it will for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs. This licensing authority will consider this licensing objective on a case by case basis. Should a practical definition prove possible in future then this policy statement will be updated with it, by way of a revision.

*Conditions* - Any conditions attached to licences will be proportionate and will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;
- fairly and reasonably related to the scale and type of premises: and
- reasonable in all other respects.

Decisions upon individual conditions will be made on a case by case basis, although there will be a number of control measures this licensing authority will consider utilising should there be a perceived need, such as the use of door supervisors, supervision of adult gaming machines, appropriate signage for adult only areas etc. There are specific comments made in this regard under each of the licence types below. This licensing authority will also expect the licence applicant to offer his/her own suggestions as to way in which the licensing objectives can be met effectively.

It is noted that there are conditions which the licensing authority cannot attach to premises licences which are:

- any condition on the premises licence which makes it impossible to comply with an operating licence condition;
- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated; and
- conditions in relation to stakes, fees, winning or prizes.

*Door Supervisors* - The Gambling Commission advises in its Guidance for local authorities that licensing authorities may consider whether there is a need for door supervisors in terms of the licensing objectives of protection of children and vulnerable persons from being harmed or exploited by gambling, and also in terms of preventing premises becoming a source of crime. It is noted though that the Gambling Act 2005 has amended the Security Industry Act and that door supervisors at casinos or bingo premises cannot be licensed by the Security Industry Authority. This licensing authority may therefore have specific requirements for door supervisors working at casinos or bingo premises.

## **2. Adult Gaming Centres**

This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that



under 18 year olds do not have access to the premises. Appropriate licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Door supervisors
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours

This list is not exhaustive.

As regards the protection of vulnerable persons, this licensing authority will consider measures such as the use of self-barring schemes, provision of information leaflets / helpline numbers for organisations such as GamCare.

### **3. (Licensed) Family Entertainment Centres:**

This licensing authority will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas. Appropriate licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Door supervisors
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours

This list is not exhaustive.

As regards the protection of vulnerable persons, this licensing authority will consider measures such as the use of self-barring schemes, provision of information leaflets / helpline numbers for organisations such as GamCare.

This licensing authority will, as per the Gambling Commission's guidance, refer to the Commission's website to see any conditions that apply to operator licences covering the way in which the area containing the category C machines should be delineated. This licensing authority will also make itself aware of any mandatory or default conditions on these premises licences, when they have been published.

### **4. Casinos**

The Council did not make an application for new casinos under the Gaming Act 1968 (prior to the deadline of 26<sup>th</sup> April 2006). Consequently 'Section 4. Casinos' is not directly relevant to this Statement but is included for the sake of completeness.

*No Casinos resolution - This licensing authority has not passed a 'no casino' resolution under Section 166 of the Gambling Act 2005, but is aware that it has the power to do*

so. Should this licensing authority decide in the future to pass such a resolution, it will update this policy statement with details of that resolution.

Casinos and competitive bidding - This licensing authority is aware that where a licensing authority area is enabled to grant a Premises Licence for a new style casino (i.e. the Secretary of State has made such regulations under Section 175 of the Gambling Act 2005) there are likely to be a number of operators which will want to run the casino. In such situations the local authority will run a 'competition' under Schedule 9 of the Gambling Act 2005. This licensing authority will run such a competition in line with any regulations issued under the Gambling Act 2005 by the Secretary of State.

Betting machines - This licensing authority is aware that, as explained in the Gambling Commission's Guidance for local authorities: Section 181 contains an express power for licensing authorities to restrict the number of betting machines, their nature and the circumstances in which they are made available by attaching a licence condition to a betting premises licence or to a casino premises licence (where betting is permitted in the casino). When considering whether to impose a condition to restrict the number of betting machines in particular premises, the licensing authority, amongst other things, should take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable persons.

Credit - This licensing authority has noted that the Gambling Commission has stated in its Guidance for Local Authorities that section 177 does not prevent the licensee from permitting the installation of cash dispensers (ATMs) on the premises. Such machines may accept debit cards and the arrangement is subject to a requirement that the licensee has no other commercial connection in relation to gambling (aside from the agreement to site the machines) with the service-provider and does not profit from the arrangement, not make any payment in connection with the machines. Guidance on the further conditions that may apply in relation to such machines will be included in the next version of this guidance

## **5. Bingo premises**

This licensing authority will follow the guidance issued by the Gambling Commission relating to bingo. There will be a focus on the protection of children and young persons, use of gaming machines and appropriate conditions.

## **6. Betting premises**

Betting machines - It is noted that the Gambling Commission's Guidance for local authorities states: "Section 181 contains an express power for licensing authorities to restrict the number of betting machines, their nature and the circumstances in which they are made available by attaching a licence condition to a betting premises licence or to a casino premises licence (where betting is permitted in the casino). When considering whether to impose a condition to restrict the number of betting machines in particular premises, the licensing authority, amongst other things, should take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable persons."

Credit - It has also been noted that the Gambling Commission Guidance states: section 177 does not prevent the licensee from permitting the installation of cash dispensers (ATMs) on the premises. Such machines may accept debit cards and the arrangement

is subject to a requirement that the licensee has no other commercial connection in relation to gambling (aside from the agreement to site the machines) with the service-provider and does not profit from the arrangement, nor make any payment in connection with the machines. It is also understood that the Gambling Commission will be placing restrictions and requirements on Operating Licences for betting premises as regards credit and this licensing authority will consider the guidance when it is available.

## 7. Tracks

This licensing authority is aware that the Gambling Commission may provide further specific guidance as regards tracks. We have taken note of the Guidance from the Gambling Commission which highlights that tracks are different from other premises in that there may be more than one premises licence in effect and that the track operator may not be required to hold an operator licence as there may be several premises licence holders at the track which will need to hold their own operator licences.

There may be some specific considerations with regard to the protection of children and vulnerable persons from being harmed or exploited by gambling and this authority would expect the premises licence applicants to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities. It is noted that children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, although they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

Appropriate licence conditions may be:

- Proof of age schemes
- CCTV
- Door supervisors
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- The location of gaming machines

This list is not exhaustive.

As regards the protection of vulnerable persons, this licensing authority will consider measures such as the use of self-barring schemes, provision of information leaflets / helpline numbers for organisations such as GamCare.

*Betting machines* - Licensing authorities have a power under the Gambling Act 2005, to restrict the number of betting machines, their nature and the circumstances in which they are made available, by attaching a licence condition to a betting premises licence. The Gambling Commission's Guidance will be noted in that it states: In relation to betting premises away from tracks, the Commission is proposing that licensing authorities should take into account the size of the premises and the ability of staff to monitor the use of the machines by vulnerable people when determining the number of machines permitted. Similar considerations apply in relation to tracks, where the potential space for such machines may be considerable, bringing with it significant problems in relation to the proliferation of such machines, the ability of track staff to supervise them if they are scattered around the track and the ability of the track

operator to comply with the law and prevent children betting on the machine. Licensing authorities will want to consider restricting the number and location of betting machines, in the light of the circumstances of each application for a track betting premises licence.

This licensing authority also notes that, in the Commission's view, it would be preferable for all self-contained premises operated by off-course betting operators on track to be the subject of separate premises licences. This would ensure that there was clarity between the respective responsibilities of the track operator and the off-course betting operator running a self-contained unit on the premises.

*Condition on rules being displayed* - The Gambling Commission has advised in its Guidance for local authorities that licensing authorities should attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race-card or made available in leaflet form from the track office.

## **8. Travelling Fairs**

It will fall to this licensing authority to decide whether, where category D machines and / or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.

The licensing authority will also consider whether the applicant falls within the statutory definition of a travelling fair.

It has been noted that the 27-day statutory maximum for the land being used as a fair, is per calendar year, and that it applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. This licensing authority will work with its neighbouring authorities to ensure that land which crosses our boundaries is monitored so that the statutory limits are not exceeded.

## **9. Provisional Statements**

This licensing authority notes the Guidance for the Gambling Commission which states that it is a question of fact and degree whether premises are finished to a degree that they can be considered for a premises licence and that requiring the building to be complete ensures that the authority could, if necessary, inspect it fully.

In terms of representations about premises licence applications, following the grant of a provisional statement, no further representations from relevant authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant's circumstances. In addition, the authority may refuse the premises licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:

- (a) which could not have been raised by objectors at the provisional licence stage; or
- (b) which is in the authority's opinion reflect a change in the operator's circumstances.

This authority has noted the Gambling Commission's Guidance on not taking into account irrelevant matter: one example of an irrelevant matter would be the likelihood of the applicant obtaining planning or building regulations approval for the proposal.

## 10. Reviews:

Requests for a review of a premises licence can be made by interested parties or responsible authorities, however, it is for the licensing authority to decide whether the review is to be carried-out. This will be on the basis of whether the request for the review is relevant to the matters listed below, as well as consideration as to whether the request is frivolous, vexatious, will certainly not cause this authority to wish alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.

- in accordance with any relevant code of practice issued by the Gambling Commission;
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives; and
- in accordance with the authority's statement of licensing policy;

The licensing authority can also initiate a review of a licence on the basis of any reason which it thinks is appropriate.

## PART C Permits / Temporary & Occasional Use Notice

### 1. Unlicensed Family Entertainment Centre gaming machine permits (Statement of Principles on Permits – Schedule 10 para 7)

Where a premises does not hold a Premises Licence but wishes to provide gaming machines, it may apply to the licensing authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use (Section 238).

The Gambling Act 2005 states that a licensing authority may prepare a *statement of principles* that they propose to consider in determining the suitability of an applicant for a permit and in preparing this statement, and/or considering applications, it need not (but may) have regard to the licensing objectives and shall have regard to any relevant guidance issued by the Commission under section 25. The Gambling Commission's Guidance for local authorities also states: In their three year licensing policy statement, licensing authorities may include a statement of principles that they propose to apply when exercising their functions in considering applications for permits....., licensing authorities will want to give weight to child protection issues. Further guidance on the information that should be obtained from the applicant and others will be provided in the next version of this guidance.

The Guidance also states: An application for a permit may be granted only if the licensing authority is satisfied that the premises will be used as an unlicensed Family Entertainment Centre, and if the chief officer of police has been consulted on the application. Relevant considerations to take into account would include the applicant's suitability, such as any convictions that they may have that would make them unsuitable to operate a family entertainment centre; and the suitability of the premises in relation to their location and issues about disorder.

It should be noted that a licensing authority cannot attach conditions to this type of permit and that the statement of principles only applies to initial applications and not to renewals.

**Statement of Principles:** This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits, however, they may include DBS checks for staff, training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on / around the premises.

With regard to renewals of these permits, a licensing authority may refuse an application for renewal of a permit only on the grounds that an authorised local authority officer has been refused access to the premises without reasonable excuse, or that renewal would not be reasonably consistent with pursuit of the licensing objectives.

## **2. (Alcohol) Licensed premises gaming machine permits – (Schedule 13 Para 4(1))**

There is provision in the Act for premises licensed to sell alcohol for consumption on the premises, to automatically have 2 gaming machines, of categories C and/or D. The premises merely need to notify the licensing authority. The licensing authority can remove the automatic authorisation in respect of any particular premises if:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e. that written notice has been provided to the licensing authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
- the premises are mainly used for gaming; or
- an offence under the Gambling Act has been committed on the premises

If a premises wishes to have more than 2 machines, then it needs to apply for a permit and the licensing authority must consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005, and “*such matters as they think relevant.*” This licensing authority considers that “such matters” will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines. Measures which will satisfy the authority that there will be no access may include the adult machines being in site of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be help. As regards the protection of vulnerable persons this applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare.

It is recognised that some alcohol licensed premises may apply for a premises licence for their non-alcohol licensed areas. Any such application would need to be applied for, and dealt with as an Adult Entertainment Centre premises licence.

It should be noted that the licensing authority can decide to grant the application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.

It should also be noted that the holder of a permit to must comply with any Code of Practice issued by the Gambling Commission about the location and operation of the machine.

### **3. Prize Gaming Permits – (Statement of Principles on Permits - Schedule 14 Para 8 (3))**

The Gambling Act 2005 states that a Licensing Authority may “prepare a statement of principles that they propose to apply in exercising their functions under this Schedule” which “may, in particular, specify matters that the licensing authority propose to consider in determining the suitability of the applicant for a permit”.

This licensing authority has not prepared a statement of principles. Should it decide to do so it will include details in a revised version of the policy statement.

In making its decision on an application for this permit the licensing authority does not need to have regard to the licensing objectives but must have regard to any Gambling Commission guidance.

It should be noted that there are conditions in the Gambling Act 2005 by which the permit holder must comply, but that the licensing authority cannot attach conditions. The conditions in the Act are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

### **4. Club Gaming and Club Machines Permits**

Members Clubs and Miners’ welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Clubs Gaming machines permit. The Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D), equal chance gaming and games of chance as set-out in forthcoming regulations. A Club Gaming machine permit will enable the premises to provide gaming machines (3 machines of categories B, C or D).

Gambling Commission Guidance for local authorities states: Members clubs must have at least 25 members and be established and conducted “wholly or mainly” for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members’ club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men’s clubs, branches of Royal British Legion and clubs with political affiliations.

The Guidance also makes it clear that before granting the permit the authority will need to satisfy itself that the premises meet the requirements of a members’ club and may grant the permit if the majority of members are over 18.

This Licensing Authority is aware that: Licensing authorities may only refuse an application on the grounds that:

- (a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- (b) the applicant's premises are used wholly or mainly by children and/or young persons;
- (c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- (d) a permit held by the applicant has been cancelled in the previous ten years; or
- (e) an objection has been lodged by the Commission or the police.

It should be noted that there is a 'fast-track' procedure available for premises which hold a Club Premises Certificate under the Licensing Act 2003. As the Gambling Commission's Guidance for local authorities states: Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the ground upon which an authority can refuse a permit are reduced and that the grounds on which an application under the process may be refused are:

- (a) that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- (b) that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- (c) that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

#### **5. Temporary Use Notices**

There are a number of statutory limits as regards Temporary Use Notices. It is noted that it falls to the licensing authority to decide what constitutes a 'set of premises' where Temporary Use Notices are received relating to the same building / site.

#### **6. Occasional Use Notices:**

The licensing authority has very little discretion as regards these notices aside from ensuring that the statutory limit of 8 days in a calendar year is not exceeded. The licensing authority will though need to consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

### **Part D**

#### **Contact Details**

Please contact the licensing authority via the following email address and telephone number: Email - [legalservices@halton.gov.uk](mailto:legalservices@halton.gov.uk); Tel: 0151 511 8066



<b>REPORT TO:</b>	Council
<b>DATE:</b>	4 <sup>th</sup> December 2024
<b>REPORTING OFFICER:</b>	Chief Executive
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Members Allowance Review
<b>WARD(S)</b>	All

## **1.0 PURPOSE OF THE REPORT**

- 1.1 The report is to bring to the attention of Council the need to review the Members Allowances Scheme and to suggest the process to be followed.

## **2.0 RECOMMENDATION: That**

- 1) the report be noted; and**
- 2) Council approves the process for the review of the Members Allowances Scheme set out.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 Under the Local Authority (Members<sup>1</sup> Allowances) Regulations 2003 the Scheme of Members<sup>1</sup> Allowances, which was approved in March 2022, is due for review. It must be reviewed tri-annually by an independent panel. This is a legal requirement.

The Council proposes to invite three independent and respected private sector representatives to sit as an Independent Panel (the Panel) to review the Council's Scheme of Members Allowances and to make recommendations to the Council with regard to the matters to be included in the scheme.

It is suggested that the Independent Panel for the 2025 Tri-Annual Review will consist of :-

- John Lewis (MD - SOG Ltd)
- John Downes (MD – Langtree)
- Mary Murphy (Principal Riverside College)

The Panel will be supported by :-

- Stephen Young (Chief Executive - Halton Council)
- Mark Reaney (Monitoring Officer - Halton Council)

- Ed Dawson (Director - Finance - Halton Council)
  - Such other persons as the Panel may request to assist them.
- The Independent Panel will review the Council's Scheme of Members' Allowances and make recommendations to the Council with regard to the matters to be included in the Scheme.

#### **4.0 PROCESS**

4.1 It is envisaged that most of the work will be done off line.

The Council will provide advice and support as required, and as requested by the Panel.

The Council will also provide background information to help the Panel consider all they need to complete the task and make their recommendation to Council.

The following arrangements would be suggested to the Panel :-

- A Panel meeting with information circulated in advance.
- Panel will consider, and prepare draft recommendations which will be shared with all members
- An opportunity will be provided for all Councillors to comment.
- A Panel meeting if necessary (in person or online) to discuss the Panel's final recommendations.
- Panel sign off Final Report offline and public notice of recommendations is placed.
- Panel Report to Council for consideration and approval.
- Complete the advertising and legal processes.

The Council will do all the administration and drafting. However, the content and final recommendations will be for the Panel to determine and approve.

The process will be completed in March 2025 when the Panel report is submitted to Full Council.

#### **5.0 ADDITIONAL INFORMATION**

5.1 To assist the Panel and as background before the first meeting of the Panel they will be provided with the following:

- Report to Council from the Independent Panel in 2022.

- Minute of Council considering the report/recommendations of the Independent Panel in 2022.
- Current Members Allowance Scheme.
- The amounts paid to members under the Current Members Allowance Scheme for 2024/25.
- Comparative data on Members Allowance Schemes for neighbouring local authorities.

The process set out above seeks to provide an opportunity for all Councillors to share any views they may have in respect of the review of Members Allowances, with the Panel members.

## **6.0 POLICY IMPLICATIONS**

- 6.1 The Council is required by law to have a Members Allowances Scheme, which must be reviewed at least every three years, and the Process must involve consideration and recommendation by an Independent Review Panel.

## **7.0 FINANCIAL IMPLICATIONS**

- 7.1 There are no financial implications arising directly from this report, although there may be later in the process

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

- 8.1 No background papers within the meaning of the Act have been used in the preparation of this report. The documents to be provided to the Panel are set out above.

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**REPORT TO:** Council

**DATE:** 4 December 2024

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** External Auditor's Annual Report 2023/24

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 To consider the Auditor's Annual Report 2023/24 shown in Appendix 2, which will be presented by the Council's External Auditor, Grant Thornton UK LLP.

### **2.0 RECOMMENDED: That;**

- (i) the contents of the Auditor's Annual Report 2023/24 shown in the Appendix 2 be noted;**
- (ii) the two Statutory Recommendations highlighted within the Auditor's Annual Report 2023/24 be noted;**
- (iii) the Council's responses to the Statutory Recommendations as detailed in Appendix 1, be approved.**

### **3.0 SUPPORTING INFORMATION**

3.1 The External Auditor is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Auditor's Annual Report details the Council's overall arrangements, as well as providing key recommendations regarding any significant weaknesses identified during the review. In addition, improvement recommendations are made which the Council may also decide to implement.

3.2 The External Auditor is required to report under three specific criteria, being:

- Financial Sustainability
- Governance
- Improving Economy, Efficiency and Effectiveness

3.3 The report in Appendix 2 provides details of the findings from the External Auditor's review, which were presented to the Audit and Governance Board on 20<sup>th</sup> November 2024.

- 3.4 A number of Key Recommendations and Improvement Recommendations are shown within the report, along with management's responses to those recommendations.
- 3.5 In addition, two Statutory Recommendations have been made, which the Council is required to consider, confirm whether the recommendations are accepted, and if so, how they will be addressed.
- 3.6 The Annual Auditor's Report 2023/24 will be presented by the Council's External Auditor, Grant Thornton UK LLP.
- 3.7 The two Statutory Recommendations are presented in Appendix 1 along with management's responses.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The report provides an external viewpoint on the financial sustainability of the Council. As is now the case for many local authorities, there are significant financial challenges for the Council in balancing future year budgets and managing spending within budgets.
- 5.2 The report identifies a number of significant weaknesses regarding the arrangements the Council has in place to secure financial sustainability, governance, and improving economy, efficiency and effectiveness. Recommendations are made in respect of each and management's responses to those recommendations are included within the report.

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

- 6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence
- 6.2 Building a Strong, Sustainable Local Economy
- 6.3 Supporting Children, Young People and Families
- 6.4 Tackling Inequality and Helping Those Who Are Most In Need
- 6.5 Working Towards a Greener Future
- 6.6 Valuing and Appreciating Halton and Our Community

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

**7.0 RISK ANALYSIS**

7.1 The risks that have been considered as part of the Council having in place arrangements to secure economy, efficiency and effectiveness, are detailed in the attached report.

**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**

10.1 None under the meaning of the Act.

## Statutory Recommendations

### Recommendation 1

The Council should improve its short and medium term financial planning by;

- Ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address overspending on agency staff
- Implementing a more robust budget-setting approach, including public budget engagement
- Ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the section 25 report
- Ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves
- Ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan

### Management Response:

The Council will further develop the Medium-Term Financial Strategy (MTFS) and Budget Report to highlight risks regarding financial resilience, continue to reflect all significant forecast cost pressures, and will ensure a robust budget setting process is in place.

The MTFS has been extended to cover four years from 2025/26, to reflect the Council's challenging financial circumstances and financial risks. It outlines the particular pressure of agency staffing costs, the work being undertaken corporately and across service directorates to address these pressures, and includes significant additional financial provision towards meeting these costs. In addition, similar details and financial provision are included within the Strategy for demand-led services which are experiencing significant financial pressures including; children's residential placements, independent fostering, home to school transport, adults community care, direct payments and care homes.

The MTFS also now includes details of the scenario planning for demand-led spending areas which is undertaken when preparing the Strategy, and also includes sums to replenish reserves.

The approach to budget setting will be re-focused to provide a more robust approach, seeking immediate budget proposals for consideration by Members for the forthcoming year, whilst identifying areas requiring longer-term development via the Transformation Programme. Use of



benchmarking against nearest neighbour comparators will be enhanced as part of re-focusing the Transformation Programme, to provide the evidence base to focus upon those areas where opportunities exist to develop budget savings proposals. Consideration will also be given to how public engagement in the budget setting process might be accommodated, by reference to the approach taken by other councils.

The opportunity has been taken within the MTFs 2025-29 to highlight financial resilience issues, including the forecast DSG deficit and the impact if the statutory over-ride is removed. The section 25 report within the 2025/26 Budget Report will also be enhanced to highlight current and future financial risks. The MTFs highlights the significant scale of funding gaps over the four-year period, compared to the level of budget savings proposals required and available useable reserves. As a result, the Strategy recommends that the Council apply for the Government's Exceptional Financial Support arrangement.

In preparing the budget for 2025/26, consideration will be given to how the budget setting process is linked to the delivery of the Council's priorities as set out within the new Corporate Plan.

## **Recommendation 2**

The Council should develop and implement the transformation programme at scale and pace to address the significant structural budget deficit. This should include:

- ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.
- ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and the Project Management Office (PMO).
- ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation.
- improving programme management to include officer as well as member assurance boards.
- developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.
- ensuring the programme has a risk and issues log that the PMO updates and uses regularly.

## **Management Response:**

The Council is refocusing the transformation programme during the current quarter, with continued full focus of the programme aligned to the delivery of budget savings. The project set will be reconfigured, with those not designed to achieve significant savings transferred to business units to be pursued outside of the core programme.

Additional process and data analysis skills are being brought into the programme, to accelerate the scoping of projects in areas where cost benchmarking has been applied and revealed notable cost variances against nearest neighbour authorities.

Subject matter experts will be engaged in projects where technical knowledge and expertise is required quickly to fully understand the operating environment and associated cost reduction opportunities. This approach will encompass the examination of mandatory and discretionary elements of service delivery.

The Member Transformation Programme Board, established in August 2024, will be augmented with an Officer Assurance Board. Benefit tracking, risk and issue reporting is being enhanced to inform these governance arrangements. The delivery of budget savings via the Transformation Programme will be added as a separate risk within the Corporate Risk Register.

# Halton Borough Council

Auditor's Annual Report for the  
year ended 31 March 2024

6 November 2024

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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Halton Borough Council (the Council) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

## Responsibilities of the appointed auditor

### Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

### Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

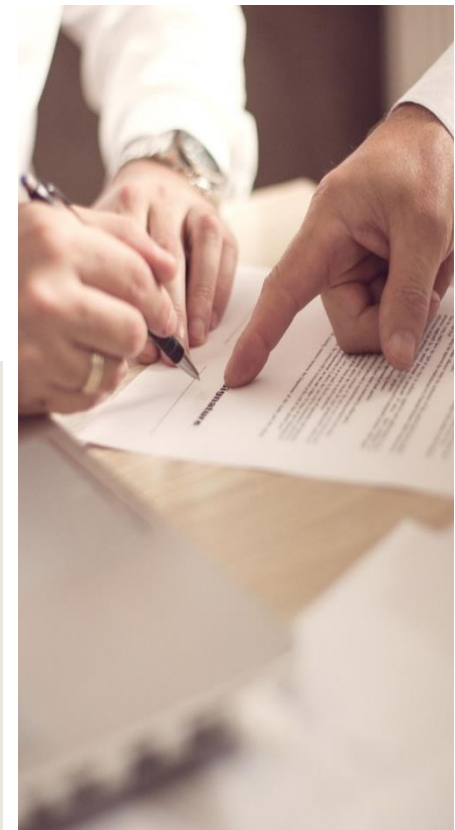
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

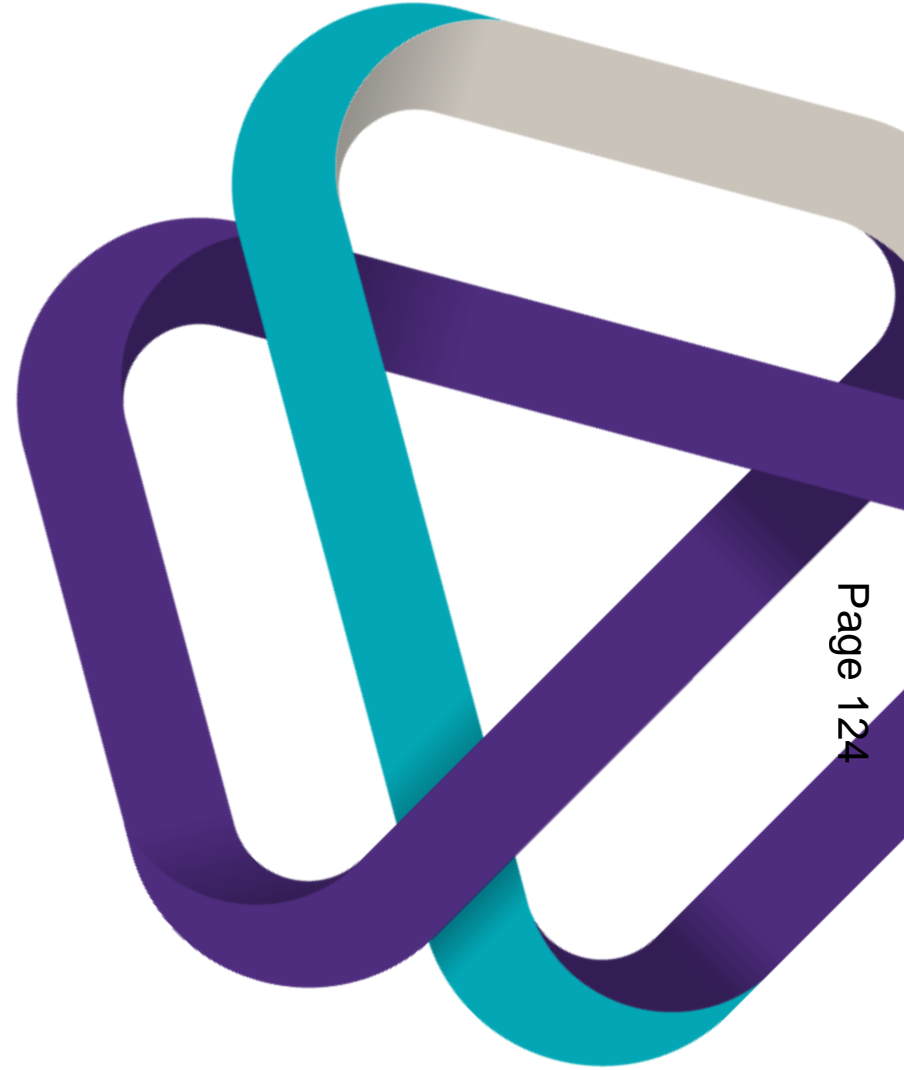
### Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 18 with a commentary on whether any of these powers have been used during this audit period.



# Executive summary



# Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO, in its consultation of February 2024, has indicated that it will in future require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year and for the audited body to publish the Report thereafter. The outcome of the NAO's consultation on the Code is dependent upon the decisions made by the new government elected on 4 July 2024. These decisions are awaited at the time of drafting this report. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the NAO's new Code being introduced. In the event that any new audit requirements are introduced when the Code is published, we will revisit these before finalising this report. Our summary findings are set out on pages 6-12. Our statutory recommendations and management responses are on pages 14-15 with the key and improvement recommendations and responses summarised in the section starting on page 38. We recognise that management has had a relatively limited time to implement our 2022/23 recommendations which were reported to Council in March 2024.

## We identify seven significant weaknesses in the Council's arrangements for Value for Money (VfM) resulting in two statutory and five key recommendations.

The two statutory recommendations relate to financial sustainability and the Council's need to improve its short and medium-term financial planning and the need to develop and implement the transformation programme at scale and pace to address the significant structural deficit.

The five key recommendations relate to the requirement for the Council to put sufficient plans in place to address its escalating forecast Dedicated Schools Grant (DSG) deficit, while delivering the necessary improvements to its SEND services; needing to significantly improve its risk strategy, improve the Corporate Risk Register and ensure officers and members are reviewing strategic and directorate risks at least quarterly and ensuring risk is adequately considered in financial reporting; needing to urgently update its arrangements for business continuity and disaster recovery planning; improving its performance management arrangements; and significantly improving its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by putting in place, and delivering, an improvement plan to address the wider children's services inspection findings.

Our conclusions are summarised on the pages 6 and 7 and set out in detail on pages 19 to 37.

## Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

### Our Responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements relating to issues with financial planning and developing a robust transformation plan to support delivery of substantial savings and efficiencies. Further details are set out in the attached report.

### What does the Council need to do next?

Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions:

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting the Council must decide

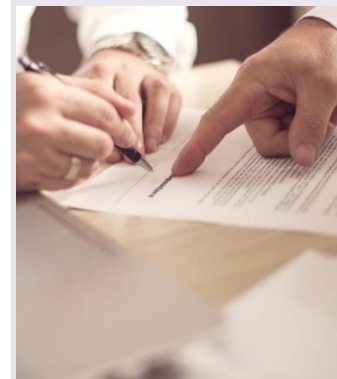
- whether the recommendations are to be accepted; and
- what, if any, action to take in response to these recommendations.

Schedule 7 specifies the meeting publication requirements that the Council must comply with.



We have substantively completed our audit of your financial statements and intend to issue an unqualified audit opinion following the Audit and Governance Board meeting on 20 November 2024. Our findings are set out in further detail on pages 16 to 14

Page 125





# Executive summary

## Financial sustainability



The Council is in a very difficult financial position and is in discussions with MHCLG about Exceptional Financial Support (EFS) which the S151 Officer hopes will avoid the need to issue a S114 notice in 2024/25. The Council's 2023/24 revenue budget outturn was an overspend of £5.6m (4% of net revenue expenditure). The Council set a balanced budget for 2024/25 but reported a £3.4m overspend to 31 May 2024 and a projected £20.4m full year overspend. Available reserves stand at £11.5m, which is well below that required to help provide a balanced budget position for 2024/25 based on the current forecasts. The Council has a Transformation Programme which was intended to deliver £20m of savings by 2026/27. The Programme failed to deliver any of the original budgeted savings planned for 2023/24 and in August 2024, the programme was only forecast to deliver £0.07m of its planned £4m savings for 2024/25. The Programme is currently being rescoped in recognition that the original £20m target will not be sufficient to address the Council's forecast budget gaps. Additionally, the Council has an escalating forecast Dedicated Schools Grant (DSG) deficit which its current plans are not sufficient to address. Three significant weaknesses in arrangements have been identified and two statutory and one key recommendations made on pages 23-25.

## Governance



In our 2022/23 Auditor's Annual Report (AAR), we identified a significant weakness relating to risk management and made a key recommendation for the Council to improve its arrangements. We have identified no improvement in risk management in our work for 2023/24 and retain our key recommendation. We also reported in our 2022/23 AAR the need for a more robust budget setting approach and the need for public budget engagement and included this in our key recommendation on financial sustainability. We have not seen any evidence of progress to date or clear plans to progress this recommendation and have included it again in our now statutory recommendation on short and medium-term financial planning in the financial sustainability section of this report. In our AAR for 2022/23 we also made a key recommendation relating to the Council's savings and transformation programme. We identified this programme as a risk of significant weakness for 2023/24 and undertook additional testing. We conclude that effective programme governance was not in place for the Council's three-year £20m transformation programme in 2023/24 and this has continued into 2024/25. We have included this in our statutory recommendation on the programme in the financial sustainability section. Additionally, we identified that the Council's business continuity and disaster recovery plans are out-of-date and have raised a key recommendation. Four significant weaknesses in arrangements have been identified and two key recommendations made on pages 29-30.

## Improving economy, efficiency and effectiveness



In our 2022/23 AAR, we raised a key recommendation on performance management. In 2023/24 the Council had no corporate plan and was not reporting performance to the Executive for each of its directorates or in a consistent manner. The Council engaged residents on its priorities in 2023/24 and launched its new Corporate Plan in April 2024. In November 2023, Ofsted and the Care Quality Commission delivered an area SEND inspection of Halton Local Area Partnership which identified widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. They will undertake a monitoring inspection in 18 months. In May 2024, the Council also received an inadequate Ofsted report on its children's services. We repeat our key recommendation on performance management and make an additional key recommendation on children's services. The Council has good arrangements in place for procurement evidenced by its social value work, and its preparation for the implementation of the Procurement Act. It has a robust process in place to agree waivers involving finance and other corporate services. However, it needs to improve contract management. Two significant weaknesses in arrangements identified and two key recommendations made on pages 35-37.



# Executive summary (continued)

## Overall summary of our Value for Money assessment of the Council's arrangements

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel		
Financial sustainability	R	One significant weakness in arrangements identified in relation to the Council's savings and transformation plans and four improvement recommendations made.	Two risks of significant weakness identified in relation to savings and transformation plans and the Dedicated Schools Grant (DSG) deficit.	R	Three significant weaknesses in arrangements identified resulting in two statutory recommendations and one key recommendation made in relation to short and medium-term financial planning, the Council's transformation programme, and the Dedicated Schools Grant (DSG) deficit. We raised a key recommendation on the Council's savings and transformation plans in our 2022/23 report, issued in March 2024 and limited progress has been made to address the weaknesses identified and this has now been issued as a statutory recommendation.	↔
Governance	R	One significant weakness in arrangements identified in relation to risk management and three improvement recommendations made.	Three risks of significant weakness identified in relation to risk management, transformation programme governance and joint commercial venture governance.	R	Two significant weaknesses in arrangements have been identified in relation to risk management and business continuity and disaster recovery. The transformation programme governance and budget setting weaknesses identified in the financial sustainability section also have governance implications.  We also raise five improvement recommendations. These relate to internal audit, whistleblowing, scrutiny, Audit and Governance Board and declarations of interest.	↔
Improving economy, efficiency and effectiveness	R	One significant weaknesses in arrangements identified in relation to performance management but no improvement recommendations made.	Three risks of significant weakness identified in relation to children's services, provision for children with special educational needs or disabilities (SEND), and capacity.	R	Two significant weaknesses in arrangements identified and two key recommendations raised in relation to performance management and children's services.  We also raise one improvement recommendation relating to contract management.	↔

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key and/or statutory recommendations made.

# Executive summary (continued)



## Significant weaknesses identified in arrangements for delivering financial sustainability

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We reviewed the Council's arrangements to deliver financial sustainability and have concluded that there were three significant weaknesses in arrangements.

### Short and medium-term financial planning

- In our 2022/23 AAR, we identified a significant weakness in arrangements to secure financial sustainability and raised a key recommendation.
- The Council set a balanced budget for 2024/25 but reported a £3.4m overspend to date as at 31 May 2024 and a projected £20.4m overspend forecast for 2024/25.
- The use and cost of agency staff across all departments continues to be one of the main contributing factors to the overspend position but was not factored into the 2024/25 budget.
- We have not seen any evidence of progress to date or clear plans to progress our 2022/23 recommendation to implement a more robust budget setting approach. Whilst we recognise that management has had a relatively limited time to implement our 2022/23 recommendations, which were reported to Council in March 2024, we would expect to see clear plans for improvement in place.
- The Council holds £11.5m in usable reserves which means reserves are at risk of being depleted in 2024/25. However, this risk was not highlighted in the S151 Officer's section 25 report included in the budget set in February 2024 and it is not clear how the assessment that reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events was reached.
- The Council did not have a corporate plan in place in 2023/24 and so financial plans were not linked to corporate priorities. The Council published its new corporate plan in April 2024.

We have therefore identified a significant weakness in arrangements in both financial sustainability and governance and raise the following statutory recommendation, which supersedes our 2022/23 recommendation.

#### Statutory recommendation 1

The Council should improve its short and medium-term financial planning by:

- ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address overspending on agency staff
- implementing a more robust budget-setting approach, including public budget engagement
- ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the section 25 report
- ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves
- ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan

# Executive summary (continued)



## Significant weaknesses identified in arrangements for delivering financial sustainability (continued)

### Transformation Programme

- In our 2022/23 AAR, we made a key recommendation relating to the Council's savings and transformation programme, which we found represented a significant weakness in the Council's arrangements to deliver financial sustainability.
- The Council's Transformation Programme was intended to deliver £20m of savings in three years. The Programme is currently being rescoped in recognition that the original £20m target will not be sufficient to address the Council's forecast budget gaps.
- The Programme failed to deliver any of the original budgeted savings planned for 2023/24 and in August 2024, the programme was only forecast to deliver £0.07m of its planned £4m savings for 2024/25.
- The Programme delivered £0.5m in cost mitigation savings in 2023/24 and expects to deliver a further £0.2m in 2024/25.
- Effective programme governance arrangements have only recently begun to be put in place, nearly half-way into year two of the programme.
- While we recognise the positive steps taken in recent months, we are concerned about the lack of pace in the programme so far and the lack of focus on delivering budgeted savings as this was agreed as the driver for the programme's introduction and is crucial for the Council given its current financial context.

We have therefore identified a significant weakness in arrangements in both financial sustainability and governance and raise the following statutory recommendation, which supersedes our 2022/23 recommendation.

### Statutory recommendation 2

The Council should develop and implement the transformation programme at scale and pace to address the significant structural budget deficit. This should include:

- ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.
- ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and PMO.
- ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation
- improving programme management to include officer as well as member assurance boards.
- developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.
- ensuring the programme has a risk and issues log that the PMO updates and uses regularly.

# Executive summary (continued)



## Significant weaknesses identified in arrangements for delivering financial sustainability (continued)

### Dedicated Schools Grant (DSG) deficit

- The Council's forecasts show its Dedicated Schools Grant (DSG) deficit is projected to rise significantly over the medium-term. The Council is part of the Delivering Better Value (DBV) programme. DBV projections show the Council's DSG deficit rising from £2.9m in 2023 to £33.9m by 2028 and even with mitigations, the stretch target for this is still £21.0m.
- In 2026 the deficit is forecast at £13.3m - more than the Council is currently holding in usable reserves.
- The Council is assuming that the Government's statutory override will remain after March 2026 but this is not guaranteed.
- Meanwhile, services for children and young people with special educational needs and / or disabilities (SEND) are also in significant difficulty and further investment is likely to be required to address these failing services.

We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

#### Key recommendation 1

The Council should put sufficient plans in place to address its escalating forecast DSG deficit, while delivering the necessary improvements to its SEND services. The Council's plans should ensure it has appropriate contingency in place if the Government's statutory override is not extended in March 2026.



# Executive summary (continued)



## Significant weaknesses identified in governance arrangements

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We reviewed the Council's governance arrangements and have concluded that there were four significant weaknesses in arrangements.

### Risk management

- In our 2022/23 AAR, we identified a significant weakness relating to risk management and made a key recommendation for the Council to improve its arrangements.
- We have identified no improvement in risk management in our work for 2023/24.
- The Audit and Governance Board received the last Corporate Risk Register (CRR) on 26 June 2024. The format of the risk register remains the same as that we reported in our AAR in 2022/23.
- We note children's services are not one of the top four risks in the Council despite the cost pressures facing the service and the need to drive immediate improvement on its special education needs and disabilities (SEND) service.
- We note the SEND risk register only has four risks and none of these relate to reputation, managing DSG cost pressure or statutory service performance which we would expect to see.

We have therefore identified a significant weakness in arrangements and retain our prior year key recommendation.

#### Key recommendation 2

The Council needs to significantly improve its risk strategy, improve the CRR and ensure officers and members are reviewing strategic and directorate risks at least quarterly and ensuring risk is adequately considered in financial reporting.

## Business continuity and disaster recovery

- Prior to April 2024 the Council had not reviewed business continuity arrangements since Covid-19 and these did not reflect the new way of working, but ICT did have a list of critical solutions.
- In 2023/24 the Council moved to Microsoft 365 which resulted in moving to the cloud. The Council did not update its arrangements for disaster recovery as part of this transition and these needed significant change in August 2024. Failure to have planning in place could impact the whole council if their systems were impacted by a disaster such as a cyber-attack.

We have therefore identified a significant weakness in arrangements and raise the following key recommendation.

#### Key recommendation 3

The Council needs to urgently update its arrangements for business continuity and disaster recovery planning.

## Transformation programme governance

We identified a significant weakness in the Council's governance arrangements over its transformation programme. We have included our findings and recommendations in relation to this in our statutory recommendation 2 on the Transformation Programme in the financial sustainability section of this report.

## Budget setting

We identified a significant weakness in the Council's financial governance arrangements in relation to budget-setting. We have included this in our statutory recommendation 1 on short and medium-term financial planning in the financial sustainability section of this report.

# Executive summary (continued)



## Significant weaknesses identified in arrangements for improving economy, efficiency and effectiveness

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We reviewed the Council's arrangements and have concluded that there were two significant weaknesses.

### Performance management

- In our AAR for 2022/23 we raised a key recommendation on performance management and set out why the Council needed to significantly improve its performance management and ensure it had a golden thread in place and performance is consistently reported alongside nearest neighbours.
- In 2023/24 the Council had no corporate plan and was not reporting performance to the Executive for each of its directorates or in a consistent manner. We note the Council engaged residents on its priorities in 2023/24 and launched its new Corporate Plan in April 2024.
- The Council needs to report a corporate set of outcomes, SMART measures and KPIs quarterly to the Executive Board, integrated with risk and finance reporting. We identified gaps in performance reporting in 2023/24, that continued in 2024/25 and a lack of a consistent approach to benchmarking and a lack of measurable outcomes.
- Combined with no corporate plan in 2023/24 and systematic failings in its SEND service identified through the OFSED inspection in November 2023/24.

We have therefore identified a significant weakness in arrangements and retain our prior year key recommendation.

#### Key recommendation 4

The Council needs to improve its performance management arrangements by:

- establishing a golden thread for the Council, by improving the performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and reporting these to the public.
- agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework.
- improving performance reporting to include benchmarking with 'nearest neighbours' data where possible;
- integrating performance, risk and finance reporting to drive improvement and sharing these reports quarterly with the Executive Board.
- ensuring consistency across directorates regarding the reporting of corporate performance data to enable outcomes to be tracked.

### Children's services

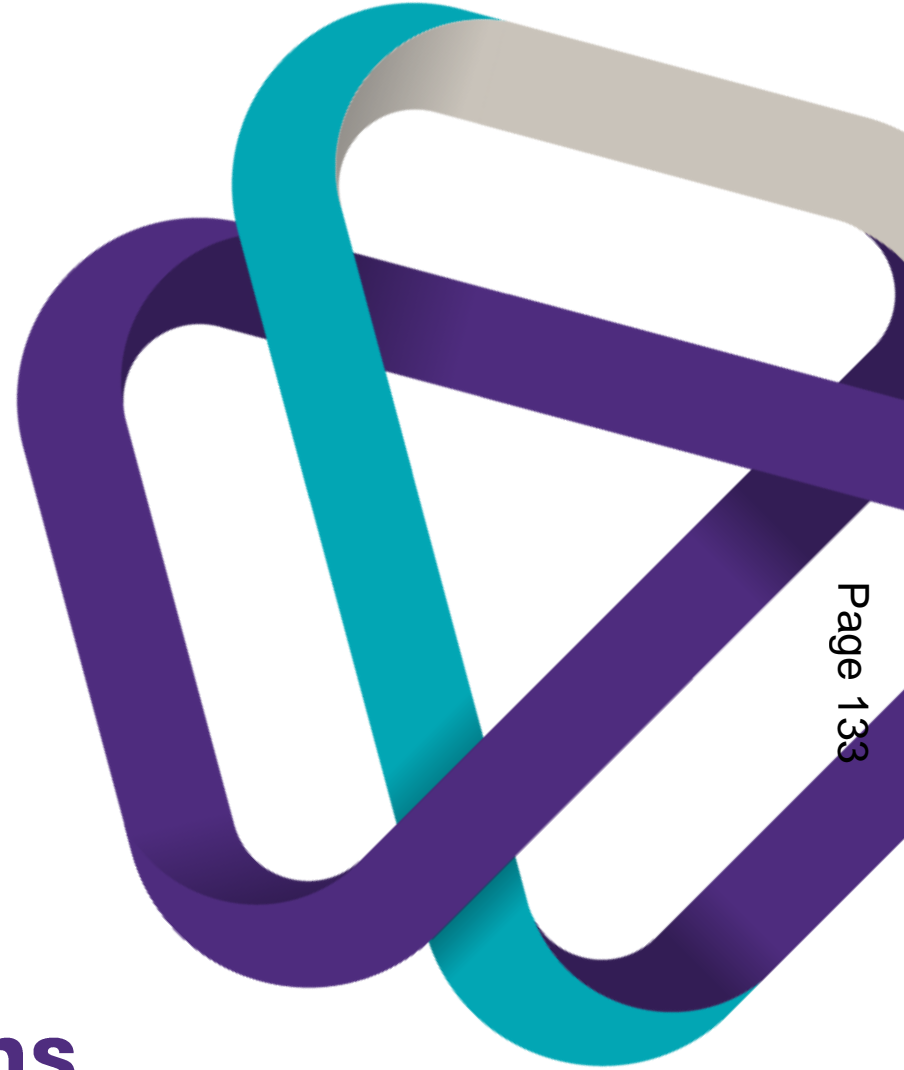
- In November 2023, Ofsted and the Care Quality Commission delivered an area SEND inspection of Halton Local Area Partnership which identified widespread and/or systemic failings.
- The inspection raised significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. They will undertake a monitoring inspection in 18 months.
- In July 2024, the Council received an inadequate report from Ofsted in response to its May 2024 inspection. It identified significant deterioration in the quality of practice for children and young people. A lack of stable and effective leadership has led to shifting strategic priorities and an absence of continuous systematic improvement planning. This has been further compounded by weak governance arrangements, limited performance information and workforce instability. There has been insufficient pace in tackling the serious deficits identified at a focused visit in October 2021 for children in need of help and protection, and many of those weaknesses are still prevalent. There are serious and widespread weaknesses across the service.
- We have identified progress to address these weaknesses in 2024/25 although impact on outcomes is too early in our reporting.

We have therefore identified a significant weakness in arrangements and raise the following key recommendation..

#### Key recommendation 5

The Council needs to significantly improve its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by putting in place, and delivering, an improvement plan to address the wider children's services inspection findings.

# Statutory recommendations



# Statutory recommendation 1



## Financial sustainability

### Statutory recommendation 1

The Council should improve its short and medium-term financial planning by:

- ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address overspending on agency staff
- implementing a more robust budget-setting approach, including public engagement with the budget
- ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the section 25 report
- ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves and includes a range of scenarios and sensitivity analysis
- ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan

### Management response

Agreed. The Council will further develop the medium-term financial plan and budget report to highlight risks regarding financial resilience, continue to reflect all significant cost pressures, and will ensure a robust budget setting process is in place. Within the budget report we will include narrative regarding how budget setting is linked to the Council's corporate priorities.

**Responsible Officer:** Director of Finance

**Executive Lead:** Head of Revenues & Financial Management

**Deadline:** 31st March 2025



# Statutory recommendation 2



## Financial sustainability

### Statutory recommendation 2

The Council should develop and implement the transformation programme at scale and pace to address the significant structural budget deficit. This should include:

- ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.
- ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and PMO.
- ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation
- improving programme management to include officer as well as member assurance boards.
- developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.
- ensuring the programme has a risk and issues log that the PMO updates and uses regularly.

### Management response

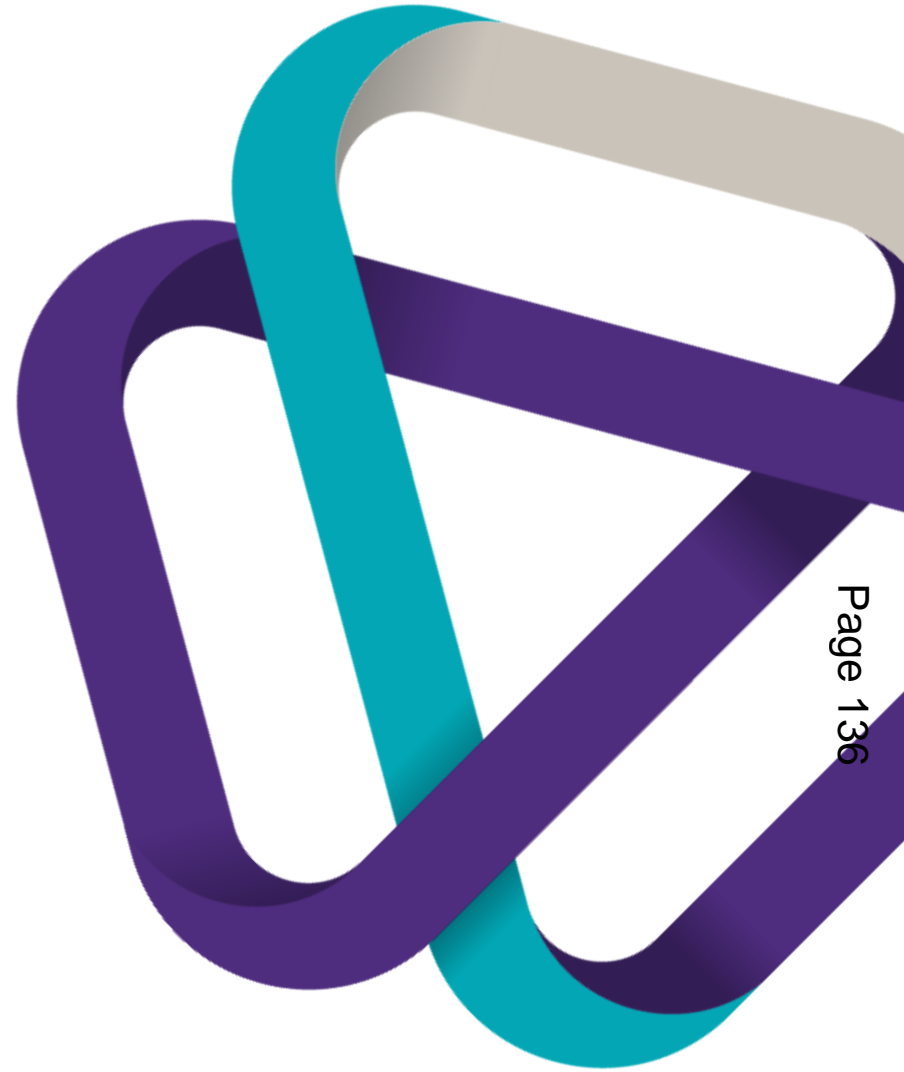
Agreed. A reset of the transformation programme is being undertaken which will address the issues raised and will re-prioritise the programme, in order to address the need to identify significant budget savings as a matter of urgency. The new Transformation Board is meeting monthly to drive forward the re-purposed programme and provide the necessary robust monitoring and challenge going forward. Nearest neighbour benchmarking data is being utilised to focus and prioritise the programme towards those areas where the greatest financial benefit appears likely. Management Team is taking urgent action to adopt robust procedures to reduce spending across all departments as far as possible, to minimise the in-year overspend and protect the Council's reserves.

**Responsible Officer:** Corporate Director, Chief Executives Delivery Unit

**Executive Lead:** Senior Delivery Officer TDU

**Deadline:** 31st December 2024

# Opinion on the financial statements and use of auditor's powers



# Opinion on the financial statements



## Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Council's financial statements following the Audit and Governance Board on 20 November 2024.

The full opinion will be included in the Council's Statement of Accounts 2023/24, which can be obtained from the Council's website.

## Grant Thornton provides an independent opinion on whether the Councils financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

The Council did not provide draft accounts in line with the national deadline, however these were published by the end of June 2024 in time for the audit process.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

- Audit work has not identified any significant issues.
- Review of the accounting for the excess revenue generated from operation of the Mersey Gateway Bridge and subsequent allocation of surpluses between the Council and the Department of Transport has resulted in a prior period adjustment in order to better reflect the agreements in place. This has not impacted the level of reserves available for use by the Council.
- We expect to issue an unqualified opinion on the financial statements following the Audit & Governance board on 20 November 2024, beyond the national timetable date of 30 September.

## Audit Findings Report

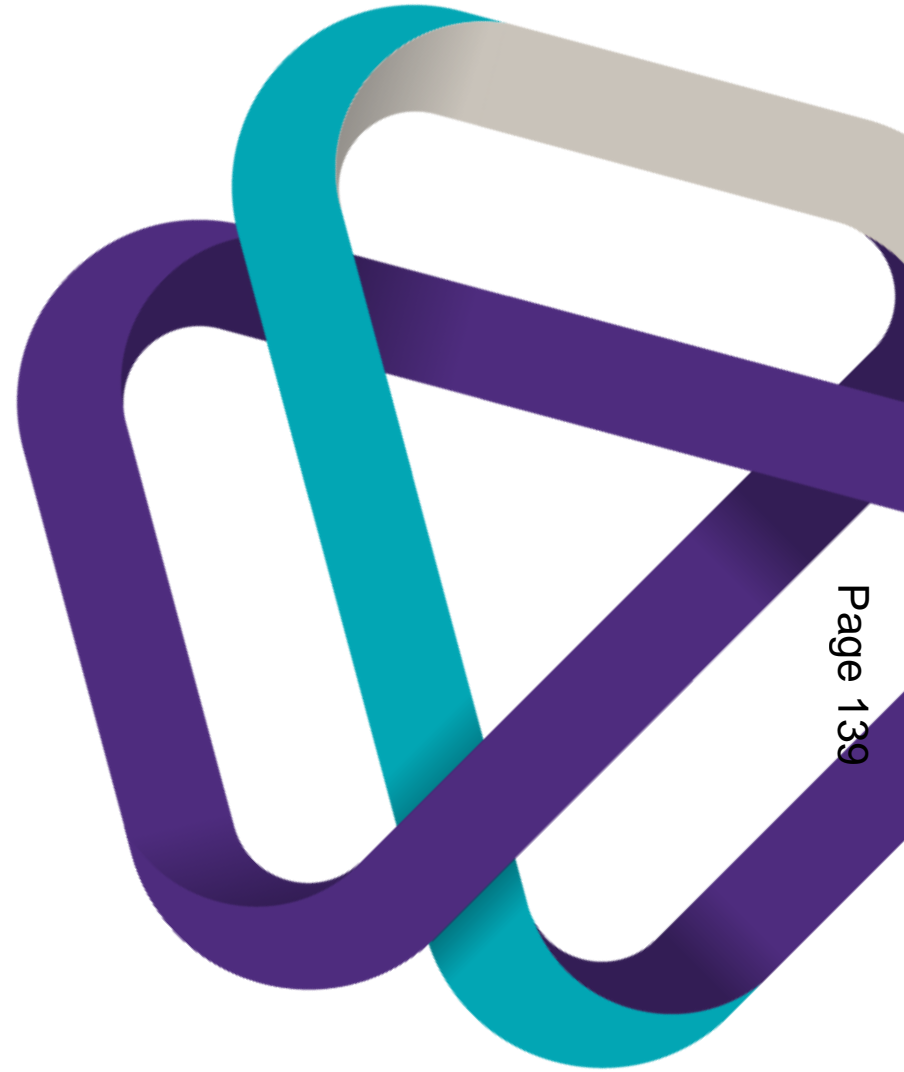
We report the detailed findings from our audit in our Audit Findings Report. A version of our report was presented to the Council's Audit and Governance Board on 20 November 2024. Requests for this Audit Findings Report should be directed to the Council.

# Use of auditor's powers

We bring the following matters to your attention:

	2023/24
<p><b>Statutory recommendations</b></p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We issued two statutory recommendations.</p>
<p><b>Public Interest Report</b></p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We have not issued a public interest report.</p>
<p><b>Application to the Court</b></p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We have not made an application to the Court.</p>
<p><b>Advisory notice</b></p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> <li>• is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,</li> <li>• is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or</li> <li>• is about to enter an item of account, the entry of which is unlawful.</li> </ul>	<p>We have not issued any advisory notices.</p>
<p><b>Judicial review</b></p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We have not made an application for judicial review.</p>

# **Value for Money Commentary on arrangements**



# The current local government landscape



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

In January 2024, the UK government announced an additional £600m for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The general election that took place on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



## Local context

Halton Borough Council (the Council), in North-west England, was created on 1 April 1974 as part of a wider reorganisation of local government in England. Its largest towns are Runcorn and Widnes. It became a unitary council on 1 April 1998. The Council is also part of the Liverpool City Region Combined Authority. This is one of the few City Regions to have secured a Devolution Agreement with the Government, meaning decision-making and resources around key priorities are managed locally.

The Council is a small unitary council, with a population of 128,964. 30% of the population live in areas that are deprived. The Council has the second highest rate of looked after children in the City Region after Liverpool which contributes to its challenges with children's social care spending. It is facing a growing demand for children's social care combined with the national impact of increasing placement costs and the high level of agency use in both children's services and adult social care.

Council elections are by thirds. This means that a third of the 54 councillors are elected every year over a four-year cycle (with no elections in the fourth year). The 2024 Halton Borough Council election was held on Thursday 2 May 2024, alongside the other local elections in the United Kingdom held on the same day. Labour retained its longstanding majority on the Council with 50 of the 54 currently elected councillors being Labour.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.

# Financial sustainability



We considered how the audited body:

## Commentary on arrangements

## Assessment

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;

The Council's 2023/24 revenue budget outturn was an overspend of £5.6m against a budget of £141.8m. This was funded from reserves, with a Department for Transport (DfT) review providing £7.9m from the Mersey Gateway reserve. The Council's 2024/25 budget and MTFs recognise the need to move away from the short-term approach of using reserves to provide a balanced budget position and avoiding making permanent budget savings. The use and cost of agency staff across all departments continues to be one of the main contributing factors to the revenue overspend position but this has not been factored in to the 2024/25 budget and as at May 2024, the Council was already reporting overspends on agency staffing costs. The Council set a balanced budget for 2024/25 but reported a £3.4m overspend to date as at May 2024 and a projected £20.4m overspend forecast for the 2024/25 financial year. Available reserves to the Council (General and Earmarked) stand at £11.5m, which is well below that required to help provide a balanced budget position. The Council is in discussions with MHCLG about Exceptional Financial Support (EFS) and the S151 Officer hopes that this will avoid the need to issue a S114 notice in 2024/25. We have raised a statutory recommendation in relation to short and medium-term financial planning on page 23.

Additionally, the Council's forecasts show the Dedicated Schools Grant (DSG) deficit rising from £2.9m in 2023 to £33.9m by 2028 and even with mitigations, the stretch target for this is still £21.0m. In 2026 this would be £13.3m - more than the Council is currently holding in usable reserves. This presents a significant risk if the Government's statutory override is not extended beyond March 2026. We have raised a key recommendation with regard to this on page 25.

R

plans to bridge its funding gaps and identifies achievable savings

In our AAR for 2022/23 we made a key recommendation relating to the Council's savings and transformation programme. We identified this programme as a risk of significant weakness for 2023/24 and undertook additional testing. We conclude that the Transformation Programme remains a significant weakness in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources in 2023/24 and have raised a statutory recommendation on page 24.

The failure of the Transformation Programme to deliver planned budgeted savings to date puts significant further strain on the Council's finances. The Council did deliver the majority of its planned efficiency savings in 2023/24, achieving £2.5m of its £2.83m target. However, even if efficiency and Transformation Programme savings were being delivered in full, the planned savings are still not sufficient to bridge the funding gaps identified. The Council's latest medium-term forecast as at 31 May 2024, shows a budget gap of £20.1m over the next three financial years, after proposed savings in 2025/26 of £9.3m and in 2026/27 of £8m are taken into account, which the Council does not have plans to address. As noted above, the Council is now at risk of depleting its reserves within the 2024/25 financial year and is in discussions with MHCLG about the potential for Exceptional Financial Support (EFS). The Council does not expect to receive the EFS before the next budget-setting cycle. We have included this in our statutory recommendation on short and medium-term financial planning on page 23.

R

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key and/or statutory recommendations made.

# Financial sustainability (continued)



We considered how the audited body:

Commentary on arrangements

Assessment

<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>In our 2022/23 AAR, we reported that the Council had no up-to-date corporate plan in 2022/23 or in 2023/24. During 2023/24, the Council began a consultation exercise with key stakeholders to develop a new Corporate Plan by 1 April 2024. The new Corporate Plan was agreed and adopted at Full Council on 6 March 2024 for launch on 1 April 2024 and is now available on the Council's website. As this was not available when setting the 2024/25 budget or MTFS, the Council cannot demonstrate a coherent link between assumptions within the corporate objectives and the 2024/25 budget and MTFS. The Council should ensure that going forward, its financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan and we have included this in our statutory recommendation on short and medium-term financial planning on page 23.</p>	<p>R</p>
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>We raised a number of improvement recommendations in our 2022/23 AAR around the Council's arrangements to ensure that its financial plan is consistent with other plans. This included recommendations to produce costings for the Climate Change Strategy and Action Plan, to produce a costed workforce strategy, and to ensure that elected members are appropriately trained in treasury management. Management did not accept our recommendation to cost its Climate Change Strategy and Action Plan. We have not re-raised this improvement recommendation but again note the lack of costings for the plan. Management advised us that work is underway as part of the Transformation Programme's 'Employer of Choice' project which will lead to the development of the Council's workforce strategy. Management also advised that treasury management training will be provided for all members during Autumn 2024. We have therefore not re-raised our prior year recommendations but we will follow up in our 2024/25 report to assess progress in these areas. See Appendix C for further details.</p>	<p>G</p>
<p>identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>In our 2022/23 AAR, we reported that financial risks are not included sufficiently in the budget papers to members and we included this in our key recommendation on risk management. The Council has not made any progress against this recommendation and does not have clear plans in place to address it. We have therefore included this again in our key recommendation on risk management on page 29 in the Governance section of this report. Also see further details at Appendix C. Risks to financial resilience have not been sufficiently highlighted in the 2024/25 budget papers, including in the S151 Officer's section 25 report where it is not clear how the assessment that reserves should provide sufficient resilience has been reached. We have included this in our statutory recommendation on short and medium-term financial planning on page 23.</p> <p>We also raised an improvement recommendation in 2022/23 to introduce scenario planning including best, worst and expected positions in its MTFS reporting. Management have advised that sensitivity analysis produced from scenario planning will be included in reporting on the MTFS in November 2024. We have therefore not re-stated this recommendation but note that this was not in place for 2023/24 and we will follow up again in 2024/25 to assess progress.</p>	<p>R</p>



# Financial sustainability (continued)



## Significant weaknesses identified

### Short and medium-term financial planning

The Council is in a very difficult financial position and is in discussions with MHCLG about Exceptional Financial Support (EFS) which the S151 Officer hopes will avoid the need to issue a S114 notice in 2024/25. The Council's 2023/24 revenue budget outturn was an overspend of £5.6m. The Council set a balanced budget for 2024/25 but reported a £3.4m overspend to date as at 31 May 2024 and a projected £20.4m overspend forecast for 2024/25. The use and cost of agency staff across all departments continues to be one of the main contributing factors to the revenue overspend position. Agency costs increased by 9.15% from 2022/23 rising from £13.6m to £14.3m. The Council's budget assumptions for 2024/25 did not include any allowance for use of agency staff and set the expectation that agency costs would be covered from existing departmental budgets. This does not appear to be realistic based on past experience and 2023/24 agency spending levels and as at 31 May 2024, the Council was already reporting overspends on agency staffing costs. The Council have set up a joint venture with Commercial Services Group in 2024/25 in an attempt to reduce agency costs, which we will follow up in our 2024/25 report. It is not clear what the benefits of the joint venture will be at this stage but further plans will need to be developed to fully address this issue.

We noted in our 2022/23 AAR the need for a more robust budget setting approach and the need for public budget engagement and included this in our statutory recommendation on financial sustainability. We have not seen any evidence of progress to date or clear plans to progress this recommendation

The S151 Officer's section 25 report in the 2024/25 budget states that reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events. This does not appear to be realistic, given the situation the Council finds itself in in 2024/25 where it is at risk of depleting all its reserves in year and it is not clear from the report how this assessment was reached.

The Council's latest medium-term forecast as at 31 May 2024, shows a budget gap of £20.1m over the next three financial years, after proposed savings in 2025/26 of £9.3m and in 2026/27 of £8m are taken into account. This is a £37.4m gap before taking into account proposed savings, the vast majority of which are planned to come from budgeted savings from the Council's transformation programme which is yet to deliver any budgeted savings as at August 2024 (see statutory recommendation 2 on the Council's transformation programme). However, even if budgeted savings were delivered in full, the Council still has a £20.1m budget gap over the next three financial years which it has no plans in place to address.

The Council's 2024/25 budget and MTFs recognise the need to move away from the short-term approach of using reserves to provide a balanced budget position and avoiding making permanent budget savings and the MTFs 2024/25 - 2026/27 includes £2m a year in 2025/26 and 2026/27 which will be provided to replenish reserves. However, it is not clear how this will be achieved with significant budget gaps remaining to be closed.

In our 2022/23 AAR, we reported that the Council had no up-to-date corporate plan in 2022/23 or in 2023/24. During 2023/24, the Council began a consultation exercise with key stakeholders to develop a new Corporate Plan by 1 April 2024. The new Corporate Plan was agreed and adopted at Full Council on 6 March 2024 for launch on 1 April 2024 and is now available on the Council's website. As this was not available when setting the 2024/25 budget or MTFs, the Council cannot demonstrate a coherent link between assumptions within the corporate objectives and the 2024/25 budget and MTFs. We have raised a statutory recommendation below.

#### Statutory Recommendation 1 - The Council should improve its short and medium-term financial planning by:

- ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address overspending on agency staff
- implementing a more robust budget-setting approach, including public budget engagement
- ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the section 25 report
- ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves
- ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan

# Financial sustainability (continued)



## Significant weaknesses identified (continued)

### Transformation programme

The Council has a Transformation Programme in place which was intended to deliver £20m of savings by 2026/27. The Council originally had a target to deliver £2m savings in 2023/24, £8m in 2024/25 and £10m in 2025/26. However, in November 2023 the Executive Board were advised the programme was reprofiled to deliver £4m in 2024/25, and £8m in both 2025/26 and 2026/27. As at September 2024, the Programme is being rescoped in recognition that the original £20m target will not be sufficient to address the Council's forecast budget gaps.

The Council spent £2.3m on the Transformation Programme in 2023/24, including £405k of project management costs and £368k of redundancy costs. The Programme failed to deliver any of the original budgeted savings planned for 2023/24 and in August 2024, the programme was only forecast to deliver £0.07m of its planned £4m savings for 2024/25. Management informed us that further savings are in stream for 2024/25, including an additional £0.6m in Children's Services and £0.3m in supported living but these are not fully approved. The Council has delivered some cost mitigation savings. It delivered £0.5m in cost mitigation savings in 2023/24 and expects to deliver a further £0.2m in 2024/25. While these support the Council in reducing its overspend position, they do not allow the Council to bridge the funding gaps identified. Management informed us that some schemes, such as Connect2Halton (the Council's joint venture intended to reduce agency costs), had been planned for earlier implementation but this had not been supported by Members.

Whilst the Council has taken some of the steps expected to identify savings for its Transformation Programme, making use of benchmarking to identify opportunities, we note it has not reviewed discretionary vs statutory spending or consulted stakeholders on its transformation programme savings. The Council is in the process of updating its benchmarking to respond to changes in demand and cost, particularly in adults and children's services and to reprioritise the programme given the need for urgent delivery of savings.

Effective programme governance was not in place for the Transformation Programme in 2023/24 to ensure savings were delivered and monitored which has significantly impacted on the Council's financial sustainability in the short-term. In August 2024 nearly half-way into year two of the programme the Council has just started to introduce programme management arrangements, but these are still in their infancy. The Executive agreed to establish a Transformation Programme Board in July 2024 but we are concerned that this not public and it lacks transparency. The Transformation Programme Board is a Member Board. We note there is no strategic officer board for this programme, which we would expect to see, despite the Council's challenging financial position. Arrangements such as status reports and benefits trackers were being introduced in August 2024 which we will follow-up in our 2024/25 reporting. However, we would have expected programme management arrangements to be live from the start of the programme. An Interim Head of Transformation started in post in June 2024 on a six-month contract.

While we recognise the positive steps taken in recent months, the absence of capability in the organisation to deliver effective programme management arrangements and a lack of grip on its target for the programme is very significant and contributing to the Council's poor financial position in 2023/24 that is continuing in 2024/25. The lack of focus on budgeted savings in this programme is a significant weakness, as this was agreed in January 2023 as the driver for its introduction and it was expected to deliver £20m in three years. We have therefore identified a significant weakness in arrangements in both financial sustainability and governance and raised a statutory recommendation below.

**Statutory Recommendation 2** – The Council should develop and implement the transformation programme at scale and pace to address the significant structural budget deficit. This should include:

- ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.
- ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and PMO.
- ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation
- improving programme management to include officer as well as member assurance boards.
- developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.
- ensuring the programme has a risk and issues log that the PMO updates and uses regularly.

# Financial sustainability (continued)



## Significant weaknesses identified (continued)

### Dedicated Schools Grant (DSG) deficit

The Council's forecasts show its Dedicated Schools Grant (DSG) deficit is projected to rise significantly over the medium-term. Services for children and young people with special educational needs and / or disabilities (SEND) are also in significant difficulty and further investment is likely to be required to address these failing services (see further detail on this at KR7 in the improving economy, efficiency and effectiveness section of this report).

In December 2023, the Council applied to join the Government's Delivering Better Value (DBV) programme working to identify and implement local opportunities to improve the outcomes for children and young people with SEND across 54 local authorities and their partners. Halton is taking part in this programme to help it achieve financial sustainability. In March 2024 it was successful and received a grant of £1m. The Council appointed a programme lead for this in June 2024.

We are concerned the use of out of borough education, health and care plan (EHCP) placements are not expected to reduce until 2026/27 and these are the most expensive. The DBV projections in Table 1 show the Council's DSG deficit rising from £2.9m in 2023 to £33.9m by 2028 and even with mitigations, the stretch target for this is still £21.0m. In 2026 this would be £13.3m - more than the Council is currently holding in usable reserves. The Council is assuming that the statutory override will remain after March 2026 but this is not guaranteed. We consider this presents a significant risk to the Council's financial sustainability.

We have therefore raised a key recommendation below.

**Key Recommendation 1** – The Council should put sufficient plans in place to address its escalating forecast DSG deficit, while delivering the necessary improvements to its SEND services. The Council's plans should ensure it has appropriate contingency in place if the Government's statutory override is not extended in March 2026.

Table 1: Dedicated Schools Grant forecast cumulative deficit and targets

	2023	2024	2025	2026	2027	2028
Unmitigated cumulative deficit	£2.9m	£5.7m	£10.8m	£17.8m	£25.8m	£33.9m
Target cumulative deficit	£2.9m	£5.2m	£8.8m	£13.5m	£18.4m	£22.1m
Stretch cumulative deficit	£2.9m	£5.2m	£8.8m	£13.3m	£17.8m	£21.0m

Source: Delivering Better Value grant application, December 2023

# Governance



We considered how the Audited Body:

## Commentary on arrangements

## Assessment

monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

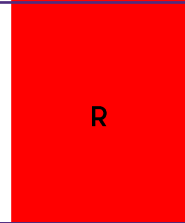
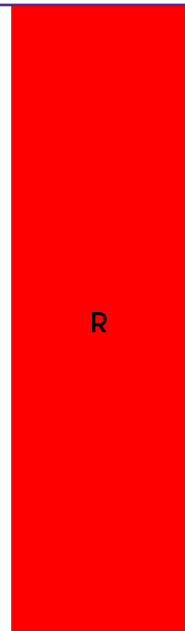
In our 2022/23 AAR we identified a significant weakness relating to risk management and made a key recommendation for the Council to improve its arrangements. We have identified no improvement in risk management in our work for 2023/24. The Audit and Governance Committee received the last Corporate Risk Register (CRR) on 26 June 2024. The format of the risk register remains the same as that we reported in our AAR in 2022/23. We note that children’s services are not one of the top four risks in the Council despite the cost pressures facing the service and the need to drive immediate improvement on its special education needs and disabilities (SEND) service. We note the SEND risk register only has four risks and none of these relate to reputation, managing DSG cost pressure or statutory service performance which we would expect to see. We note no progress on strengthening financial risks as recommended in prior year. We have raised a key recommendation on page 29.

We also identified some improvements to internal audit and make an improvement recommendation on page 31. The Council’s most recent external PSIAS assessment was in February 2024. It identified the Council mainly conforms to standards, but it needed to develop an internal audit manual and make specific linkages between the audit plan and its significant risks and strategic objectives and that it should retain planning records to demonstrate these linkages. The Code of Ethics and Declarations of Interest Statement could be adapted to include a conflict-of-interest management strategy and manager sign-off.

We note the Whistleblowing Policy is dated June 2021 and is not updated to reflect the current organisational structure and has not been the subject of an annual review as stated. The Council received a Whistleblowing allegation from Ofsted in June 2023. The Council did not follow initially its own process as it did not inform its human resources team, and it was originally investigated by an officer reporting to the Director being complained about. There was a subsequent review and a report to Ofsted which was partially upheld. We make an improvement recommendation on Whistleblowing on page 31.

approaches and carries out its annual budget setting process

In our 2022/23 AAR, we reported the need for a more robust budget setting approach and the need for public budget engagement and included this in our statutory recommendation on financial sustainability. We have not seen any evidence of progress to date or clear plans to progress this recommendation. Budget holders are consulted as part of the budget setting process and the Council has a budget working group which reviews approved savings proposals. However, we would expect to see a more challenging process given the Council’s financial position and the issues identified with unrealistic budget assumptions contributing to the Council’s overspend position. We have therefore included this again in our statutory recommendation on short and medium-term financial planning on page 23 in the financial sustainability section of this report.



R

R

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key and/or statutory recommendations made.

# Governance (continued)



We considered how the Audited Body:

## Commentary on arrangements

## Assessment

<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including significant partnerships</p>	<p>Executive Board receive quarterly reports on the Council's capital and revenue net spending and forecast outturn position. These include a clear summary of the in-year and forecast outturn position and reasons for any variances to plan. In our 2022/23 AAR, we reported that capital reports did not provide members with any performance and outcome measures for capital or reasons for budget variances and we raised an improvement recommendation. Management have advised that going forward, reporting to Executive Board and Policy and Performance Boards will contain expanded details regarding capital spending and narrative regarding the reasons for any significant variances against capital programme allocations. We will follow this up in our 2024/25 report to assess progress.</p> <p>The Council provides monthly reports for budget holders and in 2023/24 the Chief Executive introduced monthly transformation challenge items at the management team. Budget holders have this responsibility included in their job description. Budget guidelines are issued annually, and each manager has a dedicated finance officer to provide guidance and support.</p> <p>We noted a weakness in the Council's arrangements for monitoring savings in the financial sustainability section of this report and have included developing robust and transparent monitoring arrangements in our statutory recommendation on page 24.</p>	<p>G</p>
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from Audit and Governance Board</p>	<p>In our AAR for 2022/23 we made a key recommendation relating to the Council's savings and transformation programme. We identified this programme as a risk of significant weakness for 2023/24 and undertook additional testing. We conclude that effective programme governance was not in place for the Council's three-year £20m transformation programme in 2023/24 and this continued into 2024/25. We find the lack of effective programme management has significantly impacted on the Council's financial sustainability in the short-term. We make a statutory recommendation on page 24 in the financial sustainability section of this report.</p> <p>We have identified the need for some improvements to the Council's arrangements to ensure it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. The Lead Member for Scrutiny meets regularly with the Scrutiny Officer and chairs the Scrutiny Chairs Group. This appointment is made annually. The Group meets quarterly to review their work programmes and prioritise staff capacity to support scrutiny and identify areas to improve and share emerging issues. However, we have identified improvements to the Council's scrutiny arrangements. We note there were no call in decisions in 2023/24 suggesting the lack of challenge. These Policy and Performance Boards meet after the Executive Board and only receive its minutes. Effective scrutiny requires earlier input and more detailed reporting to help inform decision-making and we make an improvement recommendation on page 32.</p> <p>In our 2022/23 AAR we made an improvement recommendation to recruit independent members onto the Council's Audit and Governance Committee. We note this is under consideration for 2025/26. The Council has 12 elected members on this Committee currently and it may wish to review its size alongside the adoption of two independent members to align with CIPFA's recommended guidance from 2022 and alongside a review of its terms of reference to also align with the CIPFA 2022 position statement on Audit and Governance Boards in local authorities. We make an improvement recommendation on page 32.</p>	<p>R</p>

# Governance (continued)



We considered how the Audited Body:

## Commentary on arrangements

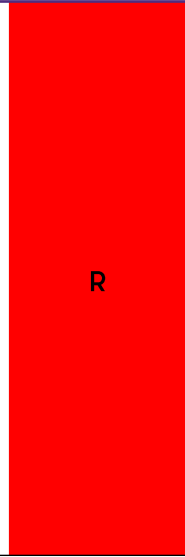
## Assessment

monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.

Prior to April 2024 the Council had not reviewed business continuity arrangements since Covid-19 and these did not reflect the new way of working, but ICT did have a list of critical solutions. In 2023/24 the Council moved to Microsoft 365 which resulted in moving to the cloud. The Council did not update its arrangements for disaster recovery as part of this transition and these needed significant change in August 2024. We identify a significant weakness and make a key recommendation on page 30.

We have identified areas for improvement in the Council's arrangements for how it monitors and ensures appropriate standards and where it procures or commissions services. In our 2022/23 AAR we recommended the Council undertakes a self-assessment against the CIPFA Financial Management Code. We note this was not completed in 2023/24. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. We make a further improvement recommendation on page 32.

We note the role of the Standards Committee is undertaken by the Audit and Governance Committee. Members did not receive a formal written update on standards in 2023/24. Procurement waivers were not reported in the annual procurement update to the Audit and Governance Committee. We reviewed a sample of the member declarations of interest and those we reviewed were out of date by 3 years. We note declarations of interest were provided retrospectively for CMT members by email in April 2024. We have raised improvement recommendations on these points on page 32.





# Governance (continued)



## Significant weaknesses identified

### Risk Management

Effective risk management is an essential part of the Council's control environment. It enables councils to improve governance, stakeholder confidence and trust; set strategy and plans through informed decision making; evaluate options and deliver programmes, projects, and policy initiatives; prioritise and manage resources, manage performance, resources and assets; and achieve outcomes.

In our 2022/23 AAR we identified a significant weakness relating to risk management and made a key recommendation for the Council to improve its arrangements. We have identified no improvement in risk management in our work for 2023/24.

The Audit and Governance Board received the last Corporate Risk Register (CRR) on 26 June 2024. The format of the risk register remains the same as that we reported in our AAR in 2022/23. We note that children's services are not one of the top four risks in the Council despite the cost pressures facing the service and the need to drive immediate improvement on its special education needs and disabilities (SEND) service. We note the SEND risk register only has four risks and none of these relate to reputation, managing DSG cost pressure or statutory service performance which we would expect to see.

The CRR format requires improvement so there is a single table with strategic risks, issues and causes established with risk owners. It needs to include assurances, risk type, risk proximity and a target risk date and a date last updated. There are no residual scores after risk treatment and controls to reduce risk further. There is no indication of whether it is a dynamic or static risk. Risks are not reported to the Executive Board in either 2023/24 or in 2024/25 which we would expect to see alongside performance and finance reporting. The Risk Management Policy was last reviewed in May 2023. It does not consider programme and project risks or risk escalation and de-escalation processes. There is no identification of risk type or risk tolerance, treatment or proximity which we would expect to see in the Strategy. The Council has a risk toolkit which it has not reviewed since April 2019. This will need improvement alongside the Policy. The Policy says the management team should review the CRR annually. We think this needs to be at least quarterly. The Council also only updates the Audit and Governance Board bi-annually on risk management which is insufficient. At Directorate level risk monitoring is bi-annually in line with Directorate Business Plans which is not sufficiently timely. We note no progress on strengthening financial risk reporting as recommended in prior year.

We have identified a significant weakness relating to risk management and we retain our key recommendation on risk management.

**Key Recommendation 2** - The Council needs to significantly improve its risk strategy, improve the CRR and ensure officers and members are reviewing strategic and directorate risks at least quarterly and ensuring risk is adequately considered in financial reporting.

# Governance (continued)



## Significant weaknesses identified (continued)

### Business continuity and disaster recovery

We note prior to April 2024 the Council had not reviewed business continuity arrangements since Covid-19 and these did not reflect the new way of working, but ICT had a list of critical solutions. We acknowledge some work was done in 2024/25 to improve its business continuity arrangements by including ICT. However, we identify this was a significant weakness in 2023/24.

In 2023/24 the Council implemented Microsoft 365. Prior to the implementation the Council had disaster recovery arrangements in place. However, these were not updated to reflect the new ICT arrangements, and we note these required significant change still in August 2024.

We have identified a significant weakness for the Council's arrangements for business continuity and disaster recovery planning and make a key recommendation.

**Key Recommendation 3** - The Council needs to urgently update its arrangements for business continuity and disaster recovery planning.





# Governance (continued)



## Areas for improvement

### Internal audit

Internal audit services are required to have an external assessment against the standards every five years. The Council's most recent external assessment was in February 2024. The Council had received a draft report which showed it conforms to the standards. However, it identified the current planning approach is heavily reliant on the knowledge and experience of the Divisional manager and is not documented and it recommended the development of an internal audit manual. It also found the annual plan should be enhanced to make linkage to the organisation's risks and strategic objectives and that planning records should be retained to demonstrate these linkages. The Code of Ethics and Declarations of Interest Statement could be adapted to include a conflict-of-interest management strategy and manager sign-off.

**Improvement recommendation 1** - The Council needs to enhance its internal audit arrangements by:

- putting in place an audit manual which is a core part of the Council's control process.
- making specific linkages between the audit plan and the Council's significant risks and strategic objectives.
- Retaining planning records to demonstrate these linkages.
- adapting the Code of Ethics and Declarations of Interest Statement to include a conflict-of-interest management strategy and manager sign-off.

### Whistleblowing

We note the Whistleblowing Policy is dated June 2021 and is not updated to reflect the current organisational structure and has not been the subject of an annual review as stated. The Council received a Whistleblowing allegation from Ofsted in June 2023. The Council did not initially follow its own process. The Human Resources team was not informed of the complaint against a Director, and it was originally investigated by an officer reporting to the Director, and it was originally investigated by an officer reporting to the Director being complained about. There was a subsequent review and a report to Ofsted which was partially upheld.

**Improvement recommendation 2** - The Council needs to update its Whistleblowing Policy and ensure its subject to annual reviews. It also needs to ensure it is understood and that officers follow the correct processes.

# Governance (continued)



## Areas for improvement (continued)

### Scrutiny

The Lead Member for Scrutiny meets regularly with the Scrutiny Officer and chairs the Scrutiny Chairs Group. This appointment is made annually. The Group meets quarterly to review their work programmes and to prioritise staff capacity to support scrutiny, identify improvement areas and share emerging issues. However, we have identified improvements to the Council's scrutiny arrangements. We note there were no call in decisions in 2023/24 suggesting the lack of challenge. These Policy and Performance Boards meet after the Executive Board and only receive its minutes. Effective scrutiny requires earlier input and more detailed reporting to help inform decision-making.

**Improvement recommendation 3** - The Council needs to review its overview and scrutiny arrangements to provide a greater focus on earlier engagement of scrutiny to enhance decision-making and ensure scrutiny receive reports for consideration to provide an opportunity for challenge.

### Audit and Governance Committee

The Council does not yet have any independent members on its Audit and Governance Committee. We note this is under consideration for 2025/26. The Council has 12 elected members on this Committee currently and it may wish to review its size alongside the adoption of two independent members to align with CIPFA's recommended guidance from 2022 and alongside a review of its terms of reference to also align with the CIPFA 2022 position statement on Audit and Governance Boards in local authorities. We note the role of the Standards Committee is undertaken by the Audit and Governance Board. Members did not receive a formal written update on standards in 2023/24. Procurement waivers were not reported in the annual procurement update to the Audit and Governance Board.

**Improvement recommendation 4** - The Council should enhance the effectiveness of its Audit and Governance Committee by:

- appointing independent members to provide expertise in areas like transformation.
- reviewing its terms of reference to align with the CIPFA 2022 Code of Practice on Audit and Governance Boards.
- ensuring procurement waivers are reported on an annual basis. and
- formalising reporting on standards investigations.

### Declarations of interest

We reviewed a sample of the member declarations of interest and those we reviewed were out of date by 3 years. We note declarations of interest were provided retrospectively for CMT members by email in April 2024.

**Improvement recommendation 5** - The Council needs to improve its arrangements for member and officer declarations of interest by updating member and officer declarations annually at the start of each year.

# Improving economy, efficiency and effectiveness



We considered how the audited body:

## Commentary on arrangements

## Assessment

uses financial and performance information to assess performance to identify areas for improvement

In our AAR for 2022/23 we raised a key recommendation on performance management and said the Council needed to significantly improve its performance management and ensure it had a golden thread in place and performance is consistently reported alongside nearest neighbours. In 2023/24 the Council had no corporate plan and was not reporting performance to the Executive for each of its directorates or in a consistent manner. We note the Council engaged residents on its priorities in 2023/24 and launched its new Corporate Plan in April 2024.

The Council needs to report a corporate set of outcomes, SMART measures and KPIs quarterly to the Executive Board, integrated with risk and finance reporting. We identified gaps in performance reporting in 2023/24, that continued in 2024/25 and a lack of a consistent approach to benchmarking and a lack of measurable outcomes. Combined with no corporate plan in 2023/24 and systematic failings in its SEND service identified through the OFSED inspection in November 2023 we identify a significant weakness in the Council's arrangements for performance management and make a key recommendation on page 35.

R

evaluates the services it provides to assess performance and identify areas for improvement

In 20 to 24 November 2023, Ofsted and the Care Quality Commission delivered an area SEND inspection of Halton Local Area Partnership which identified widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. The report was published on 26 January 2024. They will undertake a monitoring inspection in 18 months.

In July 2024, the Council received an inadequate report from Ofsted in response to its May 2024 inspection. It identified significant deterioration in the quality of practice for children and young people. A lack of stable and effective leadership has led to shifting strategic priorities and an absence of continuous systematic improvement planning. This has been further compounded by weak governance arrangements, limited performance information and workforce instability. There has been insufficient pace in tackling the serious deficits identified at a focused visit in October 2021 for children in need of help and protection, and many of those weaknesses are still prevalent. There are serious and widespread weaknesses across the service. We have identified progress to address these weaknesses in 2024/25 although impact on outcomes is too early in our reporting. We have raised a key recommendation on page 36.

R

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key and/or statutory recommendations made.

# Improving economy, efficiency and effectiveness (continued)



We considered how the audited body:

## Commentary on arrangements

## Assessment

ensures it delivers its role in significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives

In September 2023, the Council became a member of the Integrated Care Partnership for Cheshire and Merseyside, to be known as the Cheshire and Merseyside Health and Care Partnership. This is a statutory joint committee and forms part of the structure of the new Integrated Care System set out in the Health and Care Act 2022.

In July 2024 Ofsted identified partnerships were underdeveloped and weak governance arrangements have meant partners are not fully held to account for their role in helping children and young people. We refer to this in our key recommendation on children's services so do not repeat it here. Governance arrangements are being strengthened so that corporate parents and the safeguarding partnership can provide more robust challenge and scrutiny. An independent scrutineer has been appointed. Partnership arrangements were reviewed and codesigned with partners. The new arrangements launched in March 2024. There was a joint priority setting day in June 2024 with an agreed approach to partnership priorities over the next 3 years. We include this Ofsted finding in our key recommendation on performance for children and young people, so we do not report it here.

G

commissions or procures services, assessing whether it is realising the expected benefits

The Council has good arrangements in place for procurement evidenced by its social value work, and its preparation for the implementation of the Procurement Act 2023 which comes into force in October 2024. It has a robust process in place to agree waivers involving finance and other corporate services. However, there were more waivers in 2023/24 than in 2022/23: 107 waivers were approved in 2023/24 compared with 74 in 2022/23 and an internal audit report on the new leisure centre identified non-compliance with the Procurement Contract Regulations 2015. Property Services managed the procurement but did not publish the contract award on Contract Finder.

The Council's contract management arrangements are variable, and these are not managed centrally. We reviewed the six highest value waivers from 2023/24 and only one included details of contract management and regular performance review. There is evidence of using contractors over longer periods rather than using competitive processes. For example, the Integrated Sensory Support Service ran for six years to 30 June 2024. In March 2024, the Executive Board extended this for a further five years. This was also agreed prior to amending the service specification to reflect service priorities. An Internal Audit report on electric vehicle charging points identified no formal contractual arrangements with the supplier of on-street charging points. We make an improvement recommendation on page 37.

A

However, there is also some evidence of the Council securing value for money. In 2023/24 the Council implemented Microsoft 365 but extracting its cyber data was considered too costly, so the Council bought an MDR solution for a five-year period using a framework and negotiated with the top two providers to reduce cost.

# Improving economy, efficiency and effectiveness (continued)



## Significant weaknesses identified

### Performance management

In our AAR for 2022/23 we raised a key recommendation on performance management and said the Council needs to significantly improve its arrangements for performance management and ensure it has a golden thread in place and performance is consistently reported alongside nearest neighbours. In both 2022/23 and in 2023/24 the Council had no corporate plan. The Council needs to have a suite of corporate performance information reported to the Executive Board aligned with risk and finance reporting. We note the Council did hold resident engagement on its priorities in 2023/24 and launched its new Corporate Plan in April 2024.

The Council needs to report a corporate set of outcomes, SMART measures and KPIs quarterly to the Executive Board, integrated with risk and finance reporting. We identified gaps in performance reporting in 2023/24, that continued in 2024/25 and a lack of a consistent approach to benchmarking and a lack of measurable outcomes. We note in August 2024 the Council was still developing its performance management framework and no council wide performance reports were developed or shared with the Executive or the Performance Boards. The very limited performance reports presented twice yearly in 2023/24 were not for all the Council's directorates.

**Key Recommendation 4** - The Council needs to improve its performance management arrangements by:

- establishing a golden thread for the Council, by improving the performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and reporting these to the public.
- agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework.
- improving performance reporting to include benchmarking with 'nearest neighbours' data where possible;
- integrating performance, risk and finance reporting to drive improvement and sharing these reports quarterly with the Executive Board.
- ensuring consistency across directorates regarding the reporting of corporate performance data to enable outcomes to be tracked.



# Improving economy, efficiency and effectiveness (continued)



## Significant weaknesses identified (continued)

### Children's Services

In 20 to 24 November 2023, Ofsted and the Care Quality Commission delivered an area SEND inspection of Halton Local Area Partnership which identified widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. They will undertake a monitoring inspection in 18 months. The local area partnership is required to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action. The team identified the significant changes to the senior leadership of Halton's SEND services since the previous inspection. These included a new chief executive, several interim directors of children's services, a newly appointed operational director for education, inclusion, and provision, and a new head of service for SEND. A permanent director of children's services started in November 2023.

Too many children and young people with SEND in Halton wait an unacceptable time to have their needs accurately identified and assessed. For example, children and young people wait too long to access a neurodevelopmental assessment. Most children and young people wait more than 18 months. Leaders have been too slow to respond to the rising numbers and increasing complexity. The outcome of this Inspection was not reported to the Audit and Governance Board until March 2024. We note the annual governance statement for 2023/24 identifies a plan will be in place by March 2025 to address its findings.

In July 2024, the Council received an inadequate report from Ofsted in response to its May 2024 inspection. It identified significant deterioration in the quality of practice for children and young people. A lack of stable and effective leadership has led to shifting strategic priorities and an absence of continuous systematic improvement planning. This has been further compounded by weak governance arrangements, limited performance information and workforce instability. There has been insufficient pace in tackling the serious deficits identified at a focused visit in October 2021 for children in need of help and protection, and many of those weaknesses are still prevalent. There are serious and widespread weaknesses across the service.

The Ofsted report identified the permanent director of children's services (DCS) who joined in November 2023 and identified her leadership team have a solid understanding of many service weaknesses and are putting changes in place to sustain improvement. They are also reengaging staff and partners. Governance mechanisms are being strengthened and are supported by improved performance monitoring. In July 2024, plans and strategies to tackle the deficits are either in their infancy or have yet to be actioned. While there are some early signs of progress, it is too soon to see the impact for children and young people.

**Key Recommendation 5** - The Council needs to significantly improve its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by putting in place, and delivering, an improvement plan to address the wider children's services inspection findings.



# Improving economy, efficiency and effectiveness (continued)



## Areas for improvement

### Contract Management

The Council's contract management arrangements are variable, and these are not managed centrally. We reviewed waivers for the six highest value waivers from 2023/24 and only one included details of contract management and regular performance review. There is evidence of using contractors over longer periods rather than using competitive processes. For example, the Integrated Sensory Support Service ran for six years to 30 June 2024. In March 2024, the Executive Board agreed to extend this for a further five years. This was also agreed prior to amending the service specification to reflect service priorities.

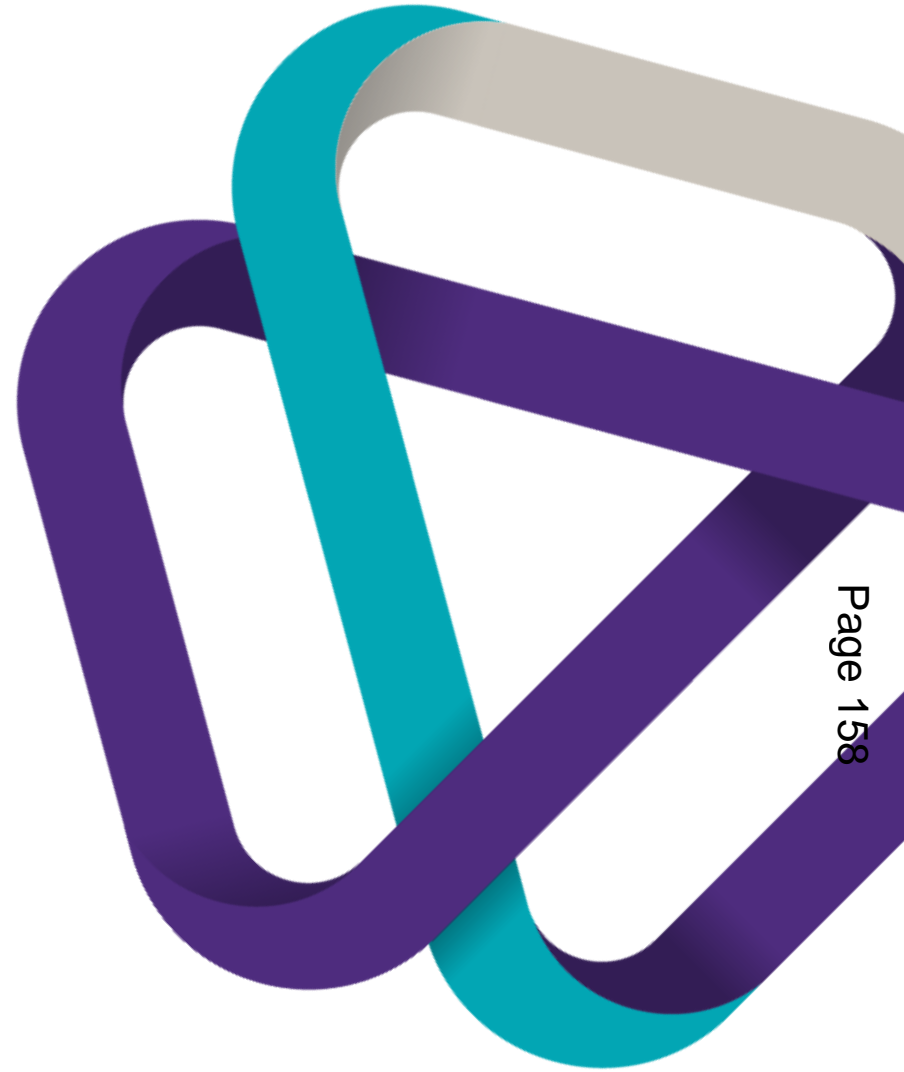
An Internal Audit report on electric vehicle charging points identified no formal contractual arrangements with the supplier of on-street charging points. This had resulted in a dispute over income which Connected Kerb advised the Council owed to them. There was no fire risk assessment, and the team did not seek input from the Council's property insurers regarding the charging points installed at Council owned premises. Internal audit identified the need for a signed contract to establish the respective responsibilities and risk to both parties and to establish liability if an insurable incident occurred.

An Internal Audit report on children's services commissioning finalised in September 2024 but related to 2023-24 identified limited assurance and raised high level recommendations on contract and performance management. The Commissioning team manages approximately 30 contracts, with total expenditure in 2023/24 of £3.2m. We note no consistent performance management framework to link performance data to the outcomes specified in the contract. Contract and performance management arrangements require formalising to ensure consistency across all contracts. Although outcomes are specified in the contracts, there is no clear link to the performance data reported by the providers. Where targets are included, they are not always reported on. This makes it difficult to demonstrate whether the service provision is effective in achieving the required outcomes and whether the Council is achieving value for money. Arrangements for verifying the validity of performance data submitted by the providers are also inconsistent, with reliance being placed on the data submitted with no checks being carried out in some cases. The audit also identified one contract with a value exceeding £1m and two lower value contracts that had not been signed in accordance with Standing Orders.

**Improvement recommendation 6** - The Council needs to improve its contract management arrangements by putting in place formal contract management review processes and ensuring performance and financial management are including in contract review meetings and are formally documented.



**Value for Money  
Key and Improvement  
recommendations raised in  
2023/24**





# Recommendations raised in 2023/24

Recommendation	Type of recommendation*	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>KR1</p> <p>The Council should put sufficient plans in place to address its escalating forecast DSG deficit, while delivering the necessary improvements to its SEND services. The Council's plans should ensure it has appropriate contingency in place if the Government's statutory override is not extended in March 2026.</p>	Key	Financial sustainability	Review of key documents, including the Council's Delivering Better Value grant application.	The Council's forecast DSG deficit in 2026 is more than it currently holds in usable reserves. The Council does not have a contingency plan in place if the Government's statutory override is not extended in March 2026 which is not guaranteed. This presents a significant risk to the Council's financial sustainability in the medium-term.	<p><b>Actions:</b> Agreed. The financial aspects of the DSG deficit forecasts will form part of the Medium Term Financial Plan, including highlighting risks around the statutory override.</p> <p><b>Responsible Officer:</b> Director of Finance</p> <p><b>Executive Lead:</b> Head of Revenues &amp; Financial Management</p> <p><b>Deadline:</b> 31st March 2025</p>
<p>KR2</p> <p>The Council needs to significantly improve its risk strategy, improve the CRR and ensure officers and members are reviewing strategic and directorate risks at least quarterly and ensuring risk is adequately considered in financial reporting.</p>	Key	Governance	Review of risk policy and the CRR.	Effective risk management is an essential part of the Council's control environment. It enables councils to improve governance, stakeholder confidence and trust; set strategy and plans through informed decision making; evaluate options and deliver programmes, projects, and policy initiatives; prioritise and manage resources, manage performance, resources and assets; and achieve outcomes.	<p><b>Actions:</b> Agreed. The Council recognises the importance of managing risk and whilst it is considered it has reasonable arrangements in place, the opportunity will be taken to review its arrangements and seek to make improvements where appropriate in line with the recommendations.</p> <p><b>Responsible Officer:</b> Corporate Director, Chief Executives Delivery Unit</p> <p><b>Executive Lead:</b> TBC</p> <p><b>Deadline:</b> 31st December 2024</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR3 The Council needs to urgently update its arrangements for business continuity and disaster recovery planning.	Key	Governance	Interview with ICT	The Council has no current arrangements for business continuity or disaster recovery which could impact the whole council.	<p><b>Actions:</b> Agreed. The Council will review and update its business continuity and disaster recovery plans to reflect current ICT arrangements as recommended.</p> <p><b>Responsible Officer:</b> Director of ICT &amp; Customer Services</p> <p><b>Executive Lead:</b> TBC</p> <p><b>Deadline:</b> 31st March 2025</p>
IR1 The Council needs to enhance its internal audit arrangements by: <ul style="list-style-type: none"> <li>• putting in place an audit manual which is a core part of the Council's control process.</li> <li>• making specific linkages between the audit plan and the Council's significant risks and strategic objectives.</li> <li>• retaining planning records to demonstrate these linkages.</li> <li>• adapting the Code of Ethics and Declarations of Interest Statement to include a conflict-of-interest management strategy and manager sign-off.</li> </ul>	Improvement	Governance	PSIAS external review	Internal audit is a key element of the Council's internal controls.	<p><b>Actions:</b> Agreed. The Council will review its Internal Audit arrangements and enhance them by taking on board the recommendations as considered appropriate.</p> <p><b>Responsible Officer:</b> Head of Procurement, Audit &amp; Operational Finance</p> <p><b>Executive Lead:</b> Audit &amp; Investigations Manager</p> <p><b>Deadline:</b> 31st March 2025</p>

# Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR2 The Council needs to update its Whistleblowing Policy and ensure its subject to annual reviews. It also needs to ensure it is understood and officers follow the correct processes.	Improvement	Governance	Whistleblowing Policy, Ofsted investigation	Whistleblowing is a key element of the Council's internal controls.	<p><b>Actions:</b> Agreed. The Council's whistleblowing arrangements will be reviewed annually and communicated to officers, to ensure it remains effective.</p> <p><b>Responsible Officer:</b> Head of Procurement, Audit &amp; Operational Finance</p> <p><b>Executive Lead:</b> Audit &amp; Investigations Manager</p> <p><b>Deadline:</b> 31st March 2025</p>
IR3 The Council needs to review its overview and scrutiny arrangements to provide earlier engagement of scrutiny to enhance decision-making and ensure scrutiny receive reports for consideration to provide an opportunity for challenge.	Improvement	Governance	Review of scrutiny meetings and reports and email from the monitoring officer.	Scrutiny is insufficiently developed and integrated into Council decision-making.	<p><b>Actions:</b> Agreed. The Council's scrutiny processes will be reviewed via the members scrutiny chairs group, to develop and enhance the Council's scrutiny arrangements.</p> <p><b>Responsible Officer:</b> Director of Legal &amp; Democratic Services</p> <p><b>Executive Lead:</b> Director of Legal &amp; Democratic Services</p> <p><b>Deadline:</b> 31st March 2025</p>

# Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>IR4</p> <p>The Council should enhance the effectiveness of its Audit and Governance Committee by:</p> <ul style="list-style-type: none"> <li>• appointing independent members to provide expertise in areas like transformation.</li> <li>• reviewing its terms of reference to align with the CIPFA 2022 Code of Practice on Audit and Governance Boards.</li> <li>• ensuring procurement waivers are reported on an annual basis. and</li> <li>• formalising reporting on standards investigations.</li> </ul>	Improvement	Governance	Review of committee papers, membership and terms of reference	Internal audit is a key element of the Council's internal controls and it needs to align its Committee with CIPFA 2022 Code of Practice on Audit and Governance Boards.	<p><b>Actions:</b> Agreed. The Audit and Governance Board will be asked to consider co-opting independent members onto the Board, its terms of reference will be reviewed against the CIPFA Code of Practice, a summary of procurement waivers will be reported annually, and standards matters will continue to be reported to the Board.</p> <p><b>Responsible Officer:</b> Director of Finance and Director of Legal &amp; Democratic Services</p> <p><b>Executive Lead:</b> Head of Procurement, Audit &amp; Operational Finance and Director of Legal &amp; Democratic Services</p> <p><b>Deadline:</b> 31st March 2025</p>
<p>IR5</p> <p>The Council needs to improve its arrangements for member and officer declarations of interest by updating member and officer declarations annually at the start of each year.</p>	Improvement	Governance	Review of declarations of interest.	Not having up to date declaration of interest presents a risk to the Council	<p><b>Actions:</b> Agreed. The Council recognises the importance of having an up to date declaration of interests and will take steps to ensure its arrangements are robust.</p> <p><b>Responsible Officer:</b> Director of Legal &amp; Democratic Services</p> <p><b>Executive Lead:</b> Director of Legal &amp; Democratic Services</p> <p><b>Deadline:</b> 31st March 2025</p>

# Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council needs to improve its performance management arrangements by:</p> <ul style="list-style-type: none"> <li>establishing a golden thread for the Council, by improving the performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and reporting these to the public.</li> <li>agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework.</li> <li>improving performance reporting to include benchmarking with 'nearest neighbours' data where possible;</li> <li>integrating performance, risk and finance reporting to drive improvement and sharing these reports quarterly with the Executive Board.</li> <li>ensuring consistency across directorates regarding the reporting of corporate performance data to enable outcomes to be tracked.</li> </ul>	Key	3Es	Review of committee papers, corporate plan, performance reports	The Council needs to significantly improve its arrangements for performance management and ensure it has a golden thread in place and performance is consistently reported alongside nearest neighbours. In 2023/24 the Council did not have a corporate plan in place. The Council needs to have a suite of corporate performance information reported to the Executive Board aligned with risk and finance reporting.	<p><b>Actions:</b> Agreed. Following implementation of the Council's new Corporate Plan and Values Framework which are underpinned by a core set of Key Performance Indicators, the Performance Management Framework has been developed which will link to the new Corporate Priorities and the reporting regime is in place which will form the first two levels of the 'Golden Thread' within the Council.</p> <p><b>Responsible Officer:</b> Corporate Director, Chief Executives Delivery Unit</p> <p><b>Executive Lead:</b> TBC</p> <p><b>Deadline:</b> 31st December 2024</p>

# Recommendations raised in 2023/24

Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR5 The Council needs to significantly improve its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by putting in place, and delivering, an improvement plan to address the wider children's services inspection findings.	Key	3Es	Ofsted SEND and Children's services inspection reports	The Council's services for children and young people were a significant weakness in 2023/24 that continued into 2024/25.	<p><b>Actions:</b> Agreed. Following the recent Ofsted Inspection, the Children's Improvement Board are developing an improvement plan to implement Ofsted's recommendations as a matter of urgency, which will be monitored robustly to ensure its effective implementation. The Council is also implementing changes to the delivery of SEND as part of the DfE's Delivering Best Value in SEND programme.</p> <p><b>Responsible Officer:</b> Executive Director, Children's</p> <p><b>Executive Lead:</b> Head of Children's Services</p> <p><b>Deadline:</b> 31st March 2025</p>
IR6 The Council needs to improve its contract management arrangements by putting in place formal contract management review processes and ensuring performance and financial management are including in contract review meetings and are formally documented.	Improvement	3Es	Review of waivers, and internal audit reports on contracts	The Council needs to improve contract management arrangements and ensure these are consistent across the Council.	<p><b>Actions:</b> Agreed. Consideration will be given to how the Council's contract management arrangements might be improved as recommended.</p> <p><b>Responsible Officer:</b> Director of Finance</p> <p><b>Executive Lead:</b> Head of Procurement, Audit &amp; Operational Finance</p> <p><b>Deadline:</b> 31st March 2025</p>

# Appendices

# Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

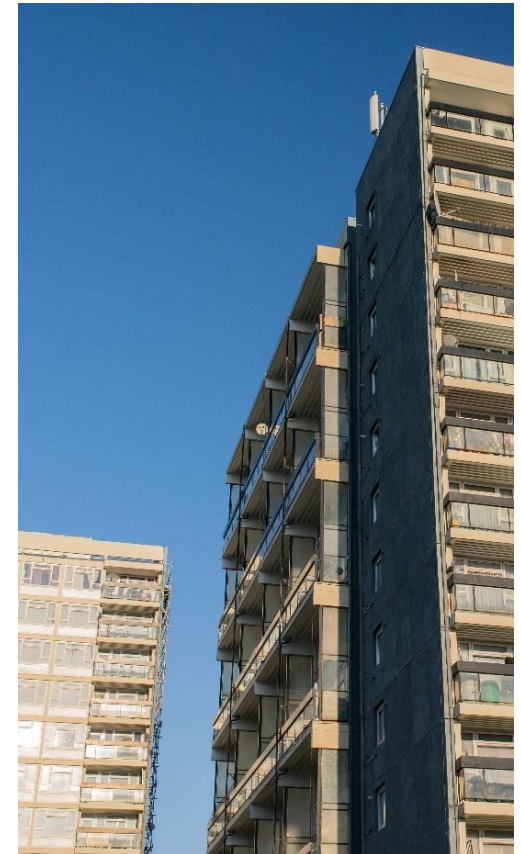
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.





# Appendix B: Value for Money Auditor responsibilities



## Value for Money arrangements work

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

### Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

### Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.

### Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

### Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

### Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

### Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Council's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 The Council should ensure its transformation programme is sufficiently developed to meet the medium-term financial gap and help the Council to replenish its reserves	Key	March 2024	The Council has added additional capacity to the Programme to promote focus and pace. As projects have progressed and the complexity of the programme has developed, officers and Members have designed a revised governance model to drive scrutiny and accountability, this is in place from August 2024. In addition, through August – October 2024, a reprioritisation of transformation projects will be undertaken to ensure that resource is being targeted to the right areas. This will be determined by using up-to date benchmarking (2023/24 data), concentration on high-cost services , and brining projects into the programme that are not mobilised.	No	Yes. Superseded by statutory recommendations 1 and 2.
2 The Council needs to improve its risk management	Key	March 2024	A review of risk management arrangements is being undertaken. The Council is also engaging with Zurich Municipal to provide specialist support to further develop our risk management arrangements. Consideration is being given to establishing target risk scores in the Corporate Risk Register, and to more frequent reporting to Members on an exceptional basis. In addition, steps are being considered to provide a more robust approach to highlight risks in Board reports. Consideration is also being given to where in the organisation the co-ordination of risk management is best situated.	No	Yes. Recommendation retained - see recommendation KR2.
3 The Council needs to improve its performance management arrangements.	Key	March 2024	The Council's new Corporate Plan was implemented from 1 April 2024. This includes developing a new set of focused key performance indicators, forming a 'corporate dashboard', and a values framework which has been developed via a series of officer and member workshops and briefings. This will provide a "golden thread" and the basis for performance reporting outcomes to both management team and member boards.	No	Yes. Recommendation retained - see recommendation KR4.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
4 The Council should develop a Workforce Strategy that is fully costed to reflect future skills requirements	Improvement	March 2024	The Transformation Programme “Employer of Choice” project is underway, with different aspects being addressed to help recruit and retain staff. This includes internal work around the Employer Value Proposition, as well as working collaboratively with the LGA via the Regional Employers Organisation, and Liverpool City Region partners around recruitment approaches. The Council’s Workforce Strategy will be developed from this work.	Partly	No, we will follow-up in 2024/25.
5 The Council needs to enhance the measures it has in place to control capital spending and improve capital monitoring information to elected members	Improvement	March 2024	Greater attention is being given to reporting capital spending on a regular basis to capital project managers. Reporting to Executive Board and Policy and Performance Boards will contain expanded details regarding capital spending and narrative regarding the reasons for any significant variances against capital programme allocations.	Partly	No, we will follow-up in 2024/25.
6 The Council needs to ensure elected members are trained in treasury management, especially those on the Audit and Governance Board and those responsible for finance	Improvement	March 2024	Arrangements are currently being made for the Council’s treasury management advisers Link Group (now MUFG) to provide training for all members during Autumn 2024.	Partly	No, we will follow-up in 2024/25.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
7 The Council should consider co-opting independent members onto its Audit and Governance Board to help it improve its effectiveness	Improvement	March 2024	Discussions are currently being held with the Chair of the Audit and Governance Board, to agree a process with the Board for co-opting an independent member onto the Board, in accordance with CIPFA's Audit and Governance Board Guidance.	Partly	Yes. We have included this in our recommendation on Audit and Governance Board effectiveness. See IR4.
8 The Council may want to introduce scenario planning including best, worst and expected positions in its MTFS reporting to the Executive Board	Improvement	March 2024	Scenario planning is being used to maintain the MTFS on a rolling basis during the year. However, when the MTFS is formally reported to Executive Board in November 2024, the outcome of the scenario planning will be described as part of the narrative to assist Members, such as by providing sensitivity analysis.	Partly	No, we will follow-up in 2024/25.
9 The Council should undertake a self-assessment against the CIPFA Financial Management Code and use that to develop an improvement plan.	Improvement	March 2024	A self-assessment against the CIPFA Financial Management Code is currently being undertake.	Partly	No, we will follow-up in 2024/25.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.



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**REPORT TO:** Council

**DATE:** 4 December 2024

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Application for Exceptional Financial Support

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 To consider the recommendation from Executive Board that the Council applies for the Government's Exceptional Financial Support (EFS) arrangement.

### **2.0 RECOMMENDED: That;**

- (i) an application for Exceptional Financial Support (EFS) to the Ministry of Housing, Communities and Local Government, as set out within the report, be approved;**
- (ii) the details of the EFS application be finalised by the Director of Finance in consultation with the Corporate Services Portfolio Holder;**
- (iii) all Directorates continue to implement control measures to reduce spending and help minimise the current year's overspend position;**
- (iv) subject to recommendation (i) a robust, multi-year budget savings plan be prepared as a matter of urgency, as required as part of the EFS application.**

### **3.0 SUPPORTING INFORMATION**

#### **Background**

- 3.1 On 14<sup>th</sup> November 2024 Executive Board received the councilwide half year spending report. The report highlighted that spending to date was £8.9m above budget and was forecast to be £20.6m above budget by year-end.
- 3.2 This position comes despite having provided £7.7m of growth when setting the 2024/25 budget, in order to address those areas which had experienced significant financial pressures during the previous financial year. It had become apparent over the first half of the current financial year, that Children's and Adult

Social Care costs have risen dramatically, well above the rate of inflation and available budget, whilst demand for services also continues to rise.

- 3.3 The report also highlighted that the Council has only £11.6m of useable reserves remaining in order to fund the year-end overspend. This has arisen following a number of years of austerity and funding reductions, making it increasingly difficult to identifying service reductions and budget savings, which had therefore required increasing use of reserves in order to deliver balanced budgets.
- 3.4 Executive Board also received the Medium Term Financial Strategy 2025 to 2029. This identified budget funding gaps over the coming four years totalling £69.2m. The funding gap for 2025/26 is £38.1m a large part of which relates to the additional investment required to support the Children's Services Improvement Programme, and funding the ongoing councilwide overspends from the current financial year.
- 3.5 Given that the forecast overspend exceeds the available funding from reserves, and in order to provide sufficient time to develop budget savings proposals on this scale, Executive Board recommended that Council approve applying to the Government for Exceptional Financial Support (EFS).
- 3.6 Halton is not alone in reaching this position. To date twenty nine councils have been awarded EFS under the Government's arrangement, and it is expected that many more are close to the point of needing to apply.

### **Exceptional Financial Support (EFS)**

- 3.7 The Government's EFS arrangement provides councils with exceptional permission to capitalise annual revenue costs and then fund them from long term borrowing (usually over 25 years) from the Public Works Loans Board (PWLB). EFS provides permission to borrow and does not provide grant funding.
- 3.8 The PWLB is an arm of HM Treasury from which councils usually borrow on a long term basis, at preferential fixed rates of interest, to fund capital expenditure. In the case of EFS, borrowing is being permitted on an exceptional basis to fund annual, recurring, revenue expenditure eg. staffing, utilities, and day to day running costs, rather than capital expenditure.
- 3.9 EFS Borrowing is only undertaken at each year-end, based upon what is required at that time to fund any current year overspend and to set a balanced budget for the following financial year.
- 3.10 The EFS approach will protect the Council's remaining reserves and enables budget funding gaps to be met temporarily in order to deliver balanced budgets,



while providing time for the Council to bring annual spending back in line with available budget funding.

- 3.11 The EFS arrangement requires councils to develop a robust Savings Plan to demonstrate how spending will be brought back in line with available budget funding over a period of perhaps 4 to 5 years. The more savings which can be achieved and implemented earlier, the lower the amounts of EFS borrowing which will be required each year, and therefore, the lower the ongoing cost of repaying the borrowing over the 25 year period.
- 3.12 When applying for EFS the Council must indicate the total amount of borrowing permission which it is likely to require over the period. However, as mentioned above, borrowing is only undertaken at each year-end, based upon what is required at that time. The Council only pays for the borrowing it actually needs to undertake each year-end.
- 3.13 In addition to seeking exceptional borrowing approval, an application for EFS may also include any other assistance which the Council considers may help its financial situation. This would usually include a request for permission to increase council tax above the current referendum threshold. In addition, the Council may wish to seek a change to the profile of the sharing of excess funding with the Department for Transport for the Mersey Gateway Bridge, in order to increase the Council's share at the next review point in three years time.
- 3.14 Going forward it is to be hoped that Government intervention for the sector, via improved grant settlements and/or changes to the local government funding regime will reduce the Council's need to borrow under EFS each year-end.

### **The EFS Model**

- 3.15 The potential impact of EFS borrowing has been modelled alongside the Council's latest Medium Term Financial Forecast 2025 to 2029 (MTFS), and is summarised in the Appendix.
- 3.16 The model uses EFS borrowing to fund the forecast councilwide overspend for the current year, and also the remaining budget gaps for each of the following four years.
- 3.17 Target levels of savings have been used within the model, merely to demonstrate how the model might work over a five year period. However, savings proposals will need to be developed in detail with Members and approved for each year.
- 3.18 Therefore, the amount of savings which might be achieved in each year will be subject to on-going change, which will in turn impact upon the amount of EFS

borrowing required each year, and the period over which EFS is required to be used.

- 3.19 In addition, future changes to grant settlements, the local government funding regime, spending pressures, and the Council's MTFs position, will also impact upon the amount of EFS borrowing required each year.

### **EFS Application Process**

- 3.20 If approval is given to apply for EFS, the process and timescale for the application would be as follows.

- December 2024 – Application made including a range of supporting information as requested by MHCLG.
- February 2025 – “Provisional” EFS approval granted by Ministers.
- March 2025 – On the basis of the “provisional” EFS approval, the Council will be able to fund the 2024/25 overspend and also set a balanced budget for 2025/26.
- During 2025/26 MHCLG will commission the Chartered Institute of Public Finance and Accountancy (Cipfa) to undertake a Financial Resilience Review of the Council. This will include reviewing the Council's financial forecasts, spending pressure areas, savings plans etc. Cipfa will report their findings to MHCLG.
- February 2026 – “Final” EFS approval granted by Ministers.

### **Conclusions**

- 3.21 Given the Council's forecast outturn overspend, action continues to be taken across all Directorates to reduce spending and thereby minimise the overspend by year-end. However, a significant overspend is still likely to arise which may exceed the total reserves available to fund it.
- 3.22 The MTFs forecasts significant budget gaps over the next four financial years totalling £69.2m, with £38.1m falling in 2025/26. It is difficult to see how the Council could find savings of this magnitude in time to deliver a balanced budget for 2025/26.
- 3.23 It is therefore recommended that the Council approves an application for the Government's Exceptional Financial Support arrangement.
- 3.24 In the short-term this would enable the current year's overspend to be funded and a balanced budget to be set for 2025/26. Thereafter, EFS borrowing would provide the Council with the necessary time to continue to fundamentally transform its service delivery models, in order to bring spending back in line with available budget funding.

- 3.25 If approved, the EFS application will require preparation and submission as a matter of urgency. Therefore, it is recommended that the details of the application are finalised by the Director of Finance in consultation with the Corporate Services Portfolio Holder

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The financial implications of an application for Exceptional Financial Support are as detailed within the report and appendix.

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

- 6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence
- 6.2 Building a Strong, Sustainable Local Economy
- 6.3 Supporting Children, Young People and Families
- 6.4 Tackling Inequality and Helping Those Who Are Most In Need
- 6.5 Working Towards a Greener Future
- 6.6 Valuing and Appreciating Halton and Our Community

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

#### **7.0 RISK ANALYSIS**

- 7.1 The Council will not have sufficient reserves available to fund the forecast overspend in the current year. In addition, the Council is unlikely to be able to achieve savings of the magnitude forecast within the MTFS in order to set a balanced budget for 2025/26 and beyond.
- 7.2 An application for Exceptional Financial Support will enable the current year's overspend to be funded and a balanced budget to be set for 2025/26. Thereafter, EFS borrowing would provide the Council with the necessary time to continue to fundamentally transform its service delivery models, in order to bring spending back in line with available budget funding.
- 7.3 If the Council does not apply for Exceptional Financial Support, the Council's financial position is such that the Director of Finance will be required to issue a Section 114 Notice under the Local Government Act 1988.

**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**

10.1 None under the meaning of the Act.

2024/25 to 2028/29 Funding Gaps - to be met by Transformation/Other Savings after utilising EFS						
	2024/25	2025/26	2026/27	2027/28	2028/29	TOTALS
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax Growth	0	3,523	2,725	2,835	2,949	
Business Rates Growth	0	-2,580	2,673	1,706	1,741	
General Government Grant Growth (2%)	0	0	0	0	0	
<b>Total Increase in Council Funding</b>	<b>0</b>	<b>943</b>	<b>5,398</b>	<b>4,541</b>	<b>4,690</b>	
Additional Cost Pressures:						
Contingency	0	1,000	2,000	2,000	2,000	
Capital Programme	0	619	90	34	1,000	
Pay & Price Inflation	0	6,870	5,469	5,834	5,747	
Reverse 10% Reduction Supplies & Services	0	0	1,546	0	0	
Estimated Increase in Service Demand	0	3,326	4,484	4,800	5,141	
Cost Pressures Other	0	153	-2,269	-811	119	
Replenish Reserves	0	0	2,000	0	0	
Business Rates Retention Scheme Ceases	0	0	6,296	0	0	
Reduction in Support Services Grant	0	252	0	0	0	
Children's Improvement Programme	1,000	3,310	260	0	0	
24/25 Forecast Outturn Overspend	19,600	0	0	0	0	
One-off Use of EFS Dropping Out the Following Year	0	14,600	20,153	19,147	8,903	
<b>Total Cost Pressures</b>	<b>20,600</b>	<b>30,130</b>	<b>40,029</b>	<b>31,004</b>	<b>22,910</b>	
Savings Approved February 2023	0	-1,349	0	0	0	
2024/25 Savings Unachieved	0	217	0	0	0	
Use of Reserves	-6,000	6,000	0	0	0	
EFS Annual Cost of Borrowing	0	1,098	1,516	1,440	670	<b>4,723</b>
<b>Resulting Funding Gaps</b>	<b>-14,600</b>	<b>-35,153</b>	<b>-36,147</b>	<b>-27,903</b>	<b>-18,889</b>	
<b>Required Transformation/Other Savings</b>	<b>0</b>	<b>15,000</b>	<b>17,000</b>	<b>19,000</b>	<b>18,889</b>	<b>69,889</b>
<b>Less Annual Capitalisation via Exceptional Financial Support</b>	<b>14,600</b>	<b>20,153</b>	<b>19,147</b>	<b>8,903</b>	<b>0</b>	<b>62,802</b>
<b>Net Funding Gaps</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

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of the Local Government Act 1972.

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