

Public Document Pack



Executive Board Sub Committee

Thursday, 6 September 2007 at 10.00
a.m.

Marketing Suite, Municipal Building

A handwritten signature in black ink, appearing to read 'David W R'.

Chief Executive

SUB COMMITTEE MEMBERSHIP

| | |
|-------------------------------------------|---------------|
| Councillor Mike Wharton (Chairman) | Labour |
| Councillor Phil Harris | Labour |
| Councillor Steff Nelson | Labour |

Please contact Gill Ferguson on 0151 471 7395 or e-mail gill.ferguson@halton.gov.uk for further information.

The next meeting of the Sub Committee is on Thursday, 20 September 2007

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

Part I

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| 2. DECLARATION OF INTEREST | |
| Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda, no later than when that item is reached and (subject to certain exceptions in the Code of Conduct for Members) to leave the meeting prior to discussion and voting on the item. | |
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In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

REPORT TO: Executive Board Sub Committee

DATE: 6 September 2007

REPORTING OFFICER: Strategic Director – Health and Community

SUBJECT: Capital of Culture – Youth Festival

WARD(S) Borough-wide

1.0 **PURPOSE OF REPORT**

1.1 To consider proposals for a Youth Cultural Festival in July 2008 as part of Halton's Capital of Culture programme, and to seek approval to begin to commit expenditure to support the event.

2.0 **RECOMMENDATION: That orders can be placed to a maximum value of £110,000 to enable the Youth Cultural Festival in July 2008 to take place.**

3.0 **SUPPORTING INFORMATION**

3.1 At its meeting of 29th March 2007 the Executive Board approved Halton's approach to its involvement in Capital of Culture.

3.2 As part of this approved approach was the proposal to host a major Youth Festival in 2008. It was envisaged that all Merseyside's Authorities and their twin towns would be invited to participate in a two day show which highlighted youth performance and offered opportunities to exchange different local cultures.

3.3 A budget akin to the Halton Show (£150,000) is required to host the event. £40k would be made available via the Capital of Culture Company and other forms of funding through sponsorship, grants would be sought.

3.4 To allow the event to go ahead with confidence however, the event needed to be underwritten to a maximum of £110,000. The Executive Boards agreed this in principle at its meeting of 29 March 2007.

3.5 The venue for the event will be Spike Island. It will include the culmination of many events which have taken place in the preceding months. These will include workshops, "The Best of" style competitions such a Battle of the Bands or other theatrical performance and sporting competitions. All the other Boroughs within the Merseyside region and the Twin Towns have similar programmes and therefore welding the items together should not prove a problem.

3.6 To ensure the event is as inclusive as possible, the use of new technology will allow the posting of messages and images from other parts of the Merseyside Region and their Twin Towns. Opportunities will then exist for everyone to be involved without the

need to travel. This style of activity although ensuring freedom to post for everyone will be monitored to ensure integrity. The technology will also allow video images to be seen which could be sent from the event itself.

3.7 The bulk of the resources will be spent of providing infrastructure such as stages, marquees, toilets, stewards and other necessary safety and welfare expenditure.

3.8 There will also be the opportunity to engage in the event itself. By providing other activity as well as the best of Merseyside, young people will be able to take part in on the day activities such as rock climbing, skateboarding, fashion shows and many other activities which have been brought forward through consultation with the Youth Parliament and young people of Halton.

5.0 **POLICY IMPLICATIONS**

5.1 The inclusion of the event within the Liverpool Capital Of Culture 2008 will enhance the reputation of the Borough within The Merseyside District.

5.2 At the outset this will be a one year only event.

6.0 **FINANCIAL IMPLICATIONS**

6.1 A budget of £150,000 is required to host the event. Capital of Culture Company is contributing £40,000. This leaves a shortfall of £110,000. This sum should be reduced through sponsorship and income, but ultimately this cannot be guaranteed. Such an event needs a significant lead in period, and organisers need to be assured that they can commit budgets to allow the event to go ahead. The budget does not include any costs associated with bringing delegates and parties from our twin towns, which would be covered by existing Town Twinning arrangements. Further details, including financial estimates will be presented to the appropriate PPB(s) on a regular basis.

7.0 **RISK ANALYSIS**

7.1 The risk of running an event such as this present many challenging issues

- a) Ensuring the success of the event by inclusion of other towns. This will be addressed through the Cultural forums within Merseyside and through the Capital of Culture Company.
- b) The production of an event of professional quality. The Event will be organised by the Promotions and Tourism Team who have over 20 years experience of organising events such as The Halton Show, Vintage Fair Rally and the annual Fireworks event.
- c) The Investment of resources. To release resources of this magnitude could incur a risk of criticism from residents. The issues surrounding the Local Authorities prominence in the

Merseyside Region and its growing reputation as a Council which engages with the local population will drive this event forward, Consultation with Young people and The Youth Parliament will ensure representation and an ability to show the event is for the whole of Halton.

- d) Cancellation. There could be many reasons for contemplating cancellation of an event of this magnitude. The experience of running major events in the past has shown that even in poor weather the event can still take place with careful management.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 Every effort will be made to ensure the event is as inclusive as it can be within the limitations of the budget and resources available.

9.0 IMPLICATIONS FOR COUNCIL'S PRIORITIES

9.1 Children and Young People

The focus of the event is a celebration of young people's achievements in the area of culture, arts and sport.

9.2 Employment Learning and Skills

The event contributes to Halton's Capital of Culture programme which provides personal development opportunities for Halton's residents.

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

| Document | Place of Inspection | Contact Officer |
|-------------------------------------------------------|----------------------------|------------------------|
| Executive Board Report 29 th March 2007 | Municipal Buildings | Howard Cockcroft |
| | | |

REPORT TO: Executive Board Sub-Committee
DATE: 6th September 2007
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: Treasury Management 2006/07
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To review treasury management during 2006/07 in accordance with the Council's Treasury Management Policy Statement .

2.0 RECOMMENDED: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 The annual review is attached in the Appendix.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None.

6.2 Employment, Learning and Skills in Halton

None.

6.3 A Healthy Halton

None.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

7.1 The main risks associated with Treasury Management are security of investment and volatility of return. To combat this, the Authority operates within a clearly defined Treasury Management Policy and an annual borrowing and investment strategy which sets out the control framework.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no issues under this heading.

9.0 REASON(S) FOR DECISION

9.1 Requirement of the Treasury Management function.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10.1 None.

11.0 IMPLEMENTATION DATE

11.1 Not applicable.

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

| Document | Place of Inspection | Contact Officer |
|----------------|---------------------|-----------------|
| Working papers | Accountancy Office | J. Viggers |

TREASURY MANAGEMENT – ANNUAL REVIEW 2006/07

1.0 INTRODUCTION AND BACKGROUND

1.1 Treasury management in local government is regulated by the 1996 revision of the CIPFA Code of Practice on Treasury Management in Local Authorities (the Code). This Council has adopted the Code and fully complies with its requirements. The primary requirement of the Code is the formulation and agreement by full Council of a Treasury Policy Statement which sets out Council, Committee and Operational Director – Financial Services' responsibilities, and delegation and reporting arrangements. (A new revision of the Code was published in December 2001 which was adopted in March 2002 for the 2002/03 year onwards.)

1.2 A requirement of the Council's Treasury Policy Statement is the reporting to the Executive Board Sub-Committee of both the expected treasury activity for the forthcoming financial year (the annual treasury strategy statement) and subsequently the results of the Council's treasury management activities in that year (this annual treasury report). Treasury management in this context is defined as:

“The management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.

1.3 This annual report covers:

- the Council's current treasury position;
- performance measurement;
- the borrowing strategy for 2006/07;
- the borrowing outturn for 2006/07;
- compliance with treasury limits;
- investments strategy for 2006/07;
- investments outturn for 2006/07;
- debt rescheduling;
- other issues.

2.0 CURRENT PORTFOLIO POSITION

2.1 The Council's debt position at the beginning and end of year was as follows:

| | 31st March 2007 | | | | 31st March 2006 | | |
|--------------------------|-----------------|--------------|-------------|-------------|-----------------|-------------|-------------|
| | Principal £m | £m | Rate % | Life Yrs | Principal | Rate % | Life Yrs |
| Fixed Rate Funding | | | | | | | |
| – PWLB | 10.00 | | 3.70 | 49 | 10.00 | 3.70 | 50 |
| – Market | 10.00 | 20.00 | 4.42 | 0-59 | 10.00 | 4.42 | 2-60 |
| Variable Rate Funding | | | | | | | |
| – PWLB | 0.00 | | | | 0.00 | 0.00 | |
| – Market | 2.00 | 2.00 | 5.34 | | 4.00 | 4.46 | |
| Total Debt | | 22.00 | 4.18 | | 24.00 | 4.13 | |
| Investments | | | | | | | |
| – In-house | 27.30 | | 5.15 | | 33.40 | 4.66 | |
| – With Managers | 0.00 | | | | 0.00 | | |
| Total Investments | | 27.30 | 5.15 | | 33.40 | 4.66 | |

3.0 PERFORMANCE MEASUREMENT

- 3.1 One of the key changes in the revision of the Code in 1996 was the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 2). CIPFA has however issued draft indicators, although accompanied by a cautionary note. In effect these represent a potential range of statistics which will not give a definitive set of indicators, but will rather aid comparison with neighbouring authorities treasury structures.

The use of benchmarks for investments may be inappropriate for those Local Authorities with small cash balances as they may only be able to put money out for short periods and often at weaker rates.

4.0 THE STRATEGY FOR 2006/07

Sections 4.0 and 5.0 are reproduced from the Treasury Management Strategy approved by the Executive Board Sub-Committee on 13th March 2006.

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

- 4.2 Sector View: Interest rate forecast – 13.1.06.

| | Q/E1 2006 | Q/E2 2006 | Q/E3 2006 | Q/E4 2006 | Q/E1 2007 | Q/E2 2007 | Q/E3 2007 | Q/E4 2007 | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Base Rate | 4.50 | 4.25 | 4.25 | 4.00 | 4.25 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| 5 yr Gilt Yield | 4.00 | 4.00 | 4.00 | 4.25 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| 10 yr PWL B Rate | 4.25 | 4.25 | 4.50 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 5.00 | 4.75 | 4.50 |
| 25 yr PWL B Rate | 4.25 | 4.25 | 4.25 | 4.50 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 5.00 | 5.00 | 5.00 | 4.75 | 4.50 |
| 50 yr PWL B Rate | 4.00 | 4.00 | 4.00 | 4.25 | 4.25 | 4.50 | 4.50 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.50 | 4.25 |

Sector's current interest rate view is that the repo (base) rate will:

- remain on hold at 4.5% until the end of Q1 2006;
- fall to 4% by the end of Q4 2006;
- edge up by 0.25% in Q1, Q2 and Q3 of 2007 to end the year at 4.75%.

The risk to this forecast is to the downside in as much as the cuts in rates could occur earlier than our forecast suggests, although this will not necessarily affect the timing of the first upward move in Q1 2007.

4.3 Economic background

UK

- GDP growth weakened from 3.2% in 2004 to 1.7% in 2005 under the impact of monetary and fiscal tightening and the oil price shock depressing household spending. Growth expected to recover weakly to about 2.0% in 2006 and then return to the long term trend rate of 2.5% in 2007;
- House price inflation has fallen to low levels and may now stabilise;
- Inflation forecast to stay around target despite hike in oil prices. MPC on alert for pipeline cost pressures, primarily from oil price increases, feeding through into output prices and then into retail prices;
- Public sector deficit to decline steadily over next few years as the Government cuts back on the rate of growth of its expenditure.

International

- Boom in world commodity prices driven by strong growth in China and India; potential for further increases in prices but supply side increases and improvements in technology are likely to reduce prices in the medium term;

- Inability of oil producers to spend their huge cash surpluses and reluctance of Asian economies to run current account deficits will suppress world demand and dampen world growth;
- US – Fed nearing the end of its phase of measured rate raising. Fed rate may now peak at 4.5%;
- US GDP growth expected to weaken from 4.2% 2004 to 3.5% 2005 and 3.0% 2006;
- ECB had held repo rate at 2.00% since June 2003; increase in December to 2.25% and further increases expected as the economic outlook has improved;
- Eurozone GDP growth expected to rise weakly and to continue to under perform the UK and US economies.

5.0 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

5.1 The Sector forecast is as follows:

- The new 50 year PWLB rate will remain flat at 4% until Q4 2006 when it will rise to 4.25% with a further increase to 4.5% in Q2 2007. As the Sector forecast is in 25bp segments there is obviously scope for the rate to move away slightly from 4.0% without affecting this overall forecast.
- Similarly the 25-30 year PWLB rate will remain flat at 4.25% until Q4 2006 when it will rise to 4.50% with a further increase to 4.75% in Q2 2007.
- The 10 year PWLB rate will stay at 4.25% in the first two quarters of 2006 but will then rise to reach 4.50% in Q3 2006 and then 4.75% in Q1 2007.
- 5 year gilt yields will follow base rate down and trough by the end of Q3 2006 at 4.00%. Yields will then rise to 4.25% in Q4 2006, 4.5% in Q1 2007 and to 4.75% in Q2 2007 as the interest rate cycle turns up again.

5.2 This forecast indicates, therefore, that the borrowing strategy for 2006/07 should be set to take long dated borrowings in the second and third quarters of the calendar year before PWLB rates rise. This applies particularly to the 50 year area where Sector forecast the rate to remain at 4.00% until Q3 2006. Variable rate borrowing and borrowing in the five year area will also be attractive in the second and third quarter of the calendar year while the repo rate is on a falling trend.

5.3 These interest rate expectations provide a variety of options:

- With 50 year PWLB rates at 4% borrowing should be made in this area of the market in Q2 and Q3 of the calendar year. This rate will be lower than the forecast rates for shorter maturities in the 5 year and 10 year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.0%. However, to maintain a suitable maturity profile, authorities should consider borrowing short term fixed and variable borrowing as well and this should be undertaken in the second and third quarters of the financial year as the repo rate declines;
- Councils should consider borrowing longer term fixed funding if they believe that there is a risk that the average variable rate over the budget forecast period is going to be higher than the longer term fixed rate. However, over the longer term there may be periods where short term/variable rates are lower than longer term fixed rates.

5.4 Against this background caution will be adopted with the 2006/07 treasury operations. The Operational Director – Financial Services will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Executive Board Sub-Committee at the next available opportunity.

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

- if it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or in increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap;
- if it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates remaining low or weakening, then long term borrowings will be postponed, and any rescheduling from fixed rate funding into variable or short rate funding will be exercised

6.0 OUTTURN FOR 2006/07

6.1 Shorter-term interest rates

Bank Rate started 2006/07 at 4.5%, having been unchanged at this level since August 2005. The start of the year was dominated by concerns for the impact of large price rises in gas and electricity on consumers and during quarter 2, oil rose to over \$70 per barrel again. These increases were expected to depress consumer expenditure; they also caused CPI (Consumer Price Inflation) to jump from 1.8% in March to 2.2% in May. The housing market around this time was quite subdued and house price inflation fell right back during quarter 3 2005 – Q1 2006. There were also concerns about the impact of reduced levels of increases in public sector expenditure on economic growth, this having been one of the main supports in recent years. In addition, the continuing series of interest rate increases in the US were expected to dampen the US economy during 2006 with annual growth forecast to fall from 3.4% in 2005 to 2.5% in 2006. The EU growth rate was not expected to increase significantly from mediocre levels. Overall, this led to forecasts for the UK economy for 2006 of only a weak recovery from 1.7% GDP growth expected in 2005 to about 2.0% in 2006 i.e. below the trend rate of about 2.5 – 2.75%. The general expectation in the markets was therefore that there would need to be cuts in Bank Rate in 2006 in order to stimulate the economy to higher rates of growth.

The Bank of England Inflation Report of May 2006 marked a watershed in as much as the MPC switched from a loosening bias on interest rates to a tightening bias. MPC suspicions that official data had been under recording the strength of economic growth were vindicated by retrospective adjustments (increases) to annual growth figures extending back as far as 2001 in the quarter 1 2006 GDP figures. These revisions also increased the Q4 2005 and Q1 2006 GDP growth figures up from 0.6% to 0.7% q/q. This tipped previous expectations of an underperforming UK economy over into one that was running at or above its trend rate of growth. Previous expectations of cuts in Bank Rate in 2006 evaporated and were replaced by the reverse expectation i.e. at least one, if not two increases of 0.25% by the end of 2006. Bank Rate accordingly rose to 4.75% in August 2006 and then to 5.0% in November as the MPC also became concerned about the possible second round impact of price increases on pay increases and so on overall inflation. CPI had risen further to 2.5% in June and hit 2.5% again in August. Money supply growth also hit a fourteen year high of 14.4% in September although the strength of correlation between money supply growth and inflation has been hotly debated by economists for many years. More gas and electricity price rises followed in Q3 and added to inflationary concerns. CPI duly reached 2.7% in November. Another increase in Bank Rate to 5.25% followed in January; this was a huge shock (in terms of its timing) to both the financial markets and forecasters and immediately sparked deductions that the MPC had had access to some even worse news on the

inflation front which was not available to the markets at that time, before it took that decision. These deductions were confirmed soon after by the news that CPI had jumped to 3.0% in December (the highest rate for eleven years), a whisker away from the MPC having to write a letter of explanation to the Chancellor (if it had gone over 3.0%). The annualised GDP growth rate also hit 3.0%, the highest in two years, in Q4 2006, adding to confirmation that the recent increases in Bank Rate had done little to dampen the economy and stoking expectations that Bank Rate would have to rise even further. The housing market had also staged a major recovery during 2006 with house price inflation getting back into double figures again in Q1 2007 while consumers had not cut back on expenditure during 2006 but had maintained expenditure levels by reducing their savings rate. Pay inflation, though, did not become a major concern in 2006/07, thanks mainly to immigration boosting the labour supply but also due to an increased participation level which together kept pay inflation subdued. The final result was that GDP growth recovered strongly from 1.9% in 2005 to 2.8% in 2006.

In the US, initial expectations that the Fed. would not need to raise the Fed. rate above 4.5% were confounded by the continuing robustness of economic growth and concerns over rising inflationary pressures which resulted in the peak in rates not occurring until 5.25% was reached in August 2006. The gathering housing market slowdown during 2006 eventually started to dampen the economy in the latter half of 2006. This was compounded by the sub-prime mortgage crisis in Q1 2007 which rocked financial markets as 30 US sub-prime mortgage lenders went bust. In March 2007 the Fed dropped its tightening bias but by then, the US economy had turned in a robust growth rate for 2006 of 3.3%.

In the Euro zone, the ECB raised its rate to 2.5% in March 2006 with further 0.25% increases following in June, August, October, December and March 2007 to reach 3.75% due to a near doubling in the GDP growth rate from 1.5% in 2005 to 2.8% in 2006 and a rise in inflationary pressures.

6.2 12-month bid rates

During early April, the 12 month LIBID rate hit a low of 4.63%. It then climbed steadily towards 5.0% until Bank Rate was increased to 4.75% on 3 August, when it jumped up nearly another 20 basis points. Growing expectations of the imminence of another Bank Rate increase saw the rate continue to climb to hit 5.4% when expectations were realised on 9 November when Bank Rate rose to 5.0%. This rising trend continued and the surprise Bank Rate increase on 11 January saw 12 month LIBID jump nearly another 20 basis points to 5.76%. It then ended the year at 5.81%.

6.3 5 and 10 year gilt yields

These yields also started off with lows for the year in early April of 4.43% (10 year 4.38%). They hit a high in early February of 5.37% (10 year 5.02% in late January) before ending the year at 5.21% (10 year 4.94%).

6.4 Longer-term interest rates

The PWLB 45-50 year rate started the year at 4.20% and then rose to 4.45% around the end of Q2. It then fell back to a year low of 4.05% on a number of occasions in late September to early November. However, it then climbed back again to 4.45% on a number of occasions in late January – March and finished on a year high of 4.50% near the year end. (The 25-30 year rate started the year at 4.30% and hit a low of 4.20% in September and November before reaching a high at the end of the year of 4.65%).

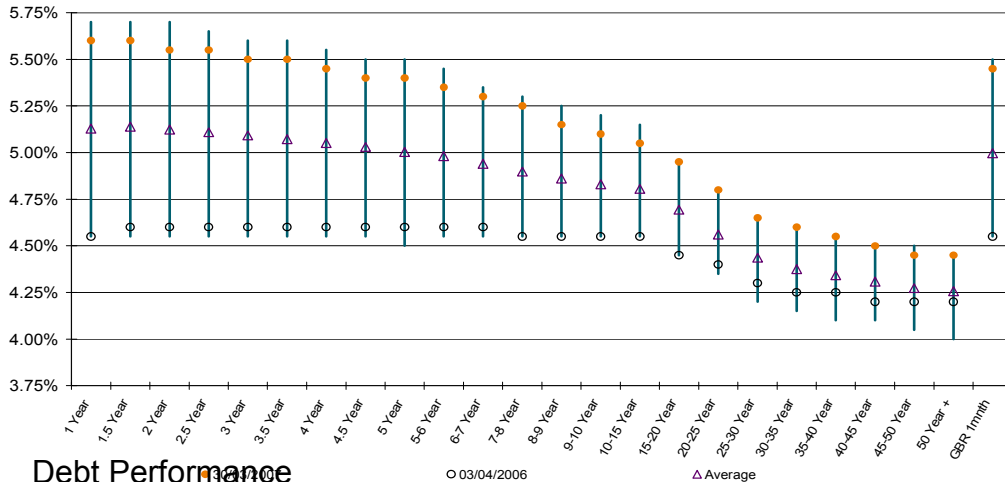
7.0 BORROWING OUTTURN FOR 2006/07

7.1 As comparative performance indicators, average PWLB maturity loan interest rates for 2006/07 were:

| | |
|----------------------|-------|
| 1 year | 5.13% |
| 9 - 10 year | 4.83% |
| 25 - 30 year | 4.44% |
| 45 – 50 year | 4.27% |
| 1 month GBR variable | 5.00% |

7.2 The graph below shows the range (high and low points) in rates for each maturity period during the year, and individual rates at the start and end of the financial year.

PWLB rates 2006/07



7.3 Debt Performance

03/04/2006

△ Average

As highlighted in section 2.1, above the average debt portfolio interest rate has moved over the course of the year from 4.13% to 4.18%. The approach during the year was to fund borrowing from surplus cash unless rates were particularly attractive when the Council would draw longer term fixed rate debt to take advantage of low long term rates and reduce exposure to fluctuations in short term interest rates.

- 7.4 There was no new long term borrowing transactions in the year. The possibility of undertaking some borrowing in advance of the year's requirement was looked at in November when rates were at the low point of the year, but decided against as at the time a sizeable capital receipt was imminent.

8.0 COMPLIANCE WITH TREASURY LIMITS

- 8.1 During the financial year the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement.

9.0 TEMPORARY INVESTMENTS STRATEGY

Section 9.0 is reproduced from the Treasury Management Strategy approved by the Executive Board Sub-Committee on 13th March 2006.

9.1 Investment Policy

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

- (a) the security of capital; and
- (b) the liquidity of its investments.

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

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

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

Specified Investments:

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

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

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

Non-Specified Investments:

A maximum of 30% will be held in aggregate in non-specified investments for 2-3 years and 60% in 1 to 2 years.

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

The Council uses Moody's ratings to derive its criteria. Where a counterparty does not have a Moody's rating, the equivalent Fitch rating will be used. All credit ratings will be monitored on a regular basis. The Council is alerted to changes in credit ratings through its use of the Sector creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

9.2 Investment Strategy

In-house funds: The Council's in-house managed funds have during the past twelve months been in the value range of £23m to £38m with a core balance of around £18m which is available for investment over a longer (say) 2-3 year period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

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

| | Amount | Maturity | Rate |
|---------------------------|--------|-----------|------|
| Leeds & Holbeck BS | 2.50m | 18.12.06. | 4.67 |
| Cheshire BS | 5.00m | 04.06.06. | 5.00 |
| Norwich & Peterborough BS | 2.50m | 02.10.06. | 4.50 |
| Nottingham BS | 2.50m | 29.09.06. | 4.52 |
| Scarborough BS | 2.50m | 05.12.06. | 4.56 |
| Chelsea BS | 2.50m | 22.01.08. | 4.75 |
| Chelsea BS | 2.50m | 22.07.07. | 4.63 |
| Stroud & Swindon BS | 2.50m | 23.07.07. | 4.63 |
| Lambeth BS | 2.50m | 22.01.07. | 4.55 |

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

Interest Rate Outlook: Sector is forecasting base rates to be on a falling trend from 4.50% to reach 4.00% in Q4 2006 but to rise again to end Q1 2007 at 4.25%. Councils should therefore seek to lock in longer period investments at higher rates before this fall starts for some element of their investment portfolio which represents their core balances. Some investments should be aimed to mature during Q1 2007 when the interest rate cycle turns up and the market yield curve should have turned positive. This will enable councils to lock into higher yielding investments with their maturing deposits. For 2006/7 clients should budget for a cautious investment return of 4.0%.

The Council has identified 4.60% as an attractive trigger rate for 1-year lending and 4.55% for 2-3 year lending. The 'trigger points' will be kept under review and discussed with Sector so that investments can be made at the appropriate time.

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

End of year Investment Report

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

10.0 INVESTMENTS OUTTURN FOR 2006/07

10.1 Internally Managed Investments – The authority manages its investments in-house and invests within the institutions listed in the authority's approved lending list. The authority invests for a range of periods from overnight to 3 years, dependent on the authority's cash flows and the interest rates on offer.

- 10.2 Investment Outturn – Detailed below is the result of the investment strategy undertaken by the Council.

| | Average Investment Level | Rate of Return (gross of fees) | Rate of Return (net of fees) | Benchmark Return* |
|--------------------|--------------------------|--------------------------------|------------------------------|-------------------|
| Internally Managed | £38.730m | 4.80% | 4.80% | 4.84% |

*The benchmark for internally managed funds is the average 7-day LIBID rate (uncompounded) sourced from the Financial Times. The benchmark for externally managed funds is the 7 day LIBID rate, averaged for the week, and compounded weekly.

NB: The 3 month LIBID benchmark rate was 4.99%.

The outturn is below the benchmark for the first time in quite a few years and reflects the volatile upturn experienced in interest rates last year. The return was better than the Sector model portfolio which returned 4.72%.

- 10.3 No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

11.0 DEBT RESCHEDULING

- 11.1 The post housing stock transfer debt situation has left the council in a unique situation. It has a low level of external debt at £20m, £10m of which is locked into an excellent rate of 3.70% for a long period. It is unlikely that this debt would be rescheduled as it provides a cornerstone of the debt portfolio for future years.

12.0 OTHER ISSUES

12.1 Euro Entry

The Chancellor made a statement in Parliament on 9 June 2003 on the outcome of the five tests that needed to be passed prior to UK entry into the Euro. The conclusion reached was that the UK was not yet ready to enter into the Euro; most commentators and the foreign currency exchanges, considered that the UK would be unlikely to meet those tests for at least several years although the Government announced it was keeping the door open.

12.2 Housing Stock Transfer

The post transfer scenario is still looking very good and no residual issues have arisen.

APPENDIX A

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

Sector View interest rate forecast – 13.1.06.

| | Q/E1 2006 | Q/E2 2006 | Q/E3 2006 | Q/E4 2006 | Q/E1 2007 | Q/E2 2007 | Q/E3 2007 | Q/E4 2007 | Q/E1 2008 | Q/E2 2008 | Q/E3 2008 | Q/E4 2008 | Q/E1 2009 | Q/E2 2009 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Base Rate | 4.50% | 4.25% | 4.25% | 4.00% | 4.25% | 4.50% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% |
| 5 yr Gilt Yield | 4.00% | 4.00% | 4.00% | 4.25% | 4.50% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% |
| 10 yr PWL B Rate | 4.25% | 4.25% | 4.50% | 4.50% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 4.75% | 5.00% | 4.75% | 4.50% |
| 25 yr PWL B Rate | 4.25% | 4.25% | 4.25% | 4.50% | 4.50% | 4.75% | 4.75% | 4.75% | 4.75% | 5.00% | 5.00% | 5.00% | 4.75% | 4.50% |
| 50 yr PWL B Rate | 4.00% | 4.00% | 4.00% | 4.25% | 4.25% | 4.50% | 4.50% | 4.50% | 4.75% | 4.75% | 4.75% | 4.75% | 4.50% | 4.25% |

Capital Economics interest rate forecast – 13.1.06.

| | Q/E1 2006 | Q/E2 2006 | Q/E3 2006 | Q/E4 2006 | Q/E1 2007 | Q/E2 2007 | Q/E3 2007 | Q/E4 2007 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Base Rate | 4.25% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 5 yr Gilt Yield | 4.10% | 4.00% | 3.90% | 3.80% | 4.00% | 4.10% | 4.30% | 4.40% |
| 10 yr PWLB Rate | 4.25% | 4.15% | 4.25% | 4.35% | 4.55% | 4.75% | 4.85% | 4.75% |
| 25 yr PWLB Rate | 4.25% | 4.25% | 4.35% | 4.45% | 4.45% | 4.55% | 4.65% | 4.65% |
| 50 yr PWLB Rate | 3.95% | 3.95% | 4.05% | 4.15% | 4.15% | 4.25% | 4.35% | 4.35% |

UBS Economic interest rate forecast (for quarter ends) - 13.1.06.

| | Q/E1 2006 | Q/E2 2006 | Q/E3 2006 | Q/E4 2006 | Q/E1 2007 | Q/E2 2007 | Q/E3 2007 | Q/E4 2007 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Base Rate | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| 10 yr PWLB Rate | 4.25% | 4.35% | 4.45% | 4.55% | 4.60% | 4.60% | 4.65% | 4.65% |
| 25 yr PWLB Rate | 4.15% | 4.45% | 4.55% | 4.65% | 4.70% | 4.75% | 4.80% | 4.85% |
| 50 yr PWLB Rate | 4.05% | 4.45% | 4.61% | 4.74% | 4.80% | 4.86% | 4.91% | 4.97% |

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – December 2005 summary of forecasts of 26 City and 14 academic analysts for Q4 2005 and 2006. (2007 – 2009 are as at November 2005 but are based on 18 forecasts)

| | Repo | Quarter Ended | | Annual Average Repo | | |
|----------------------------------|-------|---------------|------------|---------------------|-----------------|-----------------|
| | | Q4 2005 | Q4 2006 | Average 2007 | Average 2008 | Average 2009 |
| Indep. Forecasters BoE Base Rate | 4.50% | 4.49% | 4.29% | 4.39% | 4.54% | 4.60% |
| Highest Base Rate | 4.50% | 4.55% | 5.00% | 5.40% | 5.90% | 6.20% |
| Lowest Base Rate | 4.50% | 4.20% | 3.50% | 3.75% | 3.75% | 3.75% |

APPENDIX B

| Date | Base Rate | 7 Day Libid | 1 Year | 9-10 Year | 20-25 Year | 50 Year |
|--------------------|-----------|-------------|--------|-----------|------------|---------|
| | % | % | % | % | % | % |
| April 7, 2006 | 4.50 | 4.46 | 4.66 | 4.55 | 4.40 | 4.20 |
| April 14, 2006 | 4.50 | 4.42 | 4.71 | 4.60 | 4.45 | 4.30 |
| April 21, 2006 | 4.50 | 4.45 | 4.69 | 4.65 | 4.50 | 4.30 |
| April 28, 2006 | 4.50 | 4.47 | 4.79 | 4.80 | 4.60 | 4.40 |
| May 5, 2006 | 4.50 | 4.52 | 4.91 | 4.85 | 4.60 | 4.40 |
| May 12, 2006 | 4.50 | 4.48 | 4.94 | 4.90 | 4.65 | 4.40 |
| May 19, 2006 | 4.50 | 4.53 | 4.92 | 4.75 | 4.45 | 4.20 |
| May 26, 2006 | 4.50 | 4.56 | 4.88 | 4.70 | 4.50 | 4.30 |
| June 2, 2006 | 4.50 | 4.57 | 4.91 | 4.80 | 4.60 | 4.35 |
| June 9, 2006 | 4.50 | 4.57 | 4.88 | 4.75 | 4.60 | 4.40 |
| June 16, 2006 | 4.50 | 4.57 | 4.94 | 4.80 | 4.55 | 4.35 |
| June 23, 2006 | 4.50 | 4.54 | 4.97 | 4.90 | 4.65 | 4.45 |
| June 30, 2006 | 4.50 | 4.58 | 4.93 | 4.85 | 4.65 | 4.45 |
| July 7, 2006 | 4.50 | 4.54 | 4.92 | 4.85 | 4.65 | 4.35 |
| July 14, 2006 | 4.50 | 4.52 | 4.87 | 4.80 | 4.60 | 4.30 |
| July 21, 2006 | 4.50 | 4.53 | 4.95 | 4.80 | 4.55 | 4.30 |
| July 28, 2006 | 4.50 | 4.54 | 4.95 | 4.75 | 4.55 | 4.30 |
| August 4, 2006 | 4.75 | 4.80 | 5.18 | 4.90 | 4.65 | 4.35 |
| August 11, 2006 | 4.75 | 4.80 | 5.20 | 4.85 | 4.60 | 4.35 |
| August 18, 2006 | 4.75 | 4.81 | 5.17 | 4.80 | 4.60 | 4.35 |
| August 25, 2006 | 4.75 | 4.84 | 5.15 | 4.70 | 4.50 | 4.25 |
| September 1, 2006 | 4.75 | 4.81 | 5.18 | 4.65 | 4.45 | 4.20 |
| September 8, 2006 | 4.75 | 4.80 | 5.17 | 4.70 | 4.50 | 4.20 |
| September 15, 2006 | 4.75 | 4.79 | 5.24 | 4.75 | 4.50 | 4.20 |
| September 22, 2006 | 4.75 | 4.78 | 5.27 | 4.75 | 4.45 | 4.15 |
| September 29, 2006 | 4.75 | 4.83 | 5.21 | 4.65 | 4.40 | 4.10 |
| October 6, 2006 | 4.75 | 4.80 | 5.29 | 4.70 | 4.40 | 4.10 |
| October 13, 2006 | 4.75 | 4.81 | 5.32 | 4.80 | 4.50 | 4.15 |
| October 20, 2006 | 4.75 | 4.80 | 5.32 | 4.85 | 4.55 | 4.20 |
| October 27, 2006 | 4.75 | 4.84 | 5.38 | 4.85 | 4.50 | 4.15 |
| November 3, 2006 | 4.75 | 4.82 | 5.34 | 4.70 | 4.35 | 4.05 |
| November 10, 2006 | 5.00 | 5.07 | 5.37 | 4.70 | 4.40 | 4.05 |
| November 17, 2006 | 5.00 | 5.00 | 5.36 | 4.75 | 4.45 | 4.10 |
| November 24, 2006 | 5.00 | 5.00 | 5.36 | 4.75 | 4.45 | 4.15 |
| December 1, 2006 | 5.00 | 5.00 | 5.36 | 4.70 | 4.40 | 4.10 |
| December 8, 2006 | 5.00 | 5.00 | 5.34 | 4.70 | 4.45 | 4.15 |
| December 15, 2006 | 5.00 | 5.00 | 5.46 | 4.80 | 4.50 | 4.20 |
| December 22, 2006 | 5.00 | 5.00 | 5.50 | 4.90 | 4.60 | 4.25 |
| December 29, 2006 | 5.00 | 5.00 | 5.51 | 4.95 | 4.65 | 4.30 |

| Date | Base Rate | 7 Day Libid | 1 Year | 9-10 Year | 20-25 Year | 50 Year |
|-------------------|-----------|-------------|--------|-----------|------------|---------|
| | % | % | % | % | % | % |
| January 5, 2007 | 5.00 | 5.00 | 5.52 | 4.95 | 4.60 | 4.25 |
| January 12, 2007 | 5.25 | 5.30 | 5.75 | 5.05 | 4.65 | 4.25 |
| January 19, 2007 | 5.25 | 5.30 | 5.84 | 5.10 | 4.70 | 4.30 |
| January 26, 2007 | 5.25 | 5.30 | 5.83 | 5.15 | 4.75 | 4.35 |
| February 2, 2007 | 5.25 | 5.20 | 5.85 | 5.20 | 4.80 | 4.40 |
| February 9, 2007 | 5.25 | 5.30 | 5.79 | 5.10 | 4.75 | 4.35 |
| February 16, 2007 | 5.25 | 5.30 | 5.70 | 5.05 | 4.70 | 4.35 |
| February 23, 2007 | 5.25 | 5.30 | 5.74 | 5.10 | 4.75 | 4.40 |
| March 2, 2007 | 5.25 | 5.30 | 5.70 | 4.95 | 4.60 | 4.30 |
| March 9, 2007 | 5.25 | 5.30 | 5.64 | 4.95 | 4.60 | 4.30 |
| March 16, 2007 | 5.25 | 5.30 | 5.65 | 4.95 | 4.60 | 4.30 |
| March 23, 2007 | 5.25 | 5.20 | 5.72 | 5.05 | 4.70 | 4.35 |
| March 30, 2007 | 5.25 | 5.32 | 5.80 | 5.10 | 4.80 | 4.45 |
| Maximum | 5.25 | 5.32 | 5.84 | 5.20 | 4.80 | 4.45 |
| Minimum | 4.50 | 4.42 | 4.66 | 4.55 | 4.35 | 4.05 |
| Spread | 0.75 | 0.90 | 1.18 | 0.65 | 0.45 | 0.40 |
| Average | 4.83 | 4.86 | 5.27 | 4.84 | 4.57 | 4.27 |

APPENDIX C

PRUENTIAL INDICATORS FOR 2006/07

The following prudential indicators were set for the purposes of an integrated treasury management strategy.

| No. | Prudential Indicator | 2006/07 £ | 2007/08 £ | 2008/09 £ |
|-----|------------------------------------------------------------------------|--------------|--------------|--------------|
| | (1) Extract from Budget | | | |
| 3 | Affordable Borrowing Increase in Council Tax B7 (Band D, per annum) | 4.33 | 4.33 | Nil |
| 7 | Capital Financing Requirement (as at 31 March) Non-HRA | £m 61.040 | £m 66.902 | £m 70.500 |

| No. | Prudential Indicator | 2006/07 £m | 2007/08 £m | 2008/09 £m |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| | (2) Treasury Management Prudential Indicators | | | |
| 9 | Authorised Limit for External Debt Borrowing | 46.01 | 49.39 | 52.77 |
| | Other Long Term Liabilities | 0.00 | 0.00 | 0.00 |
| | TOTAL | 46.01 | 49.39 | 52.77 |
| 10 | Operational Boundary for External Debt Borrowing | 36.01 | 39.39 | 42.77 |
| | Other Long Term Liabilities | 0.00 | 0.00 | 0.00 |
| | TOTAL | 36.01 | 39.39 | 42.77 |
| 12 | Upper Limit for Fixed Interest Rate Exposure Expressed as Net Principal re Fixed Borrowing/ Investments | 27.01 (75%) | 29.54 (75%) | 32.08 (75%) |
| 13 | Upper Limit for Variable Rate Exposure Expressed as Net Principal re Variable Borrowing/ Investments Net Interest re Variable Rate Borrowing/ Investments | 27.01 (75%) | 29.54 (75%) | 32.08 (75%) |
| 14 | Maturity Structure of New Fixed Rate Borrowing during 2006/07 | | Upper | Lower |
| | Under 12 months | | 50% | 0% |
| | 12 months and within 24 months | | 75% | 0% |
| | 24 months and within 5 years | | 50% | 0% |
| | 5 years and within 10 years | | 50% | 0% |
| | 10 years and above | | 75% | 0% |

| No. | Prudential Indicator | 2006/07 £m | 2007/08 £m | 2008/09 £m |
|-----|--------------------------------------------------------|---------------|---------------|---------------|
| 15 | Upper Limit for Total Principal Sums invested for over | | | |
| | Up to 1 year (per maturity date) | 44.30 | 37.50 | 37.50 |
| | Up to 2 years (per maturity date) | 26.88 | 22.50 | 22.50 |
| | 2 Years+ (per maturity date) | 13.44 | 11.25 | 11.25 |

REPORT TO: Executive Board Sub-Committee

DATE: 6th September 2007

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Discretionary Non-Domestic Rate Relief

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is for members to consider 2 applications for Discretionary Non-Domestic Rate Relief, under the provisions of the Local Government Finance Act 1988.

2.0 RECOMMENDATIONS: That

(1) Under the provisions of Section 47, Local Government Finance Act 1988, Discretionary Rate Relief be granted to the following organisations at the percentage indicated, for the period from 1st April 2007 or the commencement of liability, whichever is the later, to 31st March 2009:

| | |
|---------------------------------------|------------|
| Halton Farnworth Hornets ARLFC | 20% |
| Halton Haven Hospice | 20% |

3.0 SUPPORTING INFORMATION

3.1 Under the provisions of Section 47 of the Local Government Finance Act 1988, the Authority is allowed to grant Discretionary Rate Relief to organisations that are either a charity or a non-profit making organisation. This relief may also be awarded to Community Amateur Sports Clubs. A summary of the applications follows and a list of the associated figures are attached in Appendix 1.

Halton Farnworth Hornets ARLFC **Meeting Room, Wilmere Lane Sportsground, Widnes**

Halton Farnworth Hornets ARLFC is registered as a Community Amateur Sports Club with HM Revenues and Customs, for the purposes of Schedule 18, Finance Act 2002. The club provides sporting and community facilities and is affiliated to the Rugby Football League.

The premises are used as a meeting room for the organisation and for the provision of refreshments, with first aid, refereeing and coaching courses conducted at the property.

As a Community Amateur Sports Club, Halton Farnworth Hornets ARLFC receives 80% Mandatory Rate Relief but the application also contains a request for 20% Discretionary Rate Relief.

Cost to Taxpayer (75%) 2007/08 £173.16

Halton Haven Hospice
25 High Street, Runcorn

Halton Haven is an independent hospice providing palliative care for 15 in-patients and day care for another 50 patients. The organisation provides extensive care for the terminally ill and also offers respite facilities to the community. Although they will not exclude affected parties, their services are intended to provide assistance to the residents of Halton.

The application is in respect of a shop, which is used to raise funds, by the sale of donated goods to the public. The premises were occupied with effect from 9th July 2007.

As they are a registered charity, 80% Mandatory Rate Relief has already been awarded but their application also includes a request for 20% Discretionary Rate Relief. The hospice has previously been awarded the additional relief, in respect of the shops at 12 Regent Street, Runcorn and 136 Widnes Road, Widnes.

Cost to Taxpayer (75%) 2007/08 £ 378.97

4.0 POLICY IMPLICATIONS

4.1 Members are required by the regulations to consider each application on its own merit. Any recommendations provided are given for guidance only and are consistent with previous decisions and council policy.

5.0 OTHER IMPLICATIONS

5.1 75% of any Discretionary Rate Relief granted to organisations receiving Mandatory Rate Relief must be met by the Council Taxpayer, whilst 25% must be met if Mandatory Rate Relief has **not** been awarded. Appendix 1 identifies the cost to the Council Taxpayer for each new application. All the applicants provide support and/or education to the community, which is consistent with the Council's Corporate Plan.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Halton Farnworth Hornets ARLFC provides facilities for children and young people.

6.2 Employment, Learning and Skills in Halton

None applicable.

6.3 A Healthy Halton

The sporting activities offered by Halton Farnworth Hornets ARLFC contributes to improving the health of residents of Halton.

6.4 A Safer Halton

None applicable.

6.5 Halton's Urban Renewal

None applicable.

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Halton Farnworth Hornets ARLFC offers membership to all sections of the community. Halton Haven Hospice provides care and support for any affected party.

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

| 9.1 Document | Place of Inspection | Contact Officer |
|------------------------------------------|----------------------------|-------------------------------------|
| Application form and supporting evidence | Catalyst House, Widnes | Phil Murphy, Business Rates Manager |

APPENDIX 1

| Ratepayer | Address | Annual Rates 2007/2008 £ | Actual Rates Liability 2007/2008 £ | Mandatory Rate Relief Awarded | Actual Rates Payable 2007/2008 £ | Discretionary Rate Relief Claimed | Annual Cost of Relief to HBC 2007/2008 £ | Actual Cost of Relief to HBC 2007/2008 £ |
|--------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------------------|----------------------------------------------|-----------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|
| Halton Farnworth Hornets ARLFC | Meeting Room, Wilmere Lane Sportsground, Widnes | 1,154.40 | 1,154.40 | 80% | 230.88 | 20% | 173.16 | 173.16 |
| Halton Haven Hospice | 25 High Street, Runcorn | 3,463.20 | 2,526.43 | 80% | 505.29 | 20% | 519.48 | 378.97 |

REPORT TO: Executive Board Sub Committee

DATE: 6th September 2007

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: 2007/08 Quarter 1 Spending

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue and capital spending position as at the end of the first quarter of 2007/08.

2.0 RECOMMENDED: That the report be noted.

3.0 SUPPORTING INFORMATION

Revenue Spending

- 3.1 The summary of spending against the revenue budget for each Department, for the first quarter of the year, is shown in Appendix 1. It will be seen that in overall terms, revenue expenditure is below the budget profile.
- 3.2 However, the profile is only a guide to eventual spending and as yet the 2007 Pay Award has not yet been settled and the Pay and Grading Review has not yet been finalised. Furthermore, spending is historically higher in the latter part of the financial year, therefore, it is important that budget managers continue to closely monitor and control spending to ensure that overall spending remains in line with budget by year-end.
- 3.3 Within the overall position there are a number of vacant posts across Departments. In addition, spending on Childrens Agency Placements and Boarded Out Allowances is lower than anticipated, through fewer out-of-Borough placements. However, this is a heavily demand led budget and the position may change very quickly during the year.
- 3.4 Spending on Community Care is also less than expected, although spending on the Adults with Learning Difficulties pooled budget is higher than expected. However, steps have been taken to ensure that spending will be brought into line.

- 3.5 The School Meals Service had higher than anticipated staffing costs due to sickness and increased food preparation times, coupled with a reduction sales income following the introduction of new nutritional guidelines.

Capital Spending

- 3.6 The summary of capital spending is shown in Appendix 2. Capital spending to 30th June 2007 totalled £5.0m, which represents only 14% of the total programme of £36.8m. In particular, the Widnes Waterfront and Castlefields projects are significantly below their capital programme allocations. However, these are complex, multi-funded projects, involving external partners and funding streams, which makes them particularly challenging to deliver.

- 3.7 Although historically capital expenditure is significantly higher in the latter part of the financial year, it is important that project managers maintain pressure to keep projects and spending on schedule and in particular to ensure that all external funding is maximised.

- 3.8 All capital project managers are currently providing quarterly spending profiles for each scheme, in order that actual spend can be compared to planned spend each quarter during the remainder of the year

4.0 POLICY AND OTHER IMPLICATIONS

- 4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.0 RISK ANALYSIS

- 6.1 The Council must have internal controls and processes in place to ensure that spending remains in line with budget.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 None.

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

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

APPENDIX 1

Revenue Expenditure to 30th June 2007

| | Annual Budget | Budget to Date | Actual Spend | Variance to Date | Actual Including Committed |
|----------------------------------------------|---------------|----------------|---------------|------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Specialist Services | 12,205 | 2,216 | 1,842 | 374 | 1,935 |
| Business Planning & Resources | 11,560 | 266 | 244 | 22 | 275 |
| Universal & Learning Services | 2,444 | 157 | 151 | 6 | 155 |
| Community Services | 825 | 605 | 531 | 74 | 557 |
| Children and Young People Directorate | 27,034 | 3,244 | 2,768 | 476 | 2,922 |
| Environmental Health & Regulatory | 10,427 | 2,958 | 2,987 | (29) | 3,246 |
| Highways & Transportation | 13,872 | 1,549 | 1,340 | 209 | 2,020 |
| Major Projects | 395 | 61 | 55 | 6 | 55 |
| Regeneration | 1,326 | 147 | 94 | 53 | 104 |
| Stadium, Catering & Cleaning | 1,707 | 383 | 551 | (168) | 558 |
| Environment Directorate | 27,727 | 5,098 | 5,027 | 71 | 5,983 |
| Legal, HR & Organisation Development | 1,233 | 1,134 | 1,096 | 38 | 1,154 |
| Policy & Performance | 3,840 | 624 | 601 | 23 | 648 |
| Exchequer & Customer Services | 5,012 | 3,290 | 3,167 | 123 | 3,167 |
| Financial Services | 0 | 393 | 358 | 35 | 359 |
| ICT Services | -51 | 676 | 553 | 123 | 555 |
| Property Services | 768 | 1,880 | 1,870 | 10 | 1,870 |
| Financial Arrangements | -11,045 | -303 | -324 | 21 | -324 |
| Corporate and Policy Directorate | -243 | 7,694 | 7,321 | 373 | 7,429 |
| Culture & Leisure Services | 13,288 | 1,885 | 1,758 | 127 | 2,045 |
| Adult Services | 11,794 | 1,994 | 1,925 | 69 | 2,425 |
| Health & Partnerships | 2,961 | -1,392 | -1,475 | 83 | -1,387 |
| Older People | 12,830 | 1,944 | 1,474 | 470 | 1,680 |
| Health and Community Directorate | 40,873 | 4,431 | 3,682 | 749 | 4,763 |
| | 95,391 | 20,467 | 18,798 | 1,669 | 21,097 |

APPENDIX 2

Capital Expenditure to 30th June 2007

| | Capital Allocation | Actual Expenditure | Remaining Allocation |
|------------------------------------------------|--------------------|--------------------|----------------------|
| | £'000 | £'000 | £'000 |
| Children & Young People Directorate | | | |
| Universal & Learning Services | 2,350 | 224 | 2,126 |
| Specialist Services | 22 | 0 | 22 |
| Environment Directorate | | | |
| Highways & Transportation | 9,290 | 1,745 | 7,545 |
| Environmental & Regulatory | 2,345 | 82 | 2,263 |
| Major Projects | 13,019 | 1,624 | 11,395 |
| Stadium | 130 | 91 | 39 |
| Health & Community Directorate | | | |
| Culture & Leisure | 564 | 108 | 456 |
| Health and Partnerships | 3,820 | 313 | 3,507 |
| Older People | 255 | 12 | 243 |
| Adult Services | 249 | 97 | 152 |
| Corporate & Policy Directorate | | | |
| Policy & Performance | 120 | 0 | 120 |
| ICT Services | 1,552 | 305 | 1,247 |
| Property Services | 3,069 | 450 | 2,619 |
| | 36,785 | 5,051 | 31,734 |

REPORT: Executive Board Sub-Committee

DATE: 6 September 2007

REPORTING OFFICER: Strategic Director, Environment and Development

SUBJECT: Purchase of CCTV Surveillance Equipment

WARDS: Boroughwide

1. PURPOSE OF REPORT

1.1 To seek approval for the temporary waiver of Financial Standing Orders in relation to the acquisition of limited values of CCTV surveillance equipment up to 2010.

2. RECOMMENDATIONS: It is recommended that

(1) Financial Standing Orders relating to the supply and installation of CCTV security equipment to a total value of £125,000 be suspended until the end of 2010 and the work be placed with Technology Solutions Ltd. of Rawtenstall at the discretion of the Operational Director - Highways, Transportation and Logistics, though not on a guaranteed basis.

(2) The option to use Financial Standing Orders be retained for the supply and installation of CCTV security equipment, to be used at the discretion of the Operation Director (Highways, Transportation) as the situation demands.

3. SUPPORTING INFORMATION

3.1 The Council's main town centre security CCTV system was acquired over ten years ago, with the initial project being tendered in accordance with standing orders and won by Technology Solutions Ltd. of Rawtenstall.

3.2 Having won the first contract for installation of the basic CCTV security system and control room, Technology Solutions Ltd. have been invited to tender for a range of extensions to the original system as new camera units and other equipment have been installed at extra locations and the system has grown from 12 initial cameras to over 40. The firm have always won the work with a single exception and even in this one case, due to unresolved technical problems they had to be brought in to complete another contractor's work.

3.3 In October 2005 Technology Solutions tendered for and won a term maintenance and repair contract for the CCTV system which will expire at the end of 2010.

3.4 In January 2007 Executive Board Sub-Committee agreed to waive purchasing standing orders in relation to Technology Solutions Ltd. being awarded the work to install a wireless communications link from Widnes to the CCTV control room at Runcorn Town Hall in the value of £48,494.

3.5 Technology Solutions Ltd. are major contractors to several other authorities in the area, including Manchester City Council. Over the years the firm have been unstinting in the assistance and advice they have provided without charge in a very specialised, technically advanced and fast evolving area where rival firms tend to come and go regularly.

3.6 Given their extensive knowledge of and commitment to this Borough acquired by working in the area for many years and their complete understanding of the existing CCTV security system, it is believed Technology Solutions Ltd. are in a unique position to be able to supply and install new equipment at minimal cost. Having one contractor working on such a technologically advanced system offers advantages in that should maintenance issues arise in the future there will be no "that's not our bit of kit" issues between multiple suppliers and they have already won the maintenance contract in a tendering competition.

3.7 The area of CCTV security is one of constant technological change and expansion. Technology Solution Ltd. have this financial year provided free estimates, feasibility studies and technical advice on a number of projects without any guarantee the schemes will necessarily be carried through.

3.8 The request to waive standing orders to a total work limit of £125,000 up to the end of 2010 represents an average annual value of less than £30,000. For any higher value works or larger projects the use of existing Standing Orders is retained.

4. POLICY IMPLICATIONS

4.1 None.

5. OTHER IMPLICATIONS

5.1 Financial Implications

5.1.1 Tendering supply and installation of limited amounts of CCTV equipment would lead to an overall increase in costs through administrative overheads, tender document production and tender process handling for what is a virtually a known result. Continued Council access to free estimates, feasibility studies and technical advice could be strengthened if Technology Solutions Ltd. were assured of their position for a reasonable period.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 None

7.0 RISK ANALYSIS

7.1 Failure to accept the recommendation carries a very high risk of increased overall costs for future small CCTV security projects.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None

9.0 BACKGROUND PAPERS

Background information held in the Traffic Section, Environmental Services, Grosvenor House, Halton Lea, Runcorn. Contact S.Johnson, ext. 3010.