HALTON BOROUGH COUNCIL

Municipal Building,
Kingsway,
Widnes.
WA8 7QF

28 February 2017

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, 8 March 2017 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.

David W R

Chief Executive

-AGENDA-

Executive Board considered the attached report.

RECOMMENDED: That Council approve the Capital Programme 2017/18.

d) Treasury Management Strategy Statement 2017/18 (Minute EXB 95 refers) **41 - 64**

Executive Board considered the attached report.

RECOMMENDED: That Council adopt the policies, strategies, statements and prudential and treasury indicators outlined in the report.

e) Support to Small and Medium Enterprises (Minute EXB 99 refers) **65 - 70**

Executive Board considered the attached report.

RECOMMENDED: That

1) Council approve the introduction of a scheme of Support for SMEs, in accordance with the circumstances and criteria outlined in the report;

2) Subject to the approval of the scheme, the award of business loans up to £1m for successful applicants, be delegated to the Operational Director, Finance, in liaison with the Executive Board Portfolio Holder for Resources and the Operational Director, Economy, Enterprise and Property;

3) Subject to the approval of the scheme, the award of business loans of between £1m and £5m for successful applicants, be delegated to the Chief Executive in liaison with the Leader of the Council, the Executive Board Portfolio Holder for Resources, the Operational Director, Finance and the Operational Director, Economy, Enterprise and Property; and

4) Subject to the approval of the scheme, the award of business loans over £5m for successful applicants, be a matter for decision by the Executive Board.

f) Calendar of meetings for 2017/18 (Minute EXB 97 refers) **71 - 74**

Executive Board considered the attached report.

RECOMMENDED: That Council approve the Calendar of Meetings for the 2017/18 Municipal Year, as appended to the report.

g) Appointment of Local Returning Officer for the Combined Authority Election **75 - 76**

Council is asked to consider the attached report.

RECOMMENDED: That Council appoint the Chief Executive as the Local Returning Officer for the Combined Authority Mayoral Election to be held on 4 May 2017.

h)	Pay Policy Statement Council is asked to consider the attached report. RECOMMENDED: That Council adopts this Pay Policy Statement for 2017/18.	77 - 84
i)	People's Directorate Council is asked to consider the attached report. RECOMMENDED: That Council 1) note the content of the report; and 2) formally designate the Strategic Director, People, as the Council's Statutory Director of Children Services.	85 - 90
j)	Recommendation from Mayoral Committee (Minute MYR 2 refers) The Mayoral Committee considered a Part II item making recommendations for the appointment of Mayor and Deputy Mayor for the 2017/18 Municipal Year:- Council is requested to note these recommendations as follows. Formal confirmation will be sought at the annual meeting. 1) Councillor Alan Lowe be appointed as the Mayor; and 2) Councillor John Bradshaw be appointed as the Deputy Mayor.	
10.	**MINUTES OF THE POLICY AND PERFORMANCE BOARDS AND THE BUSINESS EFFICIENCY BOARD** a) Children, Young People and Families b) Employment, Learning, Skills and Community c) Health d) Safer e) Environment and Urban Renewal f) Corporate Services	**SEE MINUTE BOOK**

g) Business Efficiency Board

11. COMMITTEE MINUTES **SEE MINUTE BOOK**

a) Development Control Committee

b) Regulatory Committee

c) Appeals Panel

d) Standards Committee

e) Appointments Committee

Agenda Item 9a

REPORT TO:	Executive Board
DATE:	23 February 2017
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Budget 2017/18
PORTFOLIO:	Resources
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To recommend to Council the budget, capital programme and council tax for 2017/18.

2.0 RECOMMENDATION: That Council be recommended to adopt the resolution set out in Appendix A, which includes setting the budget at £103.249m, the Council Tax requirement of £44.378m (before Parish, Police and Fire precepts) and the Band D Council Tax for Halton of £1,312.27.

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

3.1 The Executive Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 17 November 2016. In summary, funding gaps of around £11.7m in 2017/18, £11.7m in 2018/19 and £9.2m in 2019/20 were identified. The Strategy had the following objectives:

- Deliver a balanced and sustainable budget
- Prioritise spending towards the Council's five priority areas
- Avoid excessive Council Tax rises
- Achieve significant cashable efficiency gains
- Protect essential front line services
- Deliver improved procurement

Budget Consultation

3.2 The Council uses various consultation methods to listen to the views of the public and Members own experience through their Ward work is an important part of that process.

3.3 Individual consultations are taking place in respect of specific budget proposals and equality impact assessments will be completed where necessary.

Review of the 2016/17 Budget

3.4 The Executive Board receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending will be over budget in the current year by approximately £1m against a net budget of £98.5m. A main reason for the projected overspend is as a result of the continued significant pressure in respect of children social care costs. Work is underway to consider how the budget can be brought back in line as much as possible during the final three months of the year and to ensure a balanced budget position is achieved for the forthcoming financial year. It is anticipated that general reserve balances at 31 March 2017 will be around £4.4m, equivalent to approximately 4.3% of the net budget for 2017/18.

2017/18 Budget

3.5 On 07 December 2016 Council approved initial budget savings for 2017/18 totalling £7.9m and further proposed savings are shown in Appendix B.

3.6 The proposed budget totals £103.249m. The departmental analysis of the budget is shown in Appendix C and the major reasons for change from the current budget are shown in Appendix D.

3.7 The proposed budget incorporates the grant figures announced in the Provisional Grant Settlement. It includes £2.414m for the New Homes Bonus 2017/18 grant. This is a reduction of £0.338m from the grant level for 2016/17 due to a change in formula in how the grant is calculated.

3.8 It is considered prudent for the budget to include a general contingency of £1m. At this stage it is considered sufficient to cover the potential for price changes, increases in demand led budgets, as well as a general contingency for uncertain and unknown items.

3.9 The Local Government Act 2003 places a requirement on the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In my view the budget setting process and the information provided should be sufficient to allow the Council to come to an informed view regarding the 2017/18 budget, capital programme and council tax. Balances and reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events.

3.10 Included within the 2017/18 budget will be a levy payable to Liverpool City Region Combined Authority for transport activities. This will be paid back to the Council during the course of the year to fund the transport activities the Council provide within the borough boundaries on behalf of the Combined Authority.

Local Government Finance Settlement

3.11 The Government announced on 22 February 2017 the Final Local Government Finance Settlement for 2017/18; this was in line with the Provisional Settlement announced on 15 December 2016.

3.12 As at 1 April 2017, the Council, as part of the Liverpool City Region will pilot a new scheme of 99% business rate retention. Government have confirmed the pilot scheme will operate under a No-Detriment policy, in that no Council operating as part of the pilot will see a reduction in their funding in comparison to what it would have received under the 49% scheme. The pilot will result in additional business rates being retained by the Council although offset by Revenue Support Grant no longer being paid, a reduction to the Top-Up grant and the Council not receiving a specific grant payment for the Improved Better Care Fund.

3.13 From 2019/20 the Business Rates Retention Scheme will be rolled out on a national basis, in conjunction with this Government will undertake a review of needs and resources of Local Government, the first review since April 2013 and reconsider the business rate baselines for each Council.

3.14 For 2017/18 The Council's total Government Settlement Funding Allocation will be £51.055m. This is made up of £43.618m Business Rates Funding and Top-Up grant of £7.437m. Excluding the impact of the Improved Better Care Fund in total the Settlement Funding Allocation has reduced by £4.786m or 8.7% from 2016/17.

3.15 The Council is required to provide a forecast of business rates to Government by the end of January of the preceding year. The forecast has been undertaken and the Council expect net collectable rates to be £49.722m for 2017/18. This is before allowing £1.337m to be set aside to fund unknown appeals and £2.602m set aside to fund the cost of any potential deficit which may exist within the Liverpool City Region business rate pilot scheme.

3.16 As far as non-domestic premises are concerned, the rate is fixed centrally by Government. For 2017/18 the rate has been set at 48.0p in the pound and 46.6p in the pound for small businesses.

3.17 The 2015 Spending Review announced that for the rest of the current Parliament, local authorities responsible for adult social care will be given the flexibility to place a precept on council tax, to be used towards the funding shortfall for adult social care. This was offered in recognition of increased pressure on Council budgets due to adult social care demographic changes and cost increases such as the National Living Wage.

3.18 In 2016/17 the Council set an Adult Social Care precept level of 2%. For the three years from 2017/18 to 2019/20 Government have extended the flexibility and Councils can apply a further precept of up to 6% over the period, with a limit of 3% being in place for the first two years and a limit of 2% for 2019/20.

Budget Outlook

3.19 As part of the Local Government Finance Settlement for 2016/17 Government published indicative Settlement Funding Allocations for the following three years, up to 2019/20. Government made an offer to Councils that they would provide the indicative figures as a multi-year settlement. In return local authorities were asked to produce and publish an efficiency plan setting out their forecast budget position through to 2019/20 and the efficiency measures they have in place or propose to implement to achieve annual balanced budget positions.

3.20 Government see the efficiency plan and multi-year settlement as a way of providing funding certainty and stability to local authorities, together with strengthening financial management and efficiency. The Council's efficiency plan was published 14 October 2016.

3.21 The Medium Term Finance Settlement has been updated to take into account the 2017/18 finance settlement, multi-year allocations and saving measures already agreed or proposed.

3.22 The resultant funding gap over the subsequent three financial years (2018/19 to 2020/21) is forecast to be in the region of £23.426m. The approach to finding these savings will be the continuation of the budget strategy of:

- Progressing the Efficiency Programme.
- Reviewing the portfolio of land and assets, including the use of buildings, in accordance with the Accommodation Strategy.
- Continuing to seek improved procurement.
- Reviewing terms and conditions of staff (subject to negotiation).
- Offering staff voluntary early retirement and voluntary redundancy under the terms of the Staffing Protocol.
- Reducing the cost of services either by reducing spend through greater efficiency or increasing income.
- Partnership working, collaboration and sharing of services with other councils and other organisations.
- Ceasing to deliver certain lower priority services.

3.23 The budget strategy is predicated on the Government continuing to withdraw considerable amounts of grant from the Council. To help offset this loss, support will be given to our partners and the voluntary sector to lever-in monies into the Borough.

Halton's Council Tax

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

3.25 The Government have confirmed the council tax referendum threshold at 2% for 2017/18, there is an additional limit of 3% precept for adult social care costs mentioned in para 3.18.

3.26 The tax base (Band D equivalent) for the Borough has been set by Council at 33,818.

3.27 The combined effect of the budget proposals presented within this report, government grant support, business rate retention and the council tax base, requires the Council to set a Band D council tax for Halton of £1,312.27 (equivalent to £25.24 per week), in order to deliver a balanced budget for 2017/18 as required by statute. This is an increase of 4.9% (£61.30 per annum or £1.18 per week) over the current year.

Parish Precepts

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

	Precept	Precept Increase		Additional Council Tax	Basic Council Tax
	£	£	%	£	£
Hale	26,250	119	0.5	39.65	1,351.92
Daresbury	4,596	396	9.4	26.41	1,338.68
Moore	4,526	28	0.6	13.80	1,326.07
Preston Brook	11,000	1,850	20.2	33.13	1,345.40
Halebank	15,610	260	1.7	29.90	1,342.17
Sandymoor	25,928	1,372	5.6	25.42	1,337.69

Average Council Tax

3.29 In addition, it is also necessary to calculate the average Council Tax for the area as a whole. This is the figure required by Government and used for comparative purposes. For a Band D property the figure is £1,314.87, an increase of £61.35 per annum.

Police Precept

3.30 The Cheshire Police and Crime Commissioner has set the precept on the Council at £5.561m which is £164.44 for a Band D property, an increase of £3.21 or 1.9%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

3.31 The Cheshire Fire Authority has set the precept on the Council at £2.479m which is £73.29 for a Band D property, an increase of £1.43 or 1.99%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Total Council Tax

3.32 Combining all these figures will give the Total Council Tax for 2017/18 and these are shown in Recommendation 7 in Appendix A. The total Band D Council Tax (before Parish precepts) is £1,312.27 an increase of £61.30 or 4.9%. The increases in parish precepts means the increase in Hale is 4.7%, in Daresbury is 4.8%, in Moore is 4.8%, in Preston Brook is 5.3%, in Halebank is 4.7% and in Sandymoor is 4.8%.

3.33 It is expected that Halton's total council tax will continue to be amongst the lowest in the North West. Given that nearly half of all properties in the Borough are in Band A, and also 85% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced Council Tax bills through discounts, and these adjustments will be shown on their bills.

3.34 A complex set of resolutions, shown in Appendix A, needs to be agreed by Council to ensure that the Budget and Council Tax level are set in a way which fully complies with legislation, incorporating changes required under the Localism Act 2012.

Capital Programme

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

	2017/18 £000	**2018/19** £000	**2019/20** £000
Spending			
Scheme estimates	82,013	16,014	3,492
Slippage between years (after	+ 10,341	+ 7,903	+ 3,203
excluding MG costs)	- 7,903	- 3,203	- 698
	84,451	20,714	5,997

Funding			
Borrowing and Leasing	61,081	13,146	3,446
Grants and External Funds	14,137	3,978	614
Direct Revenue Finance	207	30	7
Invest to Save	55	0	0
Capital Receipts	8,971	3,560	1,930
	84,451	20,714	5,997

3.36 The committed Capital Programme is shown in Appendix F. The Capital Programme reflects the funding to be provided by the Council during this period towards the Mersey Gateway project, which will be financed from toll revenues.

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

Prudential Code

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

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

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

School Budgets

3.40 Schools are fully funded by Government Grants, primarily the Dedicated Schools Grant (DSG) which is mainly used to fund the Individual School Budgets. DSG is now allocated in three notional blocks – Schools Block, Early Years Block and High Needs Block. The funding is allocated to schools by way of a formula in accordance with the revised funding arrangements introduced in April 2013 and updated for April 2017, which is primarily based on pupil numbers.

3.41 The Government have announced Unit of Funding allocations split between blocks. For Halton the per pupil Unit of Funding for the Schools Block is £4,697.95 which is a decrease to previous years following a baseline review carried out by the EFA in 2016-17. The Early Years Block is £9,076,908, a significant increase to previous years but is simply the result of funds being re-baselined and the extra funding required for the additional 15 hours per week free entitlement for 3 and 4 year olds from September 2017. The High Needs Block is £15,787,751 which again is an increase due to the re-baselining of the notional DSG blocks. Schools will be informed of their funding allocation for Schools Block funding by 28th February 2017 in accordance with the Halton Schools Financing Scheme. Early Years and High Needs funding will be notified to relevant schools during March 2017. The Minimum Funding Guarantee has been set so that the maximum reduction for schools is 1.5%.

3.42 The Pupil Premium has been set at £1,320 per Primary pupil who are or have been eligible for Free School Meals in the last six years. For Secondary pupils this is set at £935 per pupil. Children who have been adopted from care and children who leave care under a special guardianship order or residence order will be funded at £1,900 per pupil. Eligibility for the Service Children Premium will be funded at £300 per pupil. No information has been provided yet with regard to Looked After Children. The Pupil Premium will be added to school budgets on top of the Minimum Funding Guarantee.

3.43 The allocation of DSG funding to schools for 2017/18 will be via the schools funding formula, which has been approved by the Schools Forum following consultation with schools and the Department for Education.

4.0 POLICY IMPLICATIONS

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

5.0 FINANCIAL IMPLICATIONS

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

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.1 **Children and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

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

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

Document	**Place of Inspection**	**Contact Officer**
Local Government Finance Report (England) 2017/18	Financial Management Kingsway House	Steve Baker

10.0 REASON FOR THE DECISION

10.1 To seek approval for the Council's revenue budget, capital programme and council tax for 2017/18.

11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

12.0 IMPLEMENTATION DATE

12.1 8 March 2017.

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 08 March 2017

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2017/18, the savings set out in Appendix B and the Capital Programme set out in Appendix F.

2. That it be noted that at the meeting on 07 December 2016 the Council agreed the following:

   (a) The Council Tax Base 2017/18 for the whole Council area is 33,818 (item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act) and

   (b) For dwellings in those parts of its area to which a Parish precept relates, be set out as follows:

Parish	Tax Base
Hale	662
Daresbury	174
Moore	328
Preston Brook	332
Halebank	522
Sandymoor	1,020

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

3. Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts) is £44,378,347.

4. In accordance with the relevant provisions of the Local Government Finance Act 1992 (Sections 31 to 36), the following amounts be now calculated by the Council for the year 2016/17 and agreed as follows:

   (a) £353,577,866 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the said Act, taking into account all precepts issued to it by Parish Councils.

(b) £309,111,609– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £44,466,257 – being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).

(d) £1,314.87– being the amount at 3(c) above (item R), all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £87,910– being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual Parish precept being:

	£
Hale	26,250
Daresbury	4,596
Moore	4,526
Preston Brook	11,000
Halebank	15,610
Sandymoor	25,928

(f) £1,312.27 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

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

	£
Hale	1,351.92
Daresbury	1,338.68
Moore	1,326.07
Preston Brook	1,345.40
Halebank	1,342.17
Sandymoor	1,337.69

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

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

(h) Part of the Council's Area

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	901.27	892.45	884.04	896.93	894.77	891.79	874.84
B	1,051.50	1,041.20	1,031.39	1,046.43	1,043.92	1,040.43	1,020.66
C	1,201.70	1,189.94	1,178.73	1,195.91	1,193.04	1,189.06	1,166.46
D	**1,351.92**	**1,338.68**	**1,326.07**	**1,345.40**	**1,342.17**	**1,337.69**	**1,312.27**
E	1,652.34	1,636.16	1,620.75	1,644.37	1,640.42	1,634.95	1,603.88
F	1,952.76	1,933.64	1,915.42	1,943.34	1,938.68	1,932.21	1,895.49
G	2,253.19	2,231.13	2,210.11	2,242.33	2,236.94	2,229.48	2,187.11
H	2,703.84	2,677.39	2,652.14	2,690.80	2,684.34	2,675.38	2,624.54

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

5. It is further noted that for the year 2017/18 the Cheshire Police and Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

	£
A	109.63
B	127.90
C	146.17
D	**164.44**
E	200.98
F	237.52
G	274.07
H	328.88

6. It is further noted that for the year 2017/18 the Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	48.86
B	57.00
C	65.15
D	**73.29**
E	89.58
F	105.86
G	122.15
H	146.58

7. That, having calculated the aggregate in each case of the amounts at 4h, 5 and 6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below:

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	1,059.76	1,050.94	1,042.53	1,055.42	1,053.26	1,050.28	1,033.33
B	1,236.40	1,226.10	1,216.29	1,231.33	1,228.82	1,225.33	1,205.56
C	1,413.02	1,401.26	1,390.05	1,407.23	1,404.36	1,400.38	1,377.78
D	**1,589.65**	**1,576.41**	**1,563.80**	**1,583.13**	**1,579.90**	**1,575.42**	**1,550.00**
E	1,942.90	1,926.72	1,911.31	1,934.93	1,930.98	1,925.51	1,894.44
F	2,296.14	2,277.02	2,258.80	2,286.72	2,282.06	2,275.59	2,238.87
G	2,649.41	2,627.35	2,606.33	2,638.55	2,633.16	2,625.70	2,583.33
H	3,179.30	3,152.85	3,127.60	3,166.26	3,159.80	3,150.84	3,100.00

being satisfied that:

(a) The total amount yielded by its Council Taxes for the said financial year will be sufficient, so far as is practicable, to provide for items mentioned at 4(a) to (c) above; and, to the extent that they are not, to be provided for by any other means.

(b) Those amounts which relate to a part only of its area will secure, so far as is practicable, that the precept or portion of a precept relating to such part will be provided for only by the amount yielded by such of its Council Taxes as relate to that part.

8. The Operational Director Finance be authorised at any time during the financial year 2017/18 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m (£0.5m net) as the Council may temporarily require.

APPENDIX B

SAVINGS PROPOSALS – 2nd SET

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING		PERM SEMI-P TEMP (P/S/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
				2017/18 £'000	2018/19 £'000		
PEOPLE DIRECTORATE							
EFFICIENCY OPPORTUNITIES							
1	Commissioning & Complex Care Dept	Deletion of the vacant part-time post of Operational Director, Commissioning & Complex Care.	**54**	**54**	**0**	**P**	**M/D**
2	Education Inclusion & Provision Dept/ Children's Centres	Reconfiguration of management of Widnes Children's Centres to allow the deletion of one vacant Principal Manager post and replacement with a senior post. This will provide net savings and will ensure the continued emphasis on the sustainability of Widnes Children's Centres. This approach has been successfully piloted for over twelve months.	**57**	**25**	**0**	**P**	**M/D**
3	Public Protection/ Environmental Health Division	Deletion of a vacant HBC6 Programme Officer post.	**35**	**35**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2017/18 £'000	ESTIMATED BUDGET SAVING 2018/19 £'000	PERM SEMI-P TEMP (P/S/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
PROCUREMENT OPPORTUNITIES							
4	People Directorate	Target for reduction in contract values, following a review of all contracts across the Directorate, with the exception of domiciliary, residential and nursing contracts.	**n/a**	**100**	**0**	**P**	**M/D**
OTHER BUDGET SAVINGS							
5	Public Protection/ Environmental Health Division	One-off saving from utilising Environmental Health reserves accumulated over previous years.	**100**	**100**	**-100**	**T**	**D**
		TOTAL PERMANENT		**214**	**0**		
		TOTAL SEMI PERMANENT		**0**	**0**		
		TOTAL TEMPORARY (ONE-OFF)		**100**	**-100**		
		GRAND TOTAL		**314**	**-100**		

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2017/18 £'000	ESTIMATED BUDGET SAVING 2018/19 £'000	PERM SEMI-P TEMP (P/S/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE							
INCOME GENERATION OPPORTUNITIES							
6	Community & Environment Dept/ Open Spaces Div	Seek alternative funding for the Annual Firework Display, such as via sponsorship.	**30**	**30**	**0**	**P**	**D**
EFFICIENCY OPPORTUNITIES							
7	Finance Dept	Restructuring of management arrangements to bring together the Procurement and Audit and Operational Finance Divisions under a single Divisional Manager.	**1,518**	**74**	**0**	**P**	**M/D**
8	Finance Dept / Revenues & Benefit Div	Deletion of two vacant HBC3 Benefit Officer posts (1.5fte).	**948**	**33**	**0**	**P**	**M**
9	Finance Dept / Financial Management Div	Deletion of a vacant HBC7/8 Finance Officer post.	**1,224**	**41**	**0**	**P**	**M/D**
10	Legal & Dem Svcs Dept /	Balance of savings achieved from previous management restructuring of the Democratic Services Division.	**n/a**	**11**	**0**	**P**	**M**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2017/18 £'000	ESTIMATED BUDGET SAVING 2018/19 £'000	PERM SEMI-P TEMP (P/S/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
	Democratic Services						
11	Revenues & Benefits Div/ Contact Centre	Deletion of a vacant HBC6 Monitoring & Development Officer post within the Contact Centre.	**664**	**30**	**0**	**P**	**D**
12	Revenues & Benefits Div/ HDL	Closure of the Ditton Halton Direct Link Office. The existing cash kiosk would remain operational within the library.	**39**	**39**	**0**	**P**	**D**
13	Revenues & Benefits Div/ HDL	Closure of the Granville Street, Runcorn Halton Direct Link Office. The existing cash kiosk would remain operational within the library.	**53**	**53**	**0**	**P**	**D**
OTHER BUDGET SAVINGS							
14	Legal & Dem Svcs Dept / Democratic Services	One-off saving as there are no Council elections in 2017/18.	**100**	**100**	**-100**	**T**	**M**
15	Waste Management Div/ Area Forums	25% reduction in the allocation of funding to Area Forums, resulting in the following allocations: AF1 Broadheath, Ditton, Hough Green, Hale £52,700 AF2 Birchfield, Farnworth, Halton View £52,500 AF3 Appleton, Kingsway, Riverside £44,800 AF4 Grange, Heath, Halton Brook, Mersey £63,300 AF5 Halton Castle, Norton Nth, Norton Sth, Windmill Hill	**400**	**100**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2017/18 £'000	ESTIMATED BUDGET SAVING 2018/19 £'000	PERM SEMI-P TEMP (P/S/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
		£52,100 AF6 Beechwood, Halton Lea £23,900 AF7 Daresbury £10,700 Total £300,000 This proposal would include the introduction of automatic carry forward to the following financial year of any unspent Area Forum balances.					
16	Economy Enterprise & Property	Reduce the property repairs and maintenance budget, to reflect the rationalisation of the Council's property portfolio and prioritisation of works.	**2,081**	**50**	**0**	**P**	**D**
17	Corporate	Three year reduction in employer's pension contributions, through making lump sum payments, utilising treasury management cashflow, to reduce Halton's share of the historic Pension Fund deficit. The position will then be reviewed in 2020/21 as part of the triennial actuarial revaluation of the Cheshire Pension Fund.	**n/a**	**200**	**0**	**P**	**M**
		TOTAL PERMANENT		**661**	**0**		
		TOTAL SEMI PERMANENT		**0**	**0**		
		TOTAL TEMPORARY (ONE-OFF)		**100**	**-100**		
		GRAND TOTAL		**761**	**-100**		

APPENDIX C

DEPARTMENTAL OPERATIONAL BUDGETS

	£000
People Directorate	
Children and Families Service	17,656
Education, Inclusion & Provision	6,463
Commissioning and Complex Care	8,528
Adult Social Care & Prevention and Assessment	24,293
Public Health & Public Protection	(499)
	56,441
Enterprise, Community & Resources Directorate	
Finance	7,641
Policy, Planning & Transportation	8,846
ICT & Support Services	5,901
Legal & Democratic Services	1,748
Policy, People, Performance & Efficiency	1,785
Community and Environment	12,614
Economy, Enterprise and Property	4,748
	43,283
Departmental Operational Budgets	**99,724**
Corporate and Democracy	3,525
Total Operational Budget	**103,249**

APPENDIX D

2017/18 BUDGET – REASONS FOR CHANGE

	£000
2016/17 Approved Budget	98,460
Add back One-Off savings	6,145
	104,605
Policy Decisions	
Capital Programme	-310
Inflation and Service Demand Pressures	
Pay (including Increments)	2,647
Prices	1,930
Income	-510
Other	
Net Reduction to Specific Grants	220
Contingency	1,000
Business Rates Retention Scheme	2,639
Base Budget	**112,221**
Less Savings	-8,972
Total 2017/18 Budget	**103,249**

APPENDIX E

MEDIUM TERM FINANCIAL FORECAST

	2018/19 £000	2019/20 £000	2020/21 £000
Spending			
Previous Year's Budget	103,249	99,941	97,150
Add back one-off savings	2,468	42	0
Inflation			
Pay	1,430	1,581	1,748
Prices	1,336	1,361	1,386
Income	-526	-536	-546
Other			
Contingency	1,500	2,000	2,500
Children in Care	250	0	0
National Living Wage – Ext Service Providers	500	500	500
Mersey Gateway Council Vehicle Tolls	75	0	0
Pension Auto Enrolment – Employer Contributns	150	0	0
Reduction to New Homes Bonus Grant	501	-60	70
Use of Reserves	-992	992	0
Budget Forecast	109,941	105,821	102,808
Resources			
Retained Business Rates	48,404	49,293	50,200
Top Up Funding	3,850	327	323
Council Tax	46,598	47,530	47,530
Collection Fund Surplus	1,089	0	0
	99,941	97,150	98,053
Funding Gaps	**10,000**	**8,671**	**4,755**

APPENDIX F

COMMITTED CAPITAL PROGRAMME 2017-20

SCHEME	2017/18 £000	2018/19 £000	2019/20 £000
Schools Capital Projects	1,079	-	-
Fairfield Primary	411	-	-
ALD Bungalows	100	-	-
Purchase of 2 adapted properties	520	-	-
People Directorate	**2,110**	**-**	**-**
IT Rolling Programme	1,100	1,100	1,100
Castlefields	125	-	-
3MG	4,104	-	-
Widnes Waterfront	1,000	-	-
Sci Tech Daresbury	483	-	-
Venture Fields	6,000	-	-
Hive Signage & Advertising	150	-	-
Equality Act Improvement Works	450	300	300
Widnes Market	370	10	-
Highways Capital Maintenance	4,139	1,546	
Silver Jubilee Major Maintenance	5,400	-	-
Street Lighting – Structural Maintenance	200	200	200
Street Lighting – Upgrades	3,506	-	-
Fleet Replacements	1,361	556	1,317
Risk Management	120	120	120
Mersey Gateway Land Acquisition	2,254	11,284	-
Mersey Gateway Liquidity Fund	10,000	-	-
Mersey Gateway Crossing Board	2,365	-	-
Mersey Gateway Construction Costs	32,500	-	-
Mersey Gateway Loan Interest	1,854	-	-
Stadium Minor Works	30	30	30
Children's Playground Equipment	91	65	65
The Glen Play Area	4	-	-
Norton Priory	328	-	-
Landfill Tax Credit Schemes	340	340	340
Crow Wood Park Play Area	450	75	-
Runcorn Hill Park	150	75	-
Runcorn Cemetery Extension	9	-	-
Peelhouse Lane Cemetery	1,000	293	-
Litter Bins	20	20	20
Community & Resources Directorate	**79,903**	**16,014**	**3,492**

Total Capital Programme	**82,013**	**16,014**	**3,492**
Slippage between years *	**+ 10,341** **- 7,903**	**+ 7,903** **- 3,203**	**+ 3,203** **- 698**
GRAND TOTAL	**84,451**	**20,714**	**5,997**

***Slippage for 2017/18 is calculated after excluding Mersey Gateway Construction Costs**

Agenda Item 9b

REPORT TO: Council

DATE: 8 March 2017

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

SUBJECT: 2016/17 Revised Capital Programme

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To seek approval to a number of revisions to the Council's 2016/17 capital programme.

2.0 RECOMMENDED: That the revisions to the Council's 2016/17 capital programme set out in paragraph 3.2 below, be approved.

3.0 SUPPORTING INFORMATION

3.1 On 23 February 2017 Executive Board received a report of spending against the Council's revenue budget and capital programme as at 31 December 2016. A number of revisions to the 2016/17 capital programme were recommended for approval by Council as outlined below.

3.2 The Council's 2016/17 capital programme has been revised to reflect a number of changes in spending profiles and funding as schemes have developed. These are reflected in the revised capital programme presented in Appendix 1. The schemes which have been revised within the programme are as follows

1. Former Crosville Site
2. Advertising Screen at The Hive
3. 3MG
4. Castlefields Regeneration
5. SciTech Daresbury
6. Signage at The Hive
7. The Croft
8. Fleet Replacements
9. Street Lighting – Structural Maintenance & Upgrades
10. Bridge & Highway Maintenance
11. S106 Schemes
12. Mersey Gateway Land Acquisition
13. Mersey Gateway Development Costs
14. Mersey Gateway Loan Interest During Construction
15. Schools Capital Repairs
16. School Modernisation Projects

17. Schools Basic Need Projects
18. Fairfield Primary
19. Weston Point Primary
20. Widnes Recreation Site

4.0 POLICY AND OTHER IMPLICATIONS

4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.0 RISK ANALYSIS

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

6.2 In preparing the 2016/17 budget and capital programme, a register of significant financial risks was prepared which has been updated as at 31 December 2016.

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

Capital Expenditure to 31 December 2016

Directorate/Department	Actual Expenditure to Date £'000	2016/17 Cumulative Capital Allocation		Capital Allocation 2017/18 £'000	Capital Allocation 2018/19 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Enterprise Community & Resources Directorate					
Community and Environment					
Stadium Minor Works	257	260	280	30	30
Leisure Centres Refurbishment	276	275	275	0	0
Widnes Recreation Site	231	231	231	0	0
Norton Priory	2,786	2,790	2,830	327	0
Norton Priory Biomass Boiler	0	0	107	0	0
Open Spaces Schemes	130	150	200	0	0
Children's Playground Equipment	13	15	65	91	65
Upton Improvements	0	0	13	0	0
The Glen Play Area	26	30	64	4	0
Runcorn Hill Park	120	120	210	150	75
Crow Wood Play Area	4	5	35	450	75
Runcorn Cemetery Extension	0	0	0	9	0
Peelhouse Lane Cemetery	10	10	105	1,000	293
Peelhouse Lane Cemetery – Enabling Works	35	35	46	0	0
Landfill Tax Credit Schemes	0	0	340	340	340
Litter Bins	11	15	20	20	20
ICT & Support Services					
ICT Rolling Programme	1,100	1,100	1,100	1,100	1,100

Directorate/Department	Actual Expenditure to Date £'000	2016/17 Cumulative Capital Allocation		Capital Allocation 2017/18 £'000	Capital Allocation 2018/19 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Economy, Enterprise & Property					
Castlefields Regeneration	24	24	54	125	0
3MG	327	327	876	4,104	0
Widnes Waterfront	0	0	0	1,000	0
Johnsons Lane Infrastructure	0	0	302	0	0
Decontamination of Land	0	0	6	0	0
SciTech Daresbury	14,240	14,240	15,939	483	0
Venture Fields	0	0	0	6,000	0
Former Crosville Site	2,283	2,283	4,375	0	0
Police Station Site	323	323	341	0	0
Travellers' Site Warrington Road	0	0	48	0	0
Signage at The Hive	0	0	50	50	0
Advertising Screen at The Hive	0	0	0	100	0
Widnes Town Centre Initiative	16	16	16	0	0
Widnes Market Refurbishment	74	74	1,052	370	10
Widnes Land Purchases	0	0	235	0	0
Equality Act Improvement Works	0	0	150	450	300
The Croft	0	0	30	0	0
Linnets Clubhouse	34	0	0	0	0
Mersey Gateway					
Land Acquisitions	1,442	1,442	1,826	2,254	11,284
Development Costs	1,538	1,538	2,592	2,365	0
Loan Interest During Construction	2,757	2,757	3,699	1,854	0
Construction Costs	35,000	35,000	70,000	32,500	0
Mersey Gateway Liquidity Fund	0	0	0	10,000	0

Directorate/Department	Actual Expenditure to Date £'000	2016/17 Cumulative Capital Allocation		Capital Allocation 2017/18 £'000	Capital Allocation 2018/19 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Other					
Risk Management	25	25	125	120	120
Fleet Replacements	447	450	2,222	1,361	556
Policy, Planning & Transportation					
Bridge & Highway Maintenance	1,089	1,100	3,081	3,231	1,546
Integrated Transport & Network Management	96	100	736	908	0
Street Lighting – Structural Maintenance & Upgrades	498	505	745	3,706	200
STEPS Programme	20	15	670	0	0
S106 Schemes	362	362	362	0	0
Peelhouse Lane Cemetery - Highways	1	1	101	0	0
Hale Road Bus Priority Route	0	0	150	0	0
Silver Jubilee Bridge – Major Maintenance Scheme	0	0	0	5,400	0
Total Enterprise Community & Resources	**65,595**	**65,618**	**115,704**	**79,902**	**16,014**
Directorate/Department	**Actual Expenditure to Date**	**2016/17 Cumulative Capital Allocation**		**Capital Allocation**	**Capital Allocation**

	£’000	Quarter 3 £’000	Quarter 4 £’000	2017/18 £’000	2018/19 £’000
<u>People Directorate</u>					
Commissioning & Complex Care					
ALD Bungalows	200	200	299	100	0
Grangeway Court	197	200	343	0	0
Community Capacity Grant	0	0	57	0	0
Bredon reconfiguration	63	70	356	0	0
Complex Pool					
Disabled Facilities Grant	253	475	635	0	0
Stairlifts (Adaptations Initiative)	203	188	250	0	0
RSL Adaptations (Joint Funding)	163	150	200	0	0
Madeline McKenna Residential Home	0	0	450	0	0
Purchase of 2 adapted properties	0	0	0	520	0
Prevention & Assessment					
Community Meals Oven	0	0	10	0	0
Lifeline Telecare Upgrade	60	60	100	0	0
Public Health & Public Protection					
Halton Recovery & Wellbeing Hub	45	45	45	0	0
Directorate/Department	**Actual Expenditure to Date £’000**	**2016/17 Cumulative Capital Allocation**		**Capital Allocation 2017/18 £’000**	**Capital Allocation 2018/19 £’000**
		Quarter 3 £’000	**Quarter 4 £’000**		

Schools Related					
Asset Management Data	1	3	7	0	0
Fire Compartmentation	26	37	37	2	0
Capital Repairs	497	497	605	130	0
Asbestos Management	8	10	20	0	0
Schools Access Initiative	62	70	80	0	0
Education Programme (General)	51	50	110	0	0
Basic Need Projects	0	0	0	779	0
School Modernisation Projects	342	342	372	134	0
Early Education for 2 Year Olds	43	45	52	0	0
Universal Infant School Meals	0	0	2	0	0
Halebank	20	20	20	0	0
St Edwards Catholic Primary	32	32	32	0	0
Hale Primary	97	108	118	0	0
Fairfield Primary School	1,193	1,100	1,789	411	0
Weston Point Primary	0	0	10	35	0
Total People Directorate	**3,556**	**3,702**	**5,999**	**2,111**	**0**
TOTAL CAPITAL PROGRAMME	**69,151**	**69,320**	**121,703**	**82,013**	**16,014**
Slippage (20%)			-10,341	-7,903	-3,203
				10,341	7,903
TOTAL	**69,151**	**69,320**	**111,362**	**84,451**	**20,714**

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Agenda Item 9c

REPORT TO:	Executive Board
DATE:	19 January 2017
REPORTING OFFICER:	Strategic Director, People
PORTFOLIO:	Children, Young People & Families
SUBJECT:	Capital Programme 2017-18 and Basic Need
WARD(S)	Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 This report provides a summary of the capital programmes for 2017/18 for the People Directorate.

2.0 **RECOMMENDATION: That**

1) **the capital funding available for 2017/18 is noted;**

2) **the proposals to be funded from School Condition Capital Allocation are approved;**

3) **Council is recommended to approve the Capital Programme 2017/18, and**

4) **the proposal for the provision of an additional classroom at Lunts Heath Primary School is approved.**

3.0 **SUPPORTING INFORMATION**

3.1 In February 2015 the Department for Education announced the schools Capital grant allocations for 2015/16 as well as indicative allocations for the two year period 2016/17 and 2017/18. By introducing three year allocations, the Department for Education are enabling those responsible for the school estate to plan effectively and make strategic investment decisions.

3.2

GOVERNMENT FUNDING	
School Condition Allocation – Local Authority maintained schools (INDICATIVE FIGURE) Allocated to fund condition and suitability projects at Local Authority maintained schools.	£1,097,372

School Condition Allocation – Voluntary Aided maintained schools (INDICATIVE FIGURE) Allocated to fund condition and suitability projects at Voluntary Aided schools.	£849,061
Devolved Formula Capital – Local Authority maintained schools (INDICATIVE FIGURE) Allocated directly to Local Authority maintained schools for their own use to address school building and Information Communication Technology needs.	£249,160
Devolved Formula Capital – Voluntary Aided maintained schools (INDICATIVE FIGURE) Allocated directly to Voluntary Aided maintained schools for their own use to address school building and Information Communication Technology needs.	£160,407

4.0 **SCHOOL CONDITION ALLOCATION FUNDING**

4.1 The table below details how the School Condition funding will be allocated:

Description	**Estimated costs**	**Description**
Computer Aided Design Plans	£5,000	Used to update plans of school buildings where improvement works have been carried out.
Kitchen gas safety / ventilation	£50,000	A rolling programme to address gas safety issues in school kitchens
Asbestos Management	£20,000	Annual update of asbestos surveys and undertaking of resulting remedial works.
Access Initiative Projects	£75,000	Fund that schools can bid for to resolve accessibility issues within school buildings.
Contingency	£99,730	Used for emergency and health and safety works that arises during the year.
Capital Repairs	£883,000	The detailed capital repairs programme for 2017/18 can be found in Appendix 1.
Total	£1,132,730	

The total amount of £1,132,730 detailed above comprises £1,097,372 School Condition Allocation, together with a required total contribution from schools of circa £35,358. The figures are based at this time on current budget costs for the works.

4.2 In previous years the Local Authority has also allocated £345,821 from the Dedicated Schools Grant under the heading Capital Expenditure Revenue Account Funding (CERA). This funding was used by the Local Authority to make a contribution towards capital works in schools. Under National Funding Formula proposals the Department for Education (DfE) have advised Local Authorities that this will no longer be permissible.

5.0 **ADDITIONAL CLASSROOM AT LUNTS HEATH PRIMARY SCHOOL**

5.1 Local Authority receives Basic Need funding from the Department for Education to assist in pupil place planning. Basic Need funding is made available to Local Authorities to ensure sufficient pupil places. The total funding still available in 2017/2018 is £943,346. To ease existing capacity issues at Lunts Heath Primary School, and to provide additional places going forward in east Widnes, it is recommended that an additional classroom is provided. This will assist with current school organisation issues and allow for an increase in the School's overall capacity once the building works are complete. If agreed, the School's Published Admission Number will increase from 50 places per year group to 60 places per year group, increasing the school's overall capacity from 350 to 420, thereby providing an additional 70 primary school places in east Widnes.

5.2 The works will be funded from Basic Need with costs estimated at circa £200,000. The Local Authority has already sought Section 77 approval from the Department for Education, which was approved by the Department on 10th October 2016. Section 77 (of the School Standards & Framework Act 1998) approval is needed when a Local Authority propose a change in use of playing fields (including playground/hard standing ground) used by schools.

5.3 If the Executive Board agrees to the proposed works at Lunts Heath, planning permission will then be sought.

6.0 **POLICY IMPLICATIONS**

6.1 The programme of works will allow the Council to continue to meet its requirement to enhance the environments through capital projects, and to ensure the Council has sufficient school places.

7.0 **FINANCIAL IMPLICATIONS**

7.1 In February 2015 the DfE announced indicative capital allocations for 2016/17 and 2017/18 as part of a three year announcement covering 2015 to 2018. The indicative capital allocation of funding for 2017/18 (£1,097,372) is the same as 2016/17. In the event that the allocation is reduced, the amount of funding available for elements of the programme will be reduced accordingly. The cost of works at Lunts Heath Primary School will be funded through Basic Need.

7.2 The Capital Repairs Programme will contribute to Halton's Carbon Management Programme by producing more energy efficient buildings. Approval of the proposed additional classroom at Lunts Heath Primary ensures the Council's duty to ensure sufficient school places.

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

8.1 **Children & Young People in Halton**

The Capital Programme will address condition and suitability issues within school buildings and will improve the learning environment for children and young people.

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

None identified.

8.3 **A Healthy Halton**

None identified.

8.4 **A Safer Halton**

None identified.

8.5 **Halton's Urban Renewal**

None identified.

9.0 **RISK ANALYSIS**

9.1 Capital Repairs - It is current practice for schools to contribute towards the cost of works. Whilst schools are aware of the proposed works, consultation with schools on their contribution to the proposed works will take place following Council approval. If schools are not willing to contribute, any proposed projects will not be carried out in 2017/18. In the event that schools are unable to contribute towards the cost of the works when completed, an element of the contingency budget can be used for this purpose, providing the school commit to making their financial contribution in the next financial year.

10.0 **EQUALITY AND DIVERSITY ISSUES**

10.1 The Access Initiative Programme provides funding to improve the accessibility of mainstream schools for pupils with disabilities and the wider community. Consideration to access issues is given in all building projects. The capacity of schools to meet the needs of children with more complex needs and disabilities will be developed further through building works at schools.

11.0 **REASON(S) FOR DECISION**

To deliver and implement the capital programmes.

12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Not applicable.

13.0 IMPLEMENTATION DATE

Capital Programmes for 2017/18 to be implemented with effect from 1 April 2017. If the proposed works at Lunts Heath Primary School are approved, and planning permission is agreed, it is anticipated that any works undertaken would be completed in the 2017/18 academic year.

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

Document	Place of Inspection	Contact Officer
Schools Capital Funding Allocations 2015-2018; Department for Education 12/05/2016.	Rutland House	Catriona Gallimore

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Appendix 1

Capital Repairs Programme 2017/18

School	Works	Phase	Total cost
Retentions	Various from 2016/17		20,000
All Saints Upton C of E Primary School	Electrical - Emergency lighting	Phase 1 of 1	22,000
Brookvale Primary School	Electrical work (lighting & Power wiring)	Phase 4 of 5	60,500
Chesnut Lodge School	Electrical work (lighting & Power wiring)	Final phase	16,500
Fairfield Primary School	Mechanical and Electrical work		275,000
Hallwood Park Primary School and Nursery	Windows	Final phase	33,000
Halton Lodge Children Centre	Windows	Phase 2 of 3	44,000
Lunts Heath Primary School	Windows	Final phase	55,000
Moore Primary School	Windows	Phase 2 of 4	82,500
Simms Cross Primary School	Windows	Phase 2 of 3	82,500
Simms Cross Primary School	Electrical work (lighting & Power wiring)	Phase 6 of 7	66,000
Spinney Avenue CE Vol Controlled Primary School	Electrical work (lighting & Power wiring)	Phase 2 of 3	66,000
The Bridge School	Electrical work (lighting & Power wiring)	Phase 5 of 6	60,000
			883,000

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 Agenda Item 9d

REPORT TO:	Executive Board
DATE:	23 February 2017
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
TITLE:	Treasury Management Strategy Statement 2017/18
WARDS:	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Treasury Management Strategy Statement which incorporates the Annual Investment Strategy (AIS) and the Minimum Revenue Provision (MRP) Strategy for 2017/18.

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

3.0 SUPPORTING INFORMATION

3.1 This Treasury Management Strategy Statement (TMSS) details the expected activities of the treasury function in the forthcoming financial year (2017/18). Its production and submission to Council is a requirement of the CIPFA Code of Practice on Treasury Management.

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

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

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

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

4.0 POLICY IMPLICATIONS

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

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2017/18

Financial Management Division
Finance Department
December 2016

TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18

1 INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

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

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

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

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

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

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

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

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

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

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was undertaken by members in October 2013 and further training will be arranged in the forthcoming year. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

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

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

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

2.1 Capital Expenditure

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

The table below summarises how these plans are being financed by capital or revenue resources, any shortfall of resources results in the need to borrow.

Table 1 – Capital Expenditure

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Capital Expenditure:					
People & Economy	7,004	-	-	-	-
Community & Resources	22,483	-	-	-	-
People	-	5,999	2,111	-	-
Enterprise, Community & Resources	-	115,704	79,902	16,014	3,492
	29,487	**121,703**	**82,013**	**16,014**	**3,492**
Financed By:					
Capital receipts	(4,494)	(8,404)	(9,112)	(2,173)	(1,869)
Capital grants	(15,974)	(20,622)	(12,513)	(1,845)	(306)
Revenue	(2,279)	(1,279)	(8)	(35)	-
Net financing need for the year	**6,740**	**91,398**	**60,380**	**11,961**	**1,317**

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

The majority of additional borrowing, and subsequent increase in the Capital Financing Requirement, is mainly as a result of Council investment in the Mersey Gateway. This additional borrowing will be repaid from future toll incomes and will be of no cost to the Council.

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

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with the life of each asset.

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

Table 2 – Capital Financing Requirement

	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Capital Financing Requirement	**107,660**	**111,606**	**200,718**	**258,665**	**268,161**
Movement in CFR due to:					
Net financing need for the year	6,740	91,398	60,380	11,961	1,317
PFI / Finance Leases	354	100	100	100	100
Less Minimum Revenue Provision	(3,148)	(2,386)	(2,533)	(2,565)	(2,578)
Increase / (Decrease) in CFR	**3,946**	**89,112**	**57,947**	**9,496**	**(1,161)**

2.3 Minimum revenue provision (MRP) statement

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

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

The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 the MRP policy will be to follow Option 1 (regulatory method), but from 2016/17 will be charged at 2% straight line (this was previously charged at 4% reducing balance).

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

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

2.4 Affordability prudential indicators

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

2.5 Ratio of financing costs to net revenue stream

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

Table 3 – Ratio of financing costs to net revenue stream

Ratio of Finance Costs to Net Revenue Stream	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Council's Net Budget	**101,452**	**98,460**	**102,701**	**95,454**	**92,663**
Finance Costs					
Net Interest Costs	740	846	915	875	869
Minimum Revenue Provision	2,128	1,536	1,863	1,881	1,880
	2,868	**2,382**	**2,778**	**2,756**	**2,749**
	2.8%	**2.4%**	**2.7%**	**2.9%**	**3.0%**

Interest costs relating to the Mersey Gateway project and have been excluded from the above estimates as these will not be a cost on the Council's revenue budget. The MRP and Interest cost relating to PFI schemes and finance leases do not add any additional cost to the revenue budget, so have also been excluded.

2.6 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period. For this table it has been assumed that the tax base will remain the same for the following three years.

Table 4 – Impact of capital investment decisions on Council Tax

Incremental Impact of capital investment decisions on band D Council Tax	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Net cost of additional borrowing	330	73	83	44	22
Council Tax Base	32,100	32,948	33,818	33,818	33,818
Impact on Band D (£)	**10.28**	**2.21**	**2.44**	**1.30**	**0.66**

3 BORROWING

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

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 5 – External Debt

External Debt	2015/16 Actual £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing					
Debt at 1 April	188,449	158,664	158,664	173,000	173,000
Expected Change in Debt	(29,785)	-	14,336	-	-
Debt at 31 March	**158,664**	**158,664**	**173,000**	**173,000**	**173,000**
Other long-term liabilities					
Debt at 1 April	22,549	21,883	21,133	20,564	19,980
Expected Change in Debt	(666)	(750)	(569)	(584)	(590)
Debt at 31 March	**21,883**	**21,133**	**20,564**	**19,980**	**19,390**
Total External Debt at 31 March	**180,547**	**179,797**	**193,564**	**192,980**	**192,390**
Capital Financing Requreiment	**111,606**	**200,718**	**258,665**	**268,161**	**267,000**
Under / (over) borrowing	**(68,941)**	**20,921**	**65,101**	**75,181**	**74,610**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years.

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

The table above shows that the Council were in an over-borrowed position at the end of 2015/16. This was relating to the borrowing in advance of need that was done in respect to the Mersey Gateway project. Further detail is given in 3.5.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary

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

Table 6 – Operational Boundary

Operational boundary	2016/17 Actual £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	233,100	233,100	233,100	233,100
Other Long Term Liabilities	19,500	21,064	20,480	19,890
Total	**252,600**	**254,164**	**253,580**	**252,990**
Total External Debt at 31 March	179,797	193,564	192,980	192,390
Estimated Headroom	**72,803**	**60,600**	**60,600**	**60,600**

The boundary is significantly higher than the debt position over the next three years as the council is currently in an under-borrowed position.

The authorised limit for external debt

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

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

Table 7 – Authorised Limit

Authorised limit	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Debt	250,000	250,000	250,000	250,000
Other Long Term Liabilities	20,000	20,000	20,000	20,000
Total	**270,000**	**270,000**	**270,000**	**270,000**
Total External Debt at 31 March	179,797	193,564	192,980	192,390
Estimated Headroom	**90,203**	**76,436**	**77,020**	**77,610**

3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and commentary is the view of Capital Asset Services:

Table 8 – Interest rate forecast

Quarter Average	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Dec-16	0.25	1.6	2.3	2.9	2.7
Mar-17	0.25	1.6	2.3	2.9	2.7
Jun-17	0.25	1.6	2.3	2.9	2.7
Sep-17	0.25	1.6	2.3	2.9	2.7
Dec-17	0.25	1.6	2.3	3.0	2.8
Mar-18	0.25	1.7	2.3	3.0	2.8
Jun-18	0.25	1.7	2.4	3.0	2.8
Sep-18	0.25	1.7	2.4	3.1	2.9
Dec-18	0.25	1.8	2.4	3.1	2.9
Mar-19	0.25	1.8	2.5	3.2	3.0
Jun-19	0.50	1.9	2.5	3.2	3.0
Sep-19	0.50	1.9	2.6	3.3	3.1
Dec-19	0.75	2.0	2.6	3.3	3.1
Mar-20	0.75	2.0	2.7	3.4	3.2

Overview

The Monetary Policy Committee (MPC), cut the Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016.

Economic data since August has indicated much stronger growth in the second half 2016 than that forecast and inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling. Consequently, Bank Rate was not cut again in November or December and it now appears unlikely that there will be another cut.

During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not expected until quarter 2 2019.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets.

The sharp rise in bond yields since the US Presidential election, has called into question whether this trend may reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Federal Bank rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
- Italian constitutional referendum 4.12.16 resulted in a ‘No’ vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.

- Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
- Dutch general election 15.3.17;
- French presidential election April/May 2017;
- French National Assembly election June 2017;
- German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -
- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Federal Bank fund rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Federal Bank fund rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates:

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

3.4 Borrowing Strategy

Apart from the borrowing relating to the Mersey Gateway (discussed in 3.5) the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Operational Director - Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

3.5 Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table 9 – Upper limit for interest exposure

Upper Limit for Interest Rate Exposure	2017/18 %	2018/19 %	2019/20 %
Fixed Rate	100	100	100
Variable Rate	30	30	30

Table 10 – Maturity structure of fixed rate borrowing

Maturity Structure of Fixed Rate Borrowing	2017/18	
	Lower	Higher
Under 12 months	0%	40%
12 months to 24 months	0%	40%
24 months to 5 years	0%	40%
5 years to 10 years	0%	40%
10 years and above	0%	100%

3.6 Policy on borrowing in advance of need

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

Due to very favourable interest rates available from the PWLB, the Council borrowed £113m during 2014/15 to fund the Mersey Gateway Project. The first payment relating to Mersey Gateway was made in October 2016, and further payments are due in March and September 2017. After the second payment is made, in March, the Council will no longer be in an over-borrowed position.

The funds borrowed have been invested in line with the Council's Investment Strategy and the net cost of this borrowing (interest payable net of investment income) has been analysed separately to the Council's other Treasury Costs. As the cost of this borrowing (interest and MRP) will be funded from the future revenue raised by the Mersey Gateway, this will have no effect on the Council's revenue budget and has therefore been excluded from the prudential indicators shown throughout Section 2.

3.7 Debt Rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then yield.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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

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

Investment instruments identified for use in the financial year are listed below and are split between 'specified' and 'non-specified' investment categories. These will be used in line with the Creditworthiness Policy, and Counterparty List detailed in 4.2 and 4.4 below:

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

- Debt Management Agency Deposit Facility
- UK Government Gilts
- Bonds issued by an institution guaranteed by the UK Government
- Term Deposits – UK Government
- Term Deposits – Other LAs
- Term Deposits - Banks and Building Societies
- Certificates of deposit with banks and building societies
- Money Market Funds (rated AAA)

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

- Term deposits – UK Government (maturities over 1 year)
- Term deposits – Other LAs (maturities over 1 year)
- Term deposits – Banks and Building Societies (maturities over 1 year)
- Certificates of deposit with banks and building societies (maturities over 1 year)
- Property Funds

At the time of investing, no more than 30% of the Council's portfolio will be held in non-specified investments

4.2 Creditworthiness Policy

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

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

.

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

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised and part nationalised UK Banks)

- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour May not be used

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

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

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

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

4.3 Country Limits

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

4.4 Counterparty Limits for 2017/18

The Council has set the following counterparty limits for 2017/18, and will invest in line with the creditworthiness policy detailed in 4.2.

Table 11 – Counterparty limits

	Maximum Limit per institution £m
UK Government	40
Nationalised and Part Nationalised Banks with:	
- Minimum rating of A	40
- Minimum rating of BBB	20
UK Banks/Building Societies with:	
- Minimum rating of AAA	30
- Minimum rating of AA	25
- Minimum rating of A	20
- Minimum rating of BBB	10
Foreign Banks in countries with a soverign rating of AAA and:	
- Minimum rating of AAA	20
- Minimum rating of AA	10
- Minimum rating of A	5
Money Market Funds	
- Minimum rating of AAA	20
Local Authorities	40
Property Fund	10
Note: No more than 25% of the total portfolio will be placed with one institution, except where balances are held for cash-flow purposes	

Due to the high level of investments the Council holds in relation to the Mersey Gateway project, the Counterparty limits were increased for 15/16 to ensure the Council is able to obtain the best rates available. These levels will be reviewed as part of the 2018/19 Treasury Strategy.

4.4 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Bank Rate is forecast to remain unchanged at 0.25% before starting to rise from quarter 2 of 2019. Bank Rate forecasts for financial year ends (March) are:

- 2017 0.25%
- 2018 0.25%
- 2019 0.25%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

Investment treasury indicator and limit – Total principal funds invested for greater than 365 days
These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Table 12 – Maximum principal sums invested over 365 days

Maximum principal sums invested > 365 days	2017/18 £000	2018/19 £000	2019/20 £000
Principal sums > 365 days	20,000	20,000	20,000

4.5 End of year investment report

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

Appendix A

Minimum Revenue Provision

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

Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

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

Government Guidance

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

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

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

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

Option 1: Regulatory Method

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

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

Option 2: Capital Financing Requirement Method

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

Option 3: Asset Life Method

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

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

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

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

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

Option 4: Depreciation Method

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

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

Date of implementation

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

Strategy Adopted for 2017/18 and future years

In order to determine its MRP for 2017/18 and taking into consideration the available options the Council has applied the following strategy:

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

REPORT TO:	Executive Board
DATE:	23 February 2017
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
SUBJECT:	Support to Small and Medium Enterprises
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To propose that the Council considers adopting a scheme of providing financial support to Small and Medium Enterprises (SMEs) by way of short-term capital loans, where it can be demonstrated that businesses have been unable to raise finance via traditional financial institutions or other sources and it will deliver new or sustained economic development and other benefits for the Borough.

2.0 RECOMMENDED: That

(i) Council be asked to approve the introduction of a Scheme of Support for SMEs, in accordance with the circumstances and criteria outlined in this report;

(ii) Subject to recommendation (i), the award of business loans up to £1m for successful applicants, be delegated to the Operational Director, Finance, in liaison with the Executive Board Portfolio Holder for Resources and the Operational Director, Economy, Enterprise & Property;

(iii) Subject to recommendation (i), the award of business loans of between £1m and £5m for successful applicants, be delegated to the Chief Executive in liaison with the Leader of the Council, Executive Board Portfolio Holder for Resources, Operational Director, Finance and the Operational Director, Economy, Enterprise & Property; and

(iv) Subject to recommendation (i), the award of business loans of over £5m for successful applicants, be a matter for decision by Executive Board.

3.0 SUPPORTING INFORMATION

Background

3.1 Since the global financial crisis in 2008, financial institutions have been highly risk averse, particularly in respect of Small and Medium Enterprises (SMEs). In the current economic climate it is still proving difficult for SMEs to obtain finance from the usual financial institutions, which is hampering their ability to grow, expand and develop their businesses for the benefit of boroughs such as Halton.

3.2 This provides an opportunity for councils to support SMEs in order to assist with sustaining and growing economic development and job creation within their boroughs, whilst also generating much needed business rates and interest revenue to support delivery of council services. With the introduction of 100% business rates retention nationally from 2020 and Halton's inclusion in the Liverpool City Region pilot scheme from April 2017, business rates growth is now a key financial driver for councils in order to fund the delivery of public services.

3.3 A number of councils are now offering such financial support to SMEs, either directly from the council or via arms-length vehicles.

Proposed Approach to the Provision of Support

3.4 The Council has a proven track record and significant expertise in supporting SMEs to access grant and other funding opportunities from a variety of sources, to assist with the development of their businesses. This would therefore continue to be the first port of call in supporting the Borough's businesses, signposting them to funding programmes and opportunities such as the Chrysalis Fund, as well providing technical advice and support in applying for such funding. One of the aims in assisting with access to such funding opportunities, is to promote investment in the Borough where the market has limited capacity or appetite to invest.

3.5 There will be circumstances where the form of funding required or the outcomes to be delivered do not meet the specific requirements of grant or other funding programmes, to which the business has been directed. In these instances, consideration may be given to whether it would be in the Council's interests to provide funding to the business. This would be in the form of a short-term capital loan, with appropriate security provided and linked to inward investment in the Borough.

3.6 In order to consider the provision of financial support in this context, a number of criteria will be used to evaluate proposals including the following;

(i) Businesses seeking financial support should preferably operate within the Borough and demonstrate that any financial support provided by the Council would be utilised to deliver outcomes and benefits within the Borough.

(ii) The purpose of the loan must be presented in detail, along with the fully costed, potential benefits for the business of such funding and the sustainability of those benefits.

(iii) The reasons why the business has not been able to obtain funding from traditional financial institutions or via other funding opportunities and what efforts have been undertaken to seek such finance, will need to be provided by the applicant.

(iv) The potential benefits for the Borough of granting loans to businesses will be considered. These may include; additional floor area to be developed, creation or sustainability of jobs, development of economic activity, business rates growth and contribution towards the Council's regeneration and economic development strategies. The applicant's future forecasts and business plans will be required to support the assessment of such benefits.

(v) An assessment would be undertaken in each instance, to ensure that any financial support provided is fully compliant with State Aid rules. To this end, loans will also be advanced at a minimum of commercial interest rates.

(vi) The applicant will be required to provide the Council with an appropriate form of security, against which the loan is to be provided. Such security will be evaluated in order to consider whether the form and amount of security is deemed acceptable in the particular circumstances.

(vii) Each application for funding will also be considered in the wider context of any existing funding arrangements in place or any other arrangements, which the Council may have with the applicant business.

(viii) Each application for financial support will be considered on its own merits.

(ix) The extent to which these criteria apply may be reflected in the rate of interest to be charged by the Council in each instance.

(x) The repayment period will be established in each case, based upon the particular circumstances of each successful loan application. However, in all cases repayment of the loan and associated interest will begin from the date upon which the loan commences.

(xi) Even where proposals meet the evaluation criteria, the Council will reserve the right not to grant a loan, in particular where it is determined that insufficient funding is available to the Council at the time in order to provide a loan.

3.7 The mechanism for assessing and evaluating proposals will cover a number of aspects including the following;

(i) All applications would be subject to rigorous financial and legal due diligence, utilising external specialist advice where considered necessary. Applicants will be required to provide previous years' audited accounts, future forecasts, fully costed proposals, and business plans.

(ii) All additional costs incurred by the Council in evaluating proposals, such as commissioning specialist advice, will be charged to the business submitting the application in advance of any decision regarding whether or not to grant the loan.

(iii) It is recognised that the provision of loans to businesses carries significant financial risks for the Council. Therefore, the rate of interest to be charged for successful applications, will reflect this and will be established on a case-by-case basis, taking account of such factors as; current commercial interest rates, the period and amount of the proposed loan, the interest rate payable by the Council to secure such funding, the generally assessed risk of business failures, and the risk of failure to repay the loan.

(iv) Where an application is successful, a formal legal agreement will be prepared and signed in advance of any funds being provided. This will ensure that the Council's rights and funding provided are protected as far as possible.

Conclusions

3.8 It is proposed that a scheme be introduced to potentially provide funding for SMEs in the particular circumstances outlined above. The evaluation of business loan applications will be undertaken by reference to the above criteria and mechanisms, with decisions regarding the award of loans being made as set out in the recommendations above.

4.0 POLICY IMPLICATIONS

4.1 The adoption of the proposed scheme would support the Council's policies around inward investment, economic development and regeneration.

5.0 FINANCIAL IMPLICATIONS

5.1 Funding for the proposed scheme would be provided via borrowing, with applicant businesses meeting the full cost of such borrowing over the loan period and with a minimum of commercial interest rates being applied. All additional costs of evaluating applications would also be met by the applicant businesses.

5.2 A key factor in evaluating applications will be the potential for increased business rates generation which the investment may deliver.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**

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

The adoption of the proposed scheme may promote and sustain investment in the Borough and thereby support the achievement of this priority.

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

7.1 The provision of financial support to SMEs carries potential financial risks as outlined in section 3 above. The financial and legal due diligence which will be undertaken, the level of security required in each instance, the interest rates to be applied, along with the legal agreements and other measures outlined above, will all mitigate against these risks.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

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Agenda Item 9f

REPORT TO:	Executive Board
DATE:	23 February 2017
REPORTING OFFICER:	Strategic Director – Enterprise, Community and Resources
PORTFOLIO:	Resources
SUBJECT:	Calendar of Meetings – 2017/18
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2017/2018 Municipal Year attached at Appendix 1 (N.B. light hatched areas indicate weekends and Bank Holidays, dark hatched areas indicate school holidays).

2.0 RECOMMENDATION: That Council be recommended to approve the Calendar of Meetings for the 2017/2018 Municipal Year, attached at Appendix 1.

3.0 SUPPORTING INFORMATION

None.

4.0 POLICY IMPLICATIONS

None.

5.0 OTHER IMPLICATIONS

None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**
None.

6.2 **Employment, Learning and Skills in Halton**
None.

6.3 **A Healthy Halton**
None.

6.4 **A Safer Halton**
None.

6.5 **Halton's Urban Renewal**

None.

7.0 RISK ANALYSIS

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

8.0 EQUALITY AND DIVERSITY ISSUES

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

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

None under the meaning of the Act.

2017/2018 Year Planner

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

	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2018	FEB	MARCH	APR	MAY
M	1 Early Spring Bank Holiday		3 Development Control		4 Dev Control Cttee	2 Dev Control Cttee			1 New Year's Day Bank Holiday		(March 30 GOOD FRIDAY)	2 EASTER MONDAY	
T	2		4	1 SEMINAR	5 Corporate	3			2			3	1
W	3		5 H W Board Regulatory	2	6	4 HW Board Regulatory	1		3			4	2
T	4 Elections (LCR Mayoral)	1	6 SEMINAR	3	7 SEMINAR	5 SEMINAR	2		4	1 SEMINAR	1	5	3 (Elections – Local)
F	5	2	7	4	8	6	3	1	5	2	2	6	4
S	6	3	8	5	9	7	4	2	6	3	3	7	5
S	7	4	9	6	10	8	5	3	7	4	4	8	6
M	8 Development Control	5 Development Control	10	7 Development Control Committee	11 CYP&F	9	6 Dev Control	4 SEMINAR	8 Dev Control Cttee	5 Dev Control Cttee	5	9 Dev Control Cttee	7 Early Spring Bank Holiday
T	9	6 Corporate	11	8	12 Safer	10	7 Corporate	5 Dev Control Cttee	9	6	6 Dev Control Cttee	10	8
W	10	7 Business Efficiency Board	12 COUNCIL	9	13	11 Schools Forum	8	6 COUNCIL	10	7 Standards Committee /Business Efficiency Board	7 COUNCIL	11	9
T	11	8 SEMINAR	13	10	14	12	9	7	11 SEMINAR	8	8	12	10
F	12	9	14	11	15	13 SEMINAR	10	8	12	9	9	13	11
S	13	10	15	12	16	14	11	9	13	10	10	14	12
S	14	11	16	13	17	15	12	10	14	11	11	15	13
M	15	12 CYP&F	17	14	18	16	13 CYP&F	11	15	12	12	16	14 Development Control (prov)
T	16 Executive Board (Selection Committee)	13 Safer	18	15	19 Health	17	14	12	16	13	13	17	15 E B Selection Cttee (prov)
W	17	14	19	16	20 Environment	18 COUNCIL	15 Environment	13	17 H W Board Schools Forum Regulatory	14	14 Regulatory	18	16
T	18	15 Executive Board	20 Executive Board	17	21 Executive Board	19 Executive Board	16 Executive Board	14 Executive Board	18 Executive Board	15	15 Executive Board	19 Executive Board	17
F	19 Annual Council	16	21	18	22	20	17	15	19	16	16	20	18 Annual Council (prov)
S	20	17	22	19	23	21	18	16	20	17	17	21	19
S	21	18	23	20	24	22	19	17	21	18	18	22	20
M	22	19	24	21	25 ELS&C	23	20 ELS&C	18	22	19 ELS&C	19	23	21
T	23	20 Health	25	22	26	24	21 Safer	19	23	20 Safer	20	24	22
W	24	21 Schools Forum	26	23	27 Business Efficiency Board	25	22 Business Efficiency Board	20	24	21 Mayoral Committee	21 Schools Forum	25	23
T	25	22	27	24	28	26	23	21	25	22 Executive Board	22	26	24
F	26	23	28	25	29	27	24	22	26	23	23	27	25
S	27	24	29	26	30	28	25	23	27	24	24	28	26
S	28	25	30	27	1 Oct	29	26	24	28	25	25	29	27
M	29 Spring Bank Holiday	26 ELS&C	31	28 Summer Bank Holiday		30	27	25 Christmas Day	29 CYP&F	26	26	30	28 Spring Bank Holiday
T	30	27		29		31	28 Health	26 Boxing Day	30 Corporate	27 Health	27		29
W	31	28 Environment		30			29 Regulatory	27	31	28 Environment PPB	28 HW Board		30
T		29		31			30	28			29		31

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Agenda Item 9g

REPORT TO:	Council
DATE:	8 March 2017
REPORTING OFFICER:	Strategic Director, Enterprise, Community and Resources
PORTFOLIO:	Leader's
SUBJECT:	Appointment of Local Returning Officer
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

1.1 The Liverpool City Region Combined Authority (Mayoral Elections) Order 2017 formally requires that each constituent authority appoints an Officer of their Council to be the Local Returning Officer for the election of a Combined Authority Mayor.

2.0 RECOMMENDATION: That Council be recommended to appoint the Chief Executive as the Local Returning Officer for the Combined Authority Mayoral Election to be held on 4 May 2017.

3.0 SUPPORTING INFORMATION

3.1 All Councils are required to appoint an Officer to be its Returning Officer in accordance with Section 35 of the Representation of the People Act 1983.

3.2 Statutory provisions provide that a Council's Returning Officer will also be the Returning Officer for any other polls that are held in the Borough, such as Local, Parish, Parliamentary or European Elections, Referendum and Police and Crime Commissioner Elections.

3.3 The Combined Authority (Mayoral Elections) Order 2017 provides that each constituent authority appoint an Officer of the Council to be the Local Returning Officer for that Council's area, for the election of a Combined Authority Mayor. This election is due to take place on Thursday 4 May 2017.

3.4 In Halton it is proposed that the Chief Executive be appointed as the Local Returning Officer for this purpose.

4.0 POLICY IMPLICATIONS

As this appointment is a legal requirement, the Council would be in breach of its statutory duty if a Local Returning Officer is not appointed.

5.0 FINANCIAL IMPLICATIONS

Costs for this election have been determined by Central Government and have been estimated on the “maximum recoverable amounts” allocated to the various voting areas of the Police and Crime Commissioner Election and the European Referendum held in 2016.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 **Children and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton’s Urban Renewal**

None

7.0 RISK ANALYSIS

The risk of not appointing to this position would result in a breach of relevant legislation.

8.0 EQUALITY AND DIVERSITY ISSUES

None.

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

None under the meaning of the Act.

REPORT TO:	Council
DATE:	8 March 2017
REPORTING OFFICER:	Strategic Director Enterprise, Community & Resources
PORTFOLIO:	Resources
SUBJECT:	Pay Policy Statement 2017 – 2018
WARD(S):	Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The Localism Act 2011 requires every local authority to prepare a pay policy statement each year which details the Council's approach to a range of issues relating to the pay of its workforce, particularly its senior staff (Chief Officers) and its lowest paid employees.

1.2 This report details the Council's recommended Pay Policy Statement for 2017/18. The statement will be subject to annual review and approval by Full Council by 31 March each year. In exceptional circumstances, the statement may be reviewed/amended in-year by the Full Council.

1.3 On approval the statement will be published on the Council's website following each annual review.

2.0 RECOMMENDATION: That Council adopts this Pay Policy Statement for 2017/18.

3.0 SUPPORTING INFORMATION

3.1 The Council is committed to transparency and fairness in the pay and remuneration of all its employees. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant legislation and has had regard to the Guidance issued by the Department for Communities and Local Government in February 2012.

3.2 The Localism Act requires the Council to produce a policy statement that covers a number of matters concerning the pay of the Councils staff; principally its Chief Officers and the Authority's lowest paid employees. This pay policy statement meets the requirements of the Localism Act 2011 and takes account of the guidance issued by the Secretary for Communities and Local Government "Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act".

3.3 The statement complies with the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency

Worker Regulations 2010, and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2014.

3.4 With regard to the equal pay requirements contained within the Equality Act, the Council ensures that there is no pay discrimination in its pay and grading structures and that all pay differentials are objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of grades according to the requirements, demands and responsibilities of the job role.

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

4.0 THE PAY POLICY STATEMENT

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

- The methods by which salaries of all employees are determined;
- The detail and level of remuneration of its most senior staff, i.e., chief officers, as defined by relevant legislation;
- The Committee responsible for ensuring the provisions set out in this Statement are applied consistently throughout the Council and recommending any amendments to the Full Council.

5.0 BACKGROUND – PAY STRUCTURE

5.1 The Council uses the National Joint Council (NJC) nationally negotiated pay spine (i.e. a defined list of salary points) as the basis for its local pay structure, based on the application of the job evaluation process to determine the salaries of the majority of its staff.

5.2 The Council adopts the national pay bargaining arrangements in respect of the national pay spine and any agreed annual pay increases negotiated with the joint trade unions.

5.3 For staff on Joint Negotiating Committee (JNC) terms and conditions (Chief Officers), the Council operates a locally determined pay structure, in accordance with JNC guidance, and any agreed annual pay increases negotiated with the joint trade unions.

5.4 In April 2016 employees of the Council were consulted and agreed to vary their contracts of employment by taking four days unpaid leave for a period of three years as a budget saving measure. This agreement followed two similar successive agreements, which ended in 2014/15. This has the effect of a 1% annual pay cut but contributes to enabling the Council to present a balanced budget. The current variation of contract covers the three financial years to 2018/19.

5.5 All other pay related allowances are the subject of either national or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined locally.

5.6 Starting salaries for new appointments will normally be made at the minimum spinal column point for the grade, although this can be varied where necessary to secure the best candidate for the job. From time to time it may be necessary to take account of the external pay market in order to attract and retain the best employees with particular experience, skills and abilities. Where necessary, the Council will ensure that the requirement for such payments is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the public sector and where such retention payments are necessary, they will be considered with the framework provided by the NJC, and be subject to local negotiations.

5.7 There is a formal job evaluation process for new positions created or for proposed changes to existing job descriptions. For positions which are subject to the National Joint Council (NJC) for Local Government Services ('Green Book'), the grading review is undertaken with representation from the Human Resources section, the Trade Unions and the Manager, using the Local Government Single Status Job Evaluation Scheme (the NJC scheme) which is used to evaluate posts up to grade HBC11.

5.8 The following employee groups are not presently paid in accordance with an evaluated grade/role determined by the Council and instead nationally or locally determined rates apply:

- Employees whose pay and conditions are determined by the Soulbury Committee
- Employees within the Council whose pay is determined by the annual review of the School Teachers Pay and Conditions document (STPCD)
- Employees who have transferred from the NHS to the Council on NHS terms and conditions
- Employees who have retained terms and conditions following a TUPE transfer to the Council

5.9 Any temporary supplement to the salary scale for any grade is approved in accordance with the 'Green Book' criteria on such matters and can only be approved be the Chief Executive in consultation with the Divisional Manager – Policy, People, Performance & Efficiency (PPPE).

6.0 SENIOR MANAGEMENT REMUNERATION

6.1 For the purposes of this Statement, senior management means 'chief officers' as defined within the Localism Act. The posts falling within the statutory definition are set out below:

- Chief Executive
- Strategic Directors
- Operational Directors
- Director of Public Health

- Officers reporting to the Chief Executive

  The Act defines posts reporting directly to or accountable to the Chief Executive as non-statutory Directors. There is currently one officer reporting directly to the Chief Executive who meets the statutory definition.

6.2 The basis of salary levels for Chief Officers was established following a review exercise in April 2005 carried out by Tribal Resources, using the Hay system to evaluate grades and salary points.

6.3 The salary details of the Council's Chief Officers can be found on the Council website and are published as part of the Council's Annual Statement of Accounts.

6.4 The arrangements and factors considered in determining progression through the relevant grade is incremental progression awarded on an annual basis until the top of the grade is reached.

6.5 The terms and conditions applicable to officers on director grade and above are determined by the JNC for Chief Executives, the JNC for Chief Officers of Local Authorities or NHS as amended, supplemented or superseded by the Council from time to time.

7.0 RECRUITMENT OF CHIEF OFFICERS

7.1 The Council's policy and procedures with regard to the recruitment of Chief Officers is as contained in the Council's Constitution which is reviewed annually by Full Council.

7.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law, its recruitment guidance and equal opportunities policies.

7.3 The remuneration of any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

8.0 ADDITIONS TO SALARY OF CHIEF OFFICERS

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

8.2 To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. honoraria, acting up) are dependant upon the provision and approval of a business case to the Chief Executive and relevant Strategic Director in consultation with the Divisional Manager PPPE.

8.3 Officers required to use a vehicle for Council business are currently entitled to an essential car user allowance, currently £1,000pa (from April 2013). The

Chief Executive, Strategic Directors and Operational Directors are also entitled to this payment.

8.4 The Chief Executive also receives reimbursement for the duties undertaken as a Returning Officer.

8.5 Additions to pay are negotiated for all employees, including those covered by the NJC (‘Green Book’) and JNC terms and conditions.

9.0 PENSION CONTRIBUTIONS

9.1 Where employees have exercised their right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the Scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Pension Fund and reviewed on a triennial basis in order to ensure the Scheme is appropriately funded. The current employer’s rate, set at April 2016 is 21.1%.

9.2 The employee contribution rates, which are defined by statute, are currently based on their annual full time equivalent rate of pay at the following rates:

Rate of Contribution	Annual Rate of Pay (01 April 2015 to 31 March 2016)
5.5%	Up to £13,600
5.8%	£13,601 - £21,200
6.5%	£21,201 - £34,400
6.8%	£34,401 - £43,500
8.5%	£43,501 - £60,700
9.9%	£60,701 - £86,000
10.5%	£86,001 - £101,200
11.4%	£101,201 - £151,800
12.5%	More than £151,801

10.0 PAYMENTS ON TERMINATION

10.1 The Council’s approach to (statutory) and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age is set out within its Pensions Discretions Policy and in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (and if adopted) Regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

10.2 The Council’s Policy on Voluntary Early Retirement and Voluntary Redundancy are contained in its Staffing Protocol which was approved by the Appointments Committee on 21st September 2009 with revised terms to reflect the changes to the Local government Pensions Scheme in April 2014 being agreed by the Committee on 4th February 2015. These arrangements apply to all employees at all levels.

10.3 The Council will have regard to the 'The Public Sector Exit Payment Regulations, 2016' and the 'Repayment of Public Sector Exit Payments Regulations 2016', upon Parliamentary approval and implementation which is anticipated during 2017.

11.0 PUBLICATION

11.1 Upon approval by full Council, this Statement will be published on the Council's website.

11.2 For posts where the full time remuneration is £50,000 or above, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous years;
- Any bonuses so paid by way of expenses allowance that are chargeable to UK Income Tax;
- Any compensation for loss of employment and any other payments connected with termination;
- Any benefits received that do not fall within the above.

12.0 LOWEST PAID EMPLOYEES

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

12.2 An increment is awarded on an annual basis up to the maximum of the salary grade. The normal increment date is 01 April. Pay awards are generally awarded with effect from 01 April, although the date can be influenced by the negotiation process. The current pay award is subject to negotiation at the time of writing.

12.3 Annual pay awards have removed the lowest spinal column points on the NJC pay scale, the latest being SCP 5, with effect from 1 October 2015. The pay spine now starts at SCP 6 which equates to a full time equivalent salary of £15,014 per annum, effective 1st April 2017.

12.4 The relationship between the rate of pay for the highest paid employee and the mean average earnings across the Council is recommended as the best way of illustrating the relationship between the two. This is called the pay multiple and for this Authority, the pay multiple is 1:7.36.

12.5 The Hutton Review asked for a pay multiple between the highest and the lowest paid median average salary not to exceed 1:20. On this basis, the Council has a pay multiple of 1:8.56, well within the recommended range.

12.6 The Council has regard to the National Minimum Wage (Amendment) Regulations 2016, which implemented the National Living Wage for employees aged over 25, with effect from 1st April 2016.

12.7 The Council ensures that all employees, including those aged under 25, are paid the National Living Wage.

12.8 Apprentice posts are also covered by the covered by the National Minimum Wage (Amendment) Regulations 2016, which apply designated rates for apprenticeships, dependent upon age and year of apprenticeship scheme. The Council’s policy on apprenticeships ensures that statutory rates are met.

13.0 ACCOUNTABILITY AND DECISION MAKING

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

14.0 POLICY IMPLICATIONS

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

15.0 FINANCIAL IMPLICATIONS

15.1 The Pay Policy Statement must be prepared for the financial year 2017/18 and each subsequent financial year. Once in place, it will provide the public with a clear rationale to explain the Authority’s approach to pay.

15.2 The Council employs 2435 staff in 2521 posts and estimated staffing costs are reviewed and reported annually within the Council’s Medium Term Financial Strategy

16.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

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

17.0 RISK ANALYSIS

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

18.0 EQUALITY AND DIVERSITY ISSUES

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

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

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

Agenda Item 9i

REPORT TO:	Council
DATE:	8 March 2017
REPORTING OFFICER:	Chief Executive
PORTFOLIO:	Leader
SUBJECT:	People's Directorate
WARD(S)	Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 That, following the appointment of the Strategic Director People, Council consider and agree to revised arrangements within the People Directorate to provide clear lines of accountability and responsibility as required by the current legislative framework for Children's, Adults and Public Health Services.

2.0 RECOMMENDATION: That Council

1) note the content of the report; and

2) formally designate the Strategic Director, People, as the Council's Statutory Director of Children Services.

3.0 SUPPORTING INFORMATION

3.1 The Council established the post of Strategic Director People at the Appointments Committee meeting 6 June, 2016 following the departure of the then Strategic Director, People and Economy. The purpose of this role was to bring together those Council services that were predominately focused on the safeguarding, education, health and wellbeing of Halton's residents. Many local authorities have moved towards a similar approach.

3.2 Supporting the "Strategic Director: People" are four substantive Operational Directors who report to the Strategic Director and, were established on an equal footing. Specifically, with regard to children and young people, the Operational Director for Education, Access and Inclusion and the Operational Director for Children and Family Services.

3.3 The latter was nominally designated the statutory role of Director of Children Services (DCS). The Operational Director for Adults remained the nominated Director of Adult Social Services (DASS) as did the Director of Public Health.

3.4 **Director of Children Services**

3.4.1 Whilst these designations fulfilled the Local Authorities statutory duty at the time, to have in place a DCS, DASS and DPH, in the case of the DCS role the current designation has created some confusion in terms of accountability and leadership across children services. Further, statutory guidance on the roles and responsibilities of the Director of Children's Services and the Lead Member for Children's Services (LMCS) April 2013 clearly sets out what is required for the DCS role to be discharged.

3.4.2 The substantive points are that:

"The DCS and LMCS are appointed for the purposes of discharging the education and children's social services functions of the local authority. The functions for which they are responsible are set out in section 18(2) of the Children Act 2004. This includes (but is not limited to) responsibility for children and young people receiving education or children's social care services in their area and all children looked after by the local authority or in custody (regardless of where they are placed)."

3.4.3 Although "it is for individual local authorities to determine their own organisational structures in the light of their local circumstance, local authorities must ensure that there is both a single officer and a single elected member each responsible for both education and children's social care. The DCS and LMCS should each have an integrated children's services brief, ensuring that the safety and the educational, social and emotional needs of children and young people are central to the local vision. Between them, the DCS and LMCS provide a clear and unambiguous line of local accountability."

3.4.4 The current designation in relation to children services does not meet the criteria set out in the statutory guidance, as the DCS is not a Tier 1 officer and neither does the post provide the unambiguous line of local accountability for social care and education.

3.4.5 The current arrangement has unintentionally displaced the Operational Director for Education, Access and Inclusion, and transferred responsibility for those functions and staff to the DCS. Although in reality the delivery of the functions has remained divided between the two individuals. Furthermore, leadership for children services is a key criteria in the OfSTED regulatory frameworks, and unlike the DASS and DPH, is a post that forms part of the judgement of the local authority's arrangement for safeguarding children pursuant to the Children's ACT 2004 and subsequent guidance.

3.4.6 It is recommended to move the Statutory Designation of DCS to the

Strategic Director People ensuring this post has accountability for all of children services and that the Strategic Director of People delegates managerial and day to day responsibility for Social Care and Education and Early Family Support as necessary.

3.5 **The Director of Public Health**

3.5.1 The Health and Social Care Act 2012 set out the necessary legislation that transferred the responsibility for public health to local authorities in April 2013. This included the role of the Director of Public Health. Whilst the DPH is a local authority employee the appointment is a joint responsibility between the Secretary of State and Chief Executive. The DPH is part of the local authority's most senior management team, and is accountable to the Chief Executive in respect of the local authority's public health duties. In Halton the DPH is part of the People Directorate and the accountability duty is discharged by regular meetings between the DPH and Chief Executive. The appointment of the "Strategic Director: People" does not need to impact on this arrangement and no staff are affected.

3.5.2 There is no external regulatory framework that tests the arrangements that a local authority has in place to discharge its public health duty.

3.5.3 It is recommended the Council maintain the current arrangements for the post of DPH.

3.6 **The Director of Adult Social Services**

3.6.1 Following the establishment of the Director of Children Services (Children's Act 2004) the statutory post of Director of Social Services was effectively abolished. This was replaced by the requirement to have the statutory role of the DASS, and that it should be allocated at all times to a suitable post-holder within the senior management structure and the responsibility to allocate that role rests with Full Council. The allocation of the statutory role is separate from the post-holders appointment as Director of Adult Social Services. The background legislation setting out the requirements for the allocation of the statutory role is contained within Schedule 1 of the Local Authority Social Services Act 1970 (as amended). Statutory and best practice guidance on the role was subsequently issued by the Department of Health in 2006.

3.6.2 Following the retirement of one operational director the line of accountability and management of all adult services and functions rested with the Operational Director Adult Services, and is, for external purposes the designated Director of Adult Services. In respect of discharging the duties of the DASS, the current arrangement provides the post-holder with authority over all the necessary functions to deliver the DASS role. This is not the case for the DCS role as it currently stands.

3.6.3 There is no external regulatory framework that tests the arrangements that a local authority has in place to discharge its Adult Services duty.

3.6.4 It is recommended that the Statutory Designation of DASS continues with the Operational Director for Adult Services.

4.0 POLICY IMPLICATIONS

4.1 Changes to the Council's Scheme of Delegation will be required to affect these changes.

The new arrangement will also ensure the two Operational Directors who will undertake the managerial and the day to day responsibility for Social Care and Education and Early Family Support are treated equally and their terms and conditions will be amended accordingly.

5.0 FINANCIAL IMPLICATIONS

5.1 Any financial implications for this change will be constrained within existing budgets.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**

Will provide clear line of accountability for the delivery of all Children Services as set out in the Statutory Guidance

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

None identified.

6.3 **A Healthy Halton**

None identified.

6.4 **A Safer Halton**

None identified.

7.0 RISK ANALYSIS

7.1 A key Risk for the Council to consider is the potential impact the current arrangements may have on an Ofsted inspection of Children Services. The current Ofsted framework would assume the DCS role functioning and having authority as set out in the guidance, and may jeopardise the judgement on leadership and management.

8.0 EQUALITY AND DIVERSITY ISSUES

This is an organisational issue with respect to structures and reporting arrangements and does not have any equality and diversity issues.

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

None.

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