HALTON BOROUGH COUNCIL

Municipal Building,
Kingsway,
Widnes.
WA8 7QF

26 February 2019

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, 6 March 2019 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-

Item No.		Page No.
1.	**COUNCIL MINUTES**	**SEE MINUTE BOOK**
2.	**APOLOGIES FOR ABSENCE**	
3.	**THE MAYOR'S ANNOUNCEMENTS**	
4.	**DECLARATIONS OF INTEREST**	
5.	**LEADER'S REPORT**	
6.	**MINUTES OF THE EXECUTIVE BOARD**	**SEE MINUTE BOOK**
	a) 13 December 2018	
	b) 17 January 2019	
	c) 21 February 2019	
7.	**QUESTIONS ASKED UNDER STANDING ORDER 8**	
8.	**MATTERS REQUIRING A DECISION OF THE COUNCIL**	
	a) Budget 2019/20 - KEY DECISION (Minute EXB 92 refers) Executive Board considered the attached report. RECOMMENDED: That 1) Council adopt the resolution set out in Appendix A attached to the report, which includes setting the budget at £108.621m, the Council Tax requirement of £49.597m (before Parish, Police and Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,419.08; and 2) From 1 April 2019 the level of Empty Homes Premium on dwellings that have been unoccupied for more than 2 years be increased to 100%.	**1 - 26**
	b) Treasury Management Strategy Statement 2019/20 (Minute EXB 93 refers) Executive Board considered the attached report. RECOMMENDED: That Council adopt the policies, strategies, statements, prudential and treasury indicators outlined in the report.	**27 - 50**

c)	Capital Strategy 2019/20 (Minute EXB 94 refers) Executive Board considered the attached report. RECOMMENDED: That Council approve the 2019/20 Capital Strategy, as presented in the Appendix attached to the report.	**51 - 66**
d)	Capital Programme 2019/20 -KEY DECISION (Minute EXB 80 refers) Executive Board considered the attached report. RECOMMENDED: That Council approve the Capital Allocations set out in the report.	**67 - 72**
e)	2018/19 Revised Capital Programme (Minute EXB 95 refers) Executive Board considered the attached report. RECOMMENDED: That Council approve the revisions to the Council's 2018/19 Capital Programme set out in paragraph 3.2 of the report.	**73 - 80**
f)	Calendar of Meetings 2019/20 (Minute EXB 96 refers) Executive Board considered the attached report. RECOMMENDED: That Council approve the Calendar of Meetings for the 2019/20 Municipal Year, as appended to the report.	**81 - 84**
g)	Unison's End Violence at Work Charter (Minute EXB 97 refers) Executive Board considered the attached report. RECOMMENDED: That Council adopt the Unison "End Violence at Work Charter" and works with Unison representatives to ensure the standards within the Charter are adhered to.	**85 - 88**
h)	International Holocaust Remembrance Alliance Working definition of Anti-Semitism (Minute EXB 98 refers) Executive Board considered the attached report. RECOMMENDED: That Council adopt the IHRA working definition of Anti-Semitism.	**89 - 92**
i)	Members' Allowance Scheme - Tri-annual Review	**93 - 104**

RECOMMENDED: That Council consider

1) the recommendations of the Independent Members' Allowances Panel as set out in Paragraph 6 of the report; and

2) having regard to the Panel's recommendations, determine the Members' Allowance Scheme to be effective from April 2019 for a 3 year period.

9. MINUTES OF THE POLICY AND PERFORMANCE BOARDS — **SEE MINUTE BOOK**

a) Children, Young People and Families

b) Employment, Learning and Skills and Community

c) Safer

d) Corporate Services

10. COMMITTEE MINUTES — **SEE MINUTE BOOK**

a) Development Control

b) Regulatory

c) Standards

11. MATTERS FOR NOTING

a) Report of the Local Government Ombudsman — **105 - 110**

The Local Government Ombudsman has issued a report following its investigation of a complaint against Halton Borough Council. The complaint was about a Highways and Transport matter relating to the Mersey Gateway. (Copy enclosed separately).

The Ombudsman made no fault finding on the part of the Council and found no injustice.

The Ombudsman made no recommendations.

b) Recommendation from the Mayoral Committee

The Mayoral Committee considered a Part II item making a recommendation on the appointment of Mayor and Deputy Mayor for the 2019/20 Municipal Year.

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

1) Councillor Margaret Horabin be appointed as the Mayor

2) Councillor Chris Rowe be appointed as the Deputy Mayor.

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REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Budget 2019/20
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 2019/20.

2.0 RECOMMENDATION: That

1) **Council be recommended to adopt the resolution set out in Appendix A, which includes setting the budget at £108.621m, the Council Tax requirement of £49.597m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,419.08; and**

2) **From 1 April 2019 the level of Empty Homes Premium on dwellings that have been unoccupied for more than 2 years be increased to 100%.**

3.0 SUPPORTING INFORMATION

Medium Term Financial Strategy

3.1 The Executive Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 15 November 2018. In summary, funding gaps of around £9.8m in 2019/20, £8.2m in 2020/21 and £3.3m in 2021/22 were identified. The Strategy had the following objectives:

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

Budget Consultation

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

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

Review of the 2018/19 Budget

3.4 The Executive Board receives regular reports summarising spending in the current year against the budget. The latest report indicates that spending may be over budget in the current year by approximately £4.2m against a net budget of £109.2m. The main reason for the projected overspend is the continued significant pressure in respect of Childrens' Social Care costs. The Community and Environment Department is also experiencing significant financial pressures, primarily due to shortfalls in various areas of income. The potential overspend is a worst case scenario, as various actions are being taken to mitigate the impact of these pressures and bring net spending back in line with budget as far as possible. A review of reserves is also being undertaken to consider options to assist with funding the overspend. The general reserve balance is current around £5.0m, equivalent to approximately 4.6% of the net budget for 2019/20, which is considered a prudent level. Any overspend would reduce the level of the general reserve, however the actions being taken should help to mitigate the impact.

2019/20 Budget

3.5 On 12 December 2018 Council approved initial budget savings for 2019/20 totalling £4.653m and further proposed savings are shown in Appendix B.

3.6 The proposed budget totals £108.621m. 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 Local Government Grant Settlement. It includes £2.381m for the New Homes Bonus 2019/20 grant. This is an increase of £0.229m from the grant level for 2018/19. It also includes Improved Better Care Funding (IBCF) of £5.233m; this is the third year of IBCF funding, it is an increase of £2.188m from the second year and is funded through the Liverpool City Region pilot scheme for business rate retention. There is additional Better Care Funding of £0.904m included in the budget which was announced as part of the 2017 Spring Budget. This funding has been paid over three years and the financial forecast does not expect this to continue beyond 2019/20. Like the IBCF this will be funded through business rates retention.

3.8 Announced in the Government's 2018 Autumn Budget was additional funding for both Adults and Children's Social Care. Included within the Council's 2019/20 budget will be grant funding of £0.639m for dealing with winter care pressures within Adult Social Care and £1.092m for wider social care measures. This funding will be included in the Council budget for Children's Social Care to help fund existing pressures within the Service.

3.9 Announced at the time of the 2019/20 provisional finance settlement was one–off funding of £0.545m relating to a surplus generated on the national business rate retention levy account. Government allocated these funds nationally based on percentage shares of Councils Settlement Funding Assessments.

3.10 Pay rates for 2018/19 and 2019/20 have been agreed and the budget provides for the increased cost of these pay awards, including the additional element for changes to the bottom tiers of the pay spine.

3.11 The main risk to the Council's budget over the next year continues to be children in care costs within the Children and Families Department. The additional £1.092m Government grant will help towards meeting additional costs and initiatives are developing to help control and reduce costs where possible. In an aim to reduce costs relating to out of borough residential placements and fostering, plans are in place for the Council to increase the number of in-house foster carers. The Council have joined a collaborative fostering service with Cheshire West and Chester, Cheshire East and Warrington Councils. The aim being to increase the number of foster carers and improve the quality of service offered across all authorities. In December, the Council's Executive Board approved granting 100% council tax discount to all foster carers within the Borough from April 2019.

3.12 Government have reacted to Local Government's increasing costs associated with the aging population, by providing an additional £0.639m to Halton in both 2018/19 and 2019/20 to help deal with the pressures over the Winter period. Whilst this is welcome it doesn't address the wider financial issues on Adult Social Care services. The budget provides for above inflation increases to help meet the cost of the national living wage within Social Care provider contracts. The Council continues to work closely with Halton Clinical Commissioning Group (HCCG) and to help deal with the current year's financial pressures a Financial Recovery Action Plan was instigated and a Working Group established to identify ways of mitigating the budget pressures. The Working Group continues to look at ways of reducing spend whilst ensuring the needs of clients continue to be met

3.13 It is considered prudent for the budget to include a general contingency of £1.0m. 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.

3.14 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 2019/20 budget, capital programme and council tax. Balances and reserves should provide sufficient resilience to meet the financial consequences of any unforeseen events.

Local Government Finance Settlement

3.15 The Government announced on 29 January 2019 the 2019/20 Final Local Government Finance Settlement, which was broadly in line with the Provisional Settlement announced on 13 December 2018.

3.16 As part of the Liverpool City Region, the Council will continue to participate in a pilot scheme of 100% business rates retention. Government have reiterated the pilot scheme will operate under a "No Detriment" policy, in that no council operating as part of the pilot will see a reduction in their funding in comparison to what it would have received under the 49% national scheme. The pilot will result in additional business rates being retained by the Council although offset by Revenue Support and Better Care Fund grants no longer being received.

3.17 From 2020/21 the Business Rates Retention Scheme will be amended on a national basis, with the level of retained rates for each Council being set at 75%. In conjunction with this Government will undertake a review of needs and resources of Local Government, the first review since April 2013 and will also reconsider the business rate "baselines" for each council. The following two consultations were issued on 13 December 2018 to which the Council will respond both individually and as part of joint responses by Sigoma and the Liverpool City Region.

- Fair Funding Review - "A review of local authorities' relative needs and resources - Technical consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements."

- Business Rates Retention – "Business Rates Retention Reform - Sharing risk and reward, managing volatility and setting up the reformed system."

3.18 For 2019/20 the Council's total Government Settlement Funding Allocation is £51.002m. This is made up of £46.106m Business Rates Baseline Funding and Top-Up grant of £4.896m. The reduction in the Settlement Funding Assessment from 2018/19 is £1.680m or 3.2%

3.19 The Government's Spending Power analysis calculates that over the period 2011/12 to 2019/20, in cash terms there has been a reduction in funding for Halton of £34.4m or 24.6%. This compares with a national average reduction over the same period of 15.7%.

3.20 The Council is required to provide an annual forecast of business rates to Government by the end of January of the preceding year. The forecast has been undertaken and the Council expect net collectable rates to be £51.007m for 2019/20. This is before allowing £4.409m set aside to fund the cost of any potential deficit which may exist within the Liverpool City Region business rate pilot scheme.

3.21 As far as non-domestic premises are concerned, the multiplier rate is fixed centrally by Government and then applied to each premises' rateable value. For 2019/20 the multiplier rate has been set at 50.4p in the pound and 49.1p in the pound for small businesses.

3.22 Government has announced a new 2019/20 relief scheme for retail properties that have a rateable value of below £51,000. Under the scheme, eligible ratepayers will receive a one third discount of their annual chargeable amount.

3.23 The 2015 Spending Review announced that for the remainder 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.

3.24 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 extended the flexibility in order that councils could apply a further precept of up to 6% over the period, with a limit of 3% being in place for the first two years and a limit of 2% for 2019/20. In 2017/18 and 2018/19 the Council set Adult Social Care precept levels of 3% in each of the years. No further increase can therefore be applied to the precept for 2019/20.

Budget Outlook

3.25 Beyond 2019/20 there is great uncertainty regarding the funding of Local Government, due to the potential impact of a number of changes to the local government funding regime and other associated areas. There is therefore more uncertainty regarding the Council's funding resources in 2020/21 than there has been at any point during the last 10 years.

3.26 The impact of the following developments will have to be assessed when considering the 2020/21 budget and beyond. Further information will be known as we progress through the next year:

- Fair Funding Review – A review of how cumulative Local Government funding should be apportioned between Councils. The last review was in April 2013 and since then reductions made to Local Government funding have been made on a percentage basis. This has had the impact of protecting those authorities less reliant on Government grant funding with those councils who are more reliant (such as Halton) have had to deal with the larger reductions in funding on a per capita basis.
- 75% Business Rate Retention – Government have confirmed that from 2020/21 the percentage share of retained rates at a local level will be 75%. It is unclear how this will impact on pilot authorities, such as Halton, if they will continue at 100% or switch to 75% retention.
- Business Rates Baseline Reset – It is proposed there will be a reset of the business rates baseline in April 2020, which could work against Halton and similar authorities who have seen significant growth in business rates since the current baseline was set in 2013. It is not yet known if there will be a transition process put in place to protect authorities from excessive losses in funding from an increase to the baseline position.
- 2019 Public Spending Review – The next medium term review of public spending for the period from 2020 is expected to be announced in 2019.
- Pension Triennial Review – The next pension review will take effect from April 2020.
- Social Care Green Paper – This was expected to be announced by Government in the Summer of 2018 but has been delayed. It is uncertain what impact this will have on the future of Local Government funding.

3.27 The Medium Term Financial Strategy has been updated to take into account the 2019/20 Local Government Finance Settlement, multi-year allocations and saving measures already agreed or proposed.

3.28 The resulting funding gap over the subsequent three financial years (2020/21 to 2022/23) is forecast to be in the region of £26.104m. 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.
- Increase the level of the council tax and business rate base position.

Halton's Council Tax

3.29 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.

3.30 The Government have confirmed the council tax referendum threshold at 3% for 2019/20.

3.31 On 12 December 2018 the Council's Executive Board agreed council tax premiums for empty properties be applied as follows:

- From 01 April 2019, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished for more than two years.

- From 01 April 2020, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, and 200% premium for dwellings unoccupied for more than five years.

- From 01 April 2021, 100% premium in addition to the full council tax charge for each dwelling unoccupied and unfurnished between two and five years, 200% for dwellings unoccupied between five and ten years, and 300% for properties unoccupied for more than ten years.

3.32 The tax base (Band D equivalent) for the Borough has been set by Council at 34,950.

3.33 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 £1,419.08 (equivalent to £27.29 per week), in order to deliver a balanced budget for 2019/20 as required by statute. This is an increase of 2.99% (£41.20 per annum or £0.79 per week) over the current year.

Parish Precepts

3.34 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	43,225	0	0%	65.49	1,484.57
Daresbury	4,935	235	5.0%	28.53	1,447.61
Moore	4,752	226	5.0%	14.44	1,433.52
Preston Brook	11,788	458	4.0%	32.84	1,451.92
Halebank	20,905	3,797	22.2%	39.74	1,452.82
Sandymoor	32,559	3,444	11.8%	26.78	1,445.86

Average Council Tax

3.35 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 £1,442.46, an increase of £41.39 per annum.

Police Precept

3.36 The Cheshire Police and Crime Commissioner has set the precept on the Council at £7.005m which is £200.44 for a Band D property, an increase of £24.00 or 13.6%. The figures for each Band are shown in Recommendation 5 in Appendix A.

Fire Precept

3.37 The Cheshire Fire Authority has set the precept on the Council at £2.717m which is £77.74 for a Band D property, an increase of £2.26 or 2.99%. The figures for each Band are shown in Recommendation 6 in Appendix A.

Liverpool City Region Mayoral Precept

3.38 The Liverpool City Region Combined Authority has set the precept on the Council at £0.664m which is £19.00 for a Band D property, 2019/20 being the first year a precept has been applied by the authority. The figures for each Band are shown in Recommendation 7 in Appendix A.

Total Council Tax

3.39 Combining all these figures will give the Total Council Tax for 2019/20 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £1,716.26 an increase of £86.46 or 5.30%. The inclusion of parish precepts means the increase in Hale is 4.88%, in Daresbury is 5.02%, in Moore is 5.03%, in Preston Brook is 4.90%, in Halebank is 5.35% and in Sandymoor is 4.99%.

3.40 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 82% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced council tax bills through discounts, and these adjustments will be shown on their bills.

3.41 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

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

	2019/20 £000	**2020/21** £000	**2021/22** £000
<u>Spending</u>			
Scheme estimates	20,364.70	5,847.50	5,098.00
Slippage between years	556.60	4,448.30	2,903.40
	20,921.30	10,295.80	8,001.40
<u>Funding</u>			
Borrowing and Leasing	10,590.80	2,659.60	2,643.00
Grants and External Funds	5,775.90	1,228.90	586.00
Direct Revenue Finance	272.00	0.00	0.00
Capital Receipts	3,726.00	1,959.00	1,869.00
Slippage between years	556.60	4,448.30	2,903.40
	20,921.30	10,295.80	8,001.40

3.43 The committed Capital Programme is shown in Appendix F.

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

Prudential Code

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

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

3.46 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

3.47 Schools are fully funded by Government Grants, primarily the Dedicated Schools Grant (DSG) which is mainly used to fund the Individual School Budgets. DSG is now allocated in four blocks; Schools Block, Central Schools Services Block, Early Years Block and High Needs Block. The funding is allocated to schools by way of a formula in accordance with the National Funding Formula introduced in 2018/19 with transitional protection.

3.48 Schools Block pupil numbers in mainstream primary and secondary schools have increased from 17,957 for 2018/19 to 18,148 for 2019/20. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2018 census. The DSG settlement was announced on 17 December 2018 giving a total of £86,931,157 for the Schools Block for 2019-20. This includes an amount of £475,302 for 'growth funding'. Overall funding for the Schools Block has increased from £83.897m to £86,931m.

3.49 The Central Schools Services Block (CSSB) was split from the Schools Block for the first time in 2018/19, following the introduction of the ring-fenced requirement for the Schools Block to be wholly passed to primary and secondary schools, with the exception of the 1% to High

Needs (which at the time of writing the report' approval for the 1% transfer is awaited from DfE). There are regulations in place which limit what the CSSB grant can be used for and limit budgets to the same level as previous years. The CSSB includes budgets that are de-delegated from maintained schools. As more schools convert to academy status, so the de-delegated funds are reduced, unless schools are asked to contribute a higher amount.

3.50 The Early Years Block allocation for 2018/19 was £9.479m and the indicative Early Years Block grant for 2019/20 is £9.629m. The hourly rate the Council are funded at, as opposed to the hourly rate we pay providers, is reducing slightly from £5.13 per hour to £5.12 per hour.

3.51 The High Needs Block for 2018/19 was £16.189m which increases to £16.771m for 2019/20. However, from this figure the Council will have £2.907m recouped by the Department for Education for commissioned places in special academies & independent special schools, leaving £13.864m available.

3.52 Following consultation with schools and with Schools Forum agreement, a disapplication request was submitted to the DfE to transfer 1% from the Schools Block to the High Needs Block, totalling £869,311. At the time of writing the Council has not been informed if the submission has been accepted or refused.

3.53 As in previous years, at the time of writing the High Needs block budget has not been calculated and will not be finalised until March 2019. However, at the moment there is an estimated budget requirement of £14,706,911 (after recoupment), resulting in a funding gap of £842,884.

3.54 The DfE announced on 16 December 2018 that an additional £250M would be passed to local authorities over two years (2018-19 and 2019-20) as additional funding for the High Needs Block. It has been allocated based on the ONS projections for the 2 to 18 year old population in each local authority. The allocation for Halton is £296,390 for each year, a total of £592,780 over the two years. The additional funding for 2019-20 will reduce the funding gap to £546,494. The 1% transfer from Schools Block of £869,311 will then give a surplus of £322,817. For 2018/19 there is a deficit balance in the region of £753,787 leaving an overall net deficit of £430,970.

3.55 The Minimum Funding Guarantee has been agreed by Schools Forum to continue at minus 1.5% as in previous years.

3.56 The Pupil Premium remains 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 remains 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 £2,300 per pupil. Eligibility for the Service Children Premium remains at £300 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,300 per pupil. The Pupil Premium will be added to school budgets on top of the Minimum Funding Guarantee.

4.0 POLICY IMPLICATIONS

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

5.0 FINANCIAL IMPLICATIONS

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

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

6.1 **Children and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

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

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

Document	Place of Inspection	Contact Officer
Local Government Finance Report (England) 2019/20	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 2019/20.

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 6 March 2019.

APPENDIX A

DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 06 March 2019

RECOMMENDATION: that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2019/20, 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 12 December 2018 the Council agreed the following:

   (a) The Council Tax Base 2019/20 for the whole Council area is 34,950 (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	660
Daresbury	173
Moore	329
Preston Brook	359
Halebank	526
Sandymoor	1,216

   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 2019/20 (excluding Parish precepts) is £49,596,846.

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 2019/20 and agreed as follows:

   (a) £384,739,650 – 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) £335,024,640– being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £49,715,010 – 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) £1,422.46– 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) £118,164 – 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	43,225
Daresbury	4,935
Moore	4,752
Preston Brook	11,788
Halebank	20,905
Sandymoor	32,559

(f) £1,419.08 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) Part of the Council's Area

	£
Hale	65.49
Daresbury	28.53
Moore	14.44
Preston Brook	32.84
Halebank	39.74
Sandymoor	26.78

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	989.71	965.07	955.68	967.94	972.55	963.90	946.05
B	1,154.67	1,125.92	1,114.96	1,129.27	1,134.64	1,124.55	1,103.73
C	1,319.62	1,286.76	1,274.24	1,290.59	1,296.73	1,285.20	1,261.40
D	**1,484.57**	**1,447.61**	**1,433.52**	**1,451.92**	**1,458.82**	**1,445.86**	**1,419.08**
E	1,814.48	1,769.30	1,752.08	1,774.56	1,783.01	1,767.16	1,734.43
F	2,144.38	2,090.99	2,070.65	2,097.21	2,107.19	2,088.46	2,049.78
G	2,474.29	2,412.68	2,389.21	2,419.86	2,431.37	2,409.76	2,365.13
H	2,969.14	2,895.21	2,867.05	2,903.83	2,917.65	2,891.71	2,838.16

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 2019/20 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	133.63
B	155.90
C	178.17
D	200.44
E	244.98
F	289.52
G	334.07
H	400.88

6. It is further noted that for the year 2019/20 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	51.83
B	60.46
C	69.10
D	77.74
E	95.02
F	112.29
G	129.57
H	155.48

7. It is further noted that for the year 2019/20 the Liverpool City Region Combined Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	12.67
B	14.78
C	16.89
D	19.00
E	23.22
F	27.44
G	31.67
H	38.00

8. That, having calculated the aggregate in each case of the amounts at 4h, 5, 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following

amounts as the amounts of Council Tax for the year 2019/20 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	1,187.84	1,163.20	1,153.81	1,166.07	1,170.67	1,162.03	1,144.18
B	1,385.81	1,357.06	1,346.10	1,360.41	1,365.78	1,355.70	1,334.87
C	1,583.77	1,550.92	1,538.40	1,554.75	1,560.88	1,549.36	1,525.56
D	**1,781.75**	**1,744.79**	**1,730.70**	**1,749.10**	**1,756.00**	**1,783.04**	**1,716.26**
E	2,177.69	2,132.52	2,115.30	2,137.79	2,146.22	2,130.38	2,097.65
F	2,573.63	2,520.24	2,499.89	2,526.47	2,536.43	2,517.71	2,479.03
G	2,969.59	2,907.99	2,884.51	2,915.17	2,926.67	2,905.07	2,860.44
H	3,563.50	3,489.58	3,461.40	3,498.20	3,512.00	3,486.08	3,432.52

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 2019/20 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m on an individual bank account (£0.5m net across all bank accounts) as the Council may temporarily require.

APPENDIX B

SAVINGS PROPOSALS – 2nd SET

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
PEOPLE DIRECTORATE							
INCOME GENERATION OPPORTUNITIES							
1	Adult Social Care Department	Service provision to other local authorities.	**N/A**	**100**	**-100**	**T**	**D**
EFFICIENCY OPPORTUNITIES							
2	Adult Social Care Department	One-off saving from efficiencies made in the previous year.	**500**	**500**	**-500**	**T**	**D**
3	Adult Social Care Department	Deletion of a vacant Commissioning Manager post.	**61**	**61**	**0**	**P**	**M**
4	Children & Families Dept / Childrens' Locality Services	Review of how Childrens' Centre provision is delivered across the Borough.	**362**	**200**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
ENTERPRISE, COMMUNITY & RESOURCES DIRECTORATE							
SHARED SERVICES / PARTNERSHIP ARRANGEMENTS							
5	ICT & Support Services Dept	Additional income from the provision of ICT services to other councils and external organisations.	**N/A**	**250**	**0**	**P**	**D**
EFFICIENCY OPPORTUNITIES							
6	Legal & Democratic Services Dept / Marketing & Communications	Deletion of a vacant 0.5fte Design Assistant post from the Communications and Marketing Team.	**313**	**15**	**0**	**P**	**D**
7	Finance Dept / Revenues and Financial Management Div	Deletion of a vacant Revenues Officer post in the Council Tax Team.	**500**	**23**	**0**	**P**	**M**
8	PP&T Dept/ Logistics Div	Reduction in the vehicle parts budget achieved as a result of efficiency measures.	**273**	**10**	**0**	**P**	**D**
9	PP&T Dept/ Logistics Div	Reduction in costs from bringing certain external transport contracts in-house.	**946**	**20**	**0**	**P**	**D**

	DIVISION / SERVICE AREA	DESCRIPTION OF PROPOSAL	TOTAL BUDGET £'000	ESTIMATED BUDGET SAVING 2019/20 £'000	ESTIMATED BUDGET SAVING 2020/21 £'000	PERM TEMP (P/T)	MANDATORY OR DISCRETIONARY SERVICE AFFECTED (M / D)
CORPORATE							
OTHER BUDGET SAVINGS							
10	Corporate	Utilisation of monies identified from regular audits of direct payments funding.	**10,500**	**300**	**0**	**P**	**M**
11	Corporate	Release of the LCR business rates pilot reserve held in case any of the councils failed to generate their baseline level of business rates.	**2,428**	**2,428**	**-2,428**	**T**	**D**
12	Corporate	Additional one-off grant funding received from Government from the distribution of surplus business rates levy and safety net funding.	**n/a**	**540**	**-540**	**T**	**D**
13	Corporate	Additional New Homes Bonus grant received.	**n/a**	**150**	**0**	**P**	**D**
		TOTAL PERMANENT SAVINGS		**1,029**	**0**		
		TOTAL TEMPORARY (ONE-OFF) SAVINGS		**3,568**	**-3,568**		
		GRAND TOTAL		**4,597**	**-3,568**		

APPENDIX C

DEPARTMENTAL OPERATIONAL BUDGETS

	£000
People Directorate	
Children and Families Service	20,022
Education, Inclusion & Provision	4,786
Adult Social Care	16,837
Complex Care Pooled Budget	21,978
Public Health & Public Protection	-62
	63,561
Enterprise, Community & Resources Directorate	
Finance	6,554
Policy, Planning & Transportation	9,327
ICT & Support Services	7,902
Legal & Democratic Services	1,866
Policy, People, Performance & Efficiency	1,882
Community and Environment	13,868
Economy, Enterprise and Property	4,541
	45,940
Departmental Operational Budgets	**109,501**
Corporate and Democracy	-880
Total Operational Budget	**108,621**

APPENDIX D

2019/20 BUDGET – REASONS FOR CHANGE

	£000
2017/18 Approved Budget	109,227
Add back One-Off savings	1,980
	111,207
Policy Decisions	
Capital Programme	-307
Inflation and Service Demand Pressures	
Pay (including Increments)	4,201
Prices	1,785
Income	-445
Other	
Net Adjustment to Specific Grants	-2,210
Contingency	1,000
Business Rates Retention Scheme	2,298
Children and Families Service Pressures funded by Social Care Grant	1,092
Base Budget	**118,621**
Less Savings (Including savings agreed by Council 12 December 2018)	-10,000
Total 2018/19 Budget	**108,621**

APPENDIX E

MEDIUM TERM FINANCIAL FORECAST

	2020/21 £000	2021/22 £000	2022/23 £000
Spending			
Previous Year's Budget	108,621	101,714	102,837
Add back one-off savings	4,818	0	0
Inflation			
Pay	1,789	1,716	1,750
Prices	1,525	1,556	1,587
Income	-613	-625	-638
Other			
Capital Financing	200	200	200
Contingency	1,500	2,000	2,500
Domiciliary / Reablement Care – External Provider Costs	800	0	0
Additional Better Care Fund	-904	0	0
Reduction to New Homes Bonus Grant	112	112	287
Social Care Grant	1,092	0	0
Use of Reserves	0	500	0
Budget Forecast	118,940	107,173	108,523
Resources			
Retained Business Rates	52,027	49,068	50,129
Forecast loss through Business Rate Baseline and Fair Funding Review	-4,000	0	0
Top Up Funding	4,090	4,172	4,255
Council Tax	49,597	49,597	49,597
	101,714	102,837	103,981
Funding Gaps	**17,226**	**4,336**	**4,542**

APPENDIX F

COMMITTED CAPITAL PROGRAMME 2019/22

SCHEME	2019/20 £000	2020/21 £000	2021/22 £000
Schools Capital Projects	2,028.8	642.9	-
ALD Bungalows	199.0	-	-
Disabled Facilities Grant	500.0	-	-
Adapted Properties	290.0	-	-
Orchard House	317.0	-	-
People Directorate	**3,334.8**	**642.90**	-
Stadium Minor Works	30.0	30.0	30.0
Children's Playground Equipment	65.0	65.0	65.0
Landfill Tax Credit Schemes	340.0	340.0	340.0
Upton Improvements	13.0	-	-
Runcorn Hill Park	0.0	-	-
Crow Wood Park Play Area	5.0	-	-
Open Spaces Schemes	180.0	-	-
Peelhouse Lane Cemetery	500.0	90.0	-
Pheonix Park	13.7	-	-
Victoria Park Glass House	73.0	-	-
Sandymoor Playing Fields	500.0	-	-
Widnes & Runcorn Cemeteries - garage & storage	20.0	-	-
Runcorn Town Park	280.0	280.0	280.0
Litter Bins	20.0	20.0	20.0
Community Shop	50.0	-	-
Libraries IT equipment	95.0	-	-
IT Rolling Programme	700.0	700.0	700.0
3MG	100.0	-	-
Widnes Waterfront (Including Bayer)	1,000.0	-	-
Equality Act Improvement Works	300.0	300.0	300.0
Widnes Market Refurbishment	29.0	-	-
Solar Farm	1,177.5	-	-
Street Lighting - Structural Maintenance	200.0	200.0	200.0
Street Lighting – Upgrades	1,000.0	1,799.6	
Widnes Loops	4,227.2	-	-
SUD	800.0	-	-
Risk Management	296.5	120.0	120.0
Fleet Replacements	1,515.0	1,260.0	3,043.0
Early Land Acquisition Mersey Gateway	3,500.0	-	-
Economy, Community & Resources Directorate	**17,029.9**	**5,204.6**	**5,098.0**
Total Capital Programme	**20,364.7**	**5,847.5**	**5,098.0**
Slippage between years	**556.6**	**4,448.3**	**2,903.4**
GRAND TOTAL	**20,921.3**	**10,295.8**	**8,001.4**

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REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
TITLE:	Treasury Management Strategy Statement 2019/20
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 2019/20.

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

3.0 SUPPORTING INFORMATION

3.1 This Treasury Management Strategy Statement (TMSS) details the expected activities of the treasury function in the forthcoming financial year (2019/20). Its production and submission to Council is a requirement of the CIPFA Prudential Code and the CIPFA Treasury Management Code.

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

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

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

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

4.0 POLICY IMPLICATIONS

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

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

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

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

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

HALTON BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

2019/20

Revenues and Financial Management Division
Finance Department
February 2019

TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

1 INTRODUCTION

1.1 Background

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

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

CIPFA defines treasury management as:

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

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

Halton Borough Council has not engaged in any commercial investments and has no non-treasury investments.

1.2 Reporting requirements

Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed

- the implications for future financial sustainability

The aim of this capital strategy is to ensure that Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting

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 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues

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

Treasury Management Issues

- The current treasury position
- Treasury indicators which limit the treasury risk and activities of the Council
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- Debt rescheduling
- The investment strategy

- Creditworthiness policy
- Policy on use of external service providers

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny and therefore training was undertaken by Members in February 2018. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Link Asset Services as its external treasury management advisors.

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

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22

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 shows planned capital spend by directorate and summarises how these plans are being financed by capital or revenue resources, any shortfall of resources results in the need to borrow.

Table 1 – Capital Expenditure

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Expenditure:					
People	4,624	4,112	3,335	643	-
Enterprise, Community & Resources	100,040	38,241	16,230	5,204	5,098
	104,664	**42,353**	**19,565**	**5,847**	**5,098**
Financed By:					
Capital receipts	(5,895)	(6,321)	(3,726)	(1,959)	(1,869)
Capital grants	(12,935)	(22,366)	(4,976)	(1,229)	(586)
Revenue	(627)	(553)	(272)	-	-
Net financing need for the year	**85,207**	**13,113**	**10,591**	**2,659**	**2,643**

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 during 17/18 and subsequent increase in the Capital Financing Requirement was mainly as a result of Council investment in the Mersey Gateway. This additional borrowing will be repaid from future toll incomes and will be at 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, and so charges the economic consumption of capital assets as they are used.

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

Table 2 – Capital Financing Requirement

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Financing Requirement	**167,975**	**890,921**	**889,540**	**885,076**	**872,015**
Movement in CFR due to:					
Net financing need for the year	85,207	13,113	10,591	2,659	2,643
PFI / finance leases	-	100	100	100	100
Mersey Gateway unitary charge	643,812	-	-	-	-
Less Minimum Revenue Provision	(6,073)	(14,594)	(15,155)	(15,820)	(16,248)
Increase / (Decrease) in CFR	**722,946**	**(1,381)**	**(4,464)**	**(13,061)**	**(13,505)**

2.3 Minimum revenue provision (MRP) statement

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

MHCLG regulations 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), which will be charged on a 2% straight line basis.

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

One exception to the above is expenditure that the Council has incurred on the construction of the Mersey Gateway Bridge. As this debt will be repaid from future toll income the Council will not charge any MRP on this expenditure until the income is received. When received, MRP payments will be matched with income received thus having little impact on the Council's revenue budget.

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

2.4 Affordability prudential indicators

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

2.5 Ratio of financing costs to net revenue stream

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

Table 3 – Ratio of financing costs to net revenue stream

Ratio of finance costs to net revenue stream	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Council's net budget	**103,249**	**109,227**	**108,621**	**101,714**	**102,836**
Finance Costs					
Net interest costs	535	(513)	(377)	(365)	(353)
Minimum Revenue Provision	1,536	2,267	2,027	2,036	1,752
	2,071	**1,754**	**1,650**	**1,671**	**1,399**
	2.0%	**1.6%**	**1.5%**	**1.6%**	**1.4%**

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.

3 BORROWING

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

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2018 and the position as at 31 December 2018 are shown below for borrowing and investments.

Table 4 – Current Portfolio Position

	31st March 2018		31st December 2018	
	£000	%	£000	%
Treasury Investments				
UK banks and building societies	41,450	45%	35,110	28%
Non-UK banks	5,000	5%	26,500	21%
Local authorities	35,000	38%	45,000	36%
Property funds	5,000	5%	5,000	4%
Money market funds	-	0%	10,000	8%
Property funds	5,000	5%	5,000	4%
Total	**91,450**	**100%**	**126,610**	**100%**
Treasury External Borrowing				
Public Works Loans Board (PWLB)	(162,000)	94%	(162,000)	94%
Other long term borrowoing	(10,000)	6%	(10,000)	6%
Total	**(172,000)**	**100%**	**(172,000)**	**100%**
Net treasury investments / (borrowing)	**(80,550)**		**(45,390)**	

The Council's treasury portfolio position at 31 March 2018, 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	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Borrowing					
Debt at 1 April	153,000	172,000	172,000	172,000	172,000
Expected change in debt	19,000	-	-	-	-
Debt at 31 March	**172,000**	**172,000**	**172,000**	**172,000**	**172,000**
Other long-term liabilities					
Debt at 1 April	21,029	660,738	648,511	635,484	621,700
Expected change in debt	639,079	(12,227)	(13,027)	(13,784)	(14,496)
Debt at 31 March	**660,738**	**648,511**	**635,484**	**621,700**	**607,204**
Total external debt at 31 March	**832,738**	**820,511**	**807,484**	**793,700**	**779,204**
Capital Financing Requirement	**890,921**	**889,540**	**885,076**	**872,015**	**858,510**
Under / (over) borrowing	**58,183**	**69,029**	**77,592**	**78,315**	**79,306**

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 2019/20 and the following two financial years.

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

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary

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

Table 6 – Operational Boundary

Operational boundary	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	192,000	192,000	192,000	192,000
Other long term liabilities	664,312	649,500	635,000	622,500
Operational boundary	**856,312**	**841,500**	**827,000**	**814,500**
Total external debt at 31 March	832,738	820,511	807,484	793,700
Estimated headroom	**23,574**	**20,989**	**19,516**	**20,800**

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	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Debt	226,609	240,040	250,076	249,515
Other long term liabilities	664,312	649,500	635,000	622,500
Total	**926,312**	**889,540**	**885,076**	**872,015**
Total external debt at 31 March	820,511	807,484	793,700	779,204
Estimated headroom	**105,801**	**82,056**	**91,376**	**92,811**

3.3 Prospects for Interest Rates

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

Table 8 – Interest rate forecast

Quarter average	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar-19	0.75	2.1	2.5	2.9	2.7
Jun-19	1.00	2.2	2.6	3.0	2.8
Sep-19	1.00	2.2	2.6	3.1	2.9
Dec-19	1.00	2.3	2.7	3.1	2.9
Mar-20	1.25	2.4	2.8	3.3	3.0
Jun-20	1.25	2.4	2.9	3.3	3.1
Sep-20	1.25	2.5	2.9	3.3	3.1
Dec-20	1.50	2.5	3.0	3.4	3.2
Mar-21	1.50	2.6	3.0	3.4	3.2
Jun-21	1.75	2.6	3.1	3.5	3.3
Sep-21	1.75	2.7	3.1	3.5	3.3
Dec-21	1.75	2.8	3.2	3..6	3.4
Mar-22	2.00	2.8	3.2	3.6	3.4

Overview

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Federal Reserve has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Federal Reserve rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Federal Reserve was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

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. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. 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 the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 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 an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised 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 Policy on borrowing in advance of need

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

3.6 Debt Rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

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

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

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

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

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

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

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

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. These are split into specified and non-specified investments, as detailed below:

   Specified investments
   These are sterling denominated with maturities up to a maximum of 1 year and include the following:
   - Debt Management Agency deposit facility
   - UK Government gilts
   - Bonds issued by an institution guaranteed by the UK Government
   - Term deposits – UK Government
   - Term deposits – other local authorities
   - Term deposits - banks and building societies
   - Certificates of deposit with banks and building societies

- Money market funds (rated AAA)

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

- Term deposits – UK Government (maturities over 1 year)
- Term deposits – Other local authorities (maturities over 1 year)
- Term deposits – Banks and building societies (maturities over 1 year)
- Certificates of deposit with banks and building societies (maturities over 1 year)
- Property funds

5. Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being 30% of the total investment portfolio at the time of investing.

6. Lending limits, (amounts and maturity), for each counterparty will be set through applying the creditworthiness policy detailed in 4.2, and the Counterparty Limits detailed in 4.4.

7. This authority will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 4.4).

8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).

9. This authority has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

10. All investments will be denominated in sterling.

11. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1/4/18)

4.2 Creditworthiness Policy

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

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

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

• Yellow	5 years	
• Purple	2 years	
• Blue	1 year	(only applies to nationalised and part nationalised UK Banks)
• Orange	1 year	
• Red	6 months	
• Green	100 days	
• No Colour	May not be used	

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

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

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

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

4.3 Country Limits

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

4.4 Counterparty Limits for 2019/20

The Council has set the following counterparty limits for 2019/20, and will invest in line with the creditworthiness policy detailed in 4.2.

Table 11 – Counterparty limits

	Maximum limit per institution £m
UK Government	30
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	20
Property fund	10
Note: No more than 25% of the total portfolio will be placed with one institution at the time of investing, except where balances are held for cash-flow purposes	

4.5 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable

- Conversely, if it is thought that Bank Rate is likely to fall within this time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment return expectations
Base Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Base Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

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

Upper limit for principal sums invested for longer than 365 days	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Principal sums invested for longer than 365 days	30,000	40,000	40,000	40,000
Current investments in excess of 365 days outstanding at year-end'	20,000	10,000	-	-

4.6 Investment rate benchmarking

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

4.7 End of year investment report

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

Appendix A

Minimum Revenue Provision

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

<u>Statutory duty</u>

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.

<u>Government Guidance</u>

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

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

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

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

Option 1: Regulatory Method

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

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

Option 2: Capital Financing Requirement Method

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

Option 3: Asset Life Method

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

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

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

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

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

Option 4: Depreciation Method

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

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

Date of implementation

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

Strategy Adopted for 2019/20 and future years

In order to determine its MRP for 2019/20 and taking into consideration the available options the Council has applied the following strategy:

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

As the changes to the updated MRP guidance (2018) have no impact on the current MRP policy, there have been no change to the MRP Strategy for 2019/20 in respect of this.

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REPORT TO:	Executive Board
DATE:	21 February 2019
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
TITLE:	Capital Strategy 2019/20
WARDS:	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the Council's Capital Strategy for 2019/20 and recommend it's approval by Council.

2.0 RECOMMENDATION: That Council approve the 2019/20 Capital Strategy, as presented in the Appendix.

3.0 SUPPORTING INFORMATION

3.1 The revised 2017 Prudential and Treasury Management Code of Practice requires that from 2019-20, all councils prepare annually a Capital Strategy, which will provide the following:

- a high-level, long term overview of how capital expenditure, capital financing and treasury management activity will contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

3.2 The aim of the Capital Strategy is to ensure that the Council understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.3 The Capital Strategy should be read in conjunction with the Treasury Management Strategy Statement, found elsewhere on the Agenda, which details the expected activities of the treasury management function and incorporates the Annual Investment Strategy and the Minimum Revenue Provision (MRP) policy for 2019/20.

4.0 POLICY IMPLICATIONS

4.1 The successful delivery of the Capital Strategy will assist the Council in planning and funding its capital expenditure over the next three years, enabling the Council to use capital expenditure to assist in delivering the Council's priorities and managing the revenue cost implications.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

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

7.0 RISK ANALYSIS

7.1 This report, along with the Treasury Management Strategy ensure that the Council operates within the guidelines set out in the Prudential Code. The aim at all times is to operate in an environment where risks are clearly identified and managed.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

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

HALTON BOROUGH COUNCIL

CAPITAL STRATEGY

2019/20

Revenues and Financial Management Division
Finance Department
February 2019

CAPITAL STRATEGY STATEMENT 2019/20

1 Background

1.1 The Capital Strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It is written in an accessible style to assist understanding of these sometimes technical areas.

2 Capital Expenditure and Financing

2.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion as to what is treated as capital expenditure, for example assets costing below £35,000 are not capitalised and are charged to revenue in year. Further detail on how the Council differentiates between revenue and capital spend is shown in the Capital Guidance included at Appendix 1.

2.2 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves or capital receipts) or debt (borrowing, leasing or Private Finance Initiative).

2.3 Capital expenditure and financing for 2017/18 is shown below, along with estimates for 2018/19 and the following three years

Table 1 – Capital Expenditure and Funding

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Expenditure:					
People	4,624	4,112	3,335	643	-
Enterprise, Community & Resources	100,040	38,241	16,230	5,204	5,098
	104,664	**42,353**	**19,565**	**5,847**	**5,098**
Financed By:					
Capital receipts	(5,895)	(6,321)	(3,726)	(1,959)	(1,869)
Capital grants	(12,935)	(22,366)	(4,976)	(1,229)	(586)
Revenue	(627)	(553)	(272)	-	-
Debt	(85,207)	(13,113)	(10,591)	(2,659)	(2,643)
	(104,664)	**(42,353)**	**(19,565)**	**(5,847)**	**(5,098)**

2.4 The main capital projects over the next three years include spend on Peelhouse Lane Cemetery, Sandymoor Playing Fields, the Solar Farm, Widnes Loops and the Silver Jubilee Bridge

3 Governance

3.1 The Council maintains a three year rolling programme of capital schemes (The Capital Programme). A summary of the three year Capital Programme is included in the Budget Report approved annually by Council. In addition a more detailed capital programme report is approved in June of each year, this contains detail of all known grant funded capital projects.

3.2 In line with Finance Standing Orders specific capital schemes are reported throughout the year to Executive Board with a recommendation for Council to subsequently approve. Changes to the Capital Programme during the year are reported quarterly to Council.

3.3 From 2019/20 capital project managers must complete a capital project form (Appendix 2) giving details of the financial impact of their capital schemes. The form will be completed in conjunction with Financial Management and will help to evaluate whether capital schemes are fully, correctly and effectively funded, that consideration has been given to contingency costs within the project and known future revenue costs are fully budgeted for. The project form should be included with reports to Executive Board by way of evidencing that the financial implications of schemes have been fully addressed.

4 Repayment of Borrowing:

4.1 Debt is only a temporary source of finance, since loans and leases must be repaid. This is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision (MRP). Planned MRP payments are shown in the table below:

Table 2 – Minimum Revenue Provision

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Minimum Revenue Provision					
General Fund	1,970	2,267	2,027	2,036	1,752
Leases and PFI Schemes	780	795	800	701	625
Mersey Gateway Unitary Charge	3,323	11,532	12,327	13,084	13,870
Net financing need for the year	**6,073**	**14,594**	**15,154**	**15,821**	**16,247**

4.2 The table above includes MRP payable for finance leases, PFI schemes and the Mersey Gateway unitary charge. For accounting purposes these schemes are classed as borrowing and the annual payments are split between an interest charge and repayment of borrowing, which is shown as MRP above. It should be noted that leases, PFI schemes and Mersey Gateway unitary repayments have no impact on the Council's General Fund.

The Council's MRP statement is included as an appendix to the Treasury Management Strategy which should be read in conjunction with this report.

5 Outstanding Debt – Capital Financing Requirement

5.1 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The table below shows the Council's Capital Financing Requirement for 2017/18 and how this is expected to change in 2018/19 and over the following three years.

Table 3 – Capital Financing Requirement

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Financing Requirement	**167,975**	**890,921**	**889,540**	**885,076**	**872,015**
Movement in CFR due to:					
Debt	85,207	13,113	10,591	2,659	2,643
PFI / Finance Leases	-	100	100	100	100
Mersey Gateway unitary charge	643,812	-	-	-	-
Less Minimum Revenue Provision	(6,073)	(14,594)	(15,155)	(15,820)	(16,248)
Increase / (Decrease) in CFR	**722,946**	**(1,381)**	**(4,464)**	**(13,061)**	**(13,505)**

6 Asset Management

6.1 To ensure that capital assets continue to be of long-term use, the Council has an asset management plan in place. This summarises how the Council manages its land and property assets and sets out the Council's strategy to ensure that these assets can make the maximum contribution to achieving the aims and the objectives of the organisation.

6.2 The Council's Asset Management Plan comprises a number of sections including the accommodation plans; assets disposal plan and maintenance programme.

7 Asset Disposals

7.1 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or the repayment of debt relating to the asset sold. The level of the Council's capital receipts reserve, the expected sales and planned expenditure is shown in the table below:

Table 4 – Capital Receipts Reserve

	2017/18 Actual £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Capital Receipts - 1st April	**(9,933)**	**(10,775)**	**(5,426)**	**(5,980)**	**(9,243)**
Asset Sales	(6,737)	(3,882)	(4,280)	(5,222)	(1,000)
Use of Capital Receipts					
- New Capital Expenditure	5,895	6,321	3,726	1,959	1,869
- Repayment of debt		2,910			
Capital Receipts - 31st March	**(10,775)**	**(5,426)**	**(5,980)**	**(9,243)**	**(8,374)**

8 Treasury Management

8.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

8.2 The Treasury Management Strategy, elsewhere on the Agenda, details all aspects of the Treasury Management function and the associated risks as detailed below.

- Borrowing strategy
- Investment strategy
- Capital Financing Requirement
- Capital Prudential Indicators
- Treasury Indicators – Operational Boundary and Authorised Limit
- Prospects for interest rates
- MRP Policy

9 Knowledge and Skills

9.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions:

- The Operational Director - Finance is a CIPFA qualified accountant with over 30 years' experience in local government finance
- The Operational Director – Economy, Enterprise and Property has over 20 years' experience in Regeneration
- The Treasury Manager is a CIMA qualified accountant with 13 years' experience in local government finance and treasury management.
- The Council ensures all staff receive appropriate training for their roles including formal training and courses to support their development.
- The Council currently employs Link Asset Services to provide treasury management services in order to access specialist skills, advice and resources

APPENDIX 1

CAPITAL GUIDANCE

1. Background & Purpose

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

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

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

2. Introduction

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

3. Capital Definition

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

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

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

4. What Constitutes Capital Expenditure?

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

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

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

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

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

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

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

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

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

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

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

5. The Council’s Capital Programme

Scheme Approval

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

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

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

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

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

Variations to the Capital Programme

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

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

Year-end Carry Forward / Slippage

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

6. Funding the Capital Programme

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

Capital Receipts

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

Capital Grants

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

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

Prudential Borrowing

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

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

Revenue Contributions

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

External Contributions and Reimbursements

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

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

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

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

7. Capital Expenditure Controls

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

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

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

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

8. Capital Monitoring and Reporting Requirements

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

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

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

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

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

9. Accounting for Capital Expenditure

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

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

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

APPENDIX 2

Capital Project Financial Assessment Form

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

Notes for completion of form

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

 Agenda Item 8d

REPORT TO: Executive Board

DATE: 17 January 2019

REPORTING OFFICER: Strategic Director – People

PORTFOLIO: Children, Education & Social Care

SUBJECT: Capital Programme – 2019/20

WARD(S): Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 This report provides a summary of the capital programmes for 2019/20 for the People Directorate.

2.0 RECOMMENDATION: That

1) the position regarding capital funding from the Department for Education for 2019/20 is noted;

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

3) the capital allocations are put forward for inclusion in the Budget report to full Council.

3.0 SUPPORTING INFORMATION

3.1 The Department for Education has not yet announced the Capital Grant Allocation for 2019/20, but given the timescales for some of the proposed capital projects, there is a requirement to present this report. The allocation stated in this report is based on the 2018/19 allocation which was £1,007,078. As in previous years, the allocation is likely to follow the same methodology, therefore, for the purpose of planning the capital programme for 2019/20, the 2018/19 allocation figure has been applied. In the event that the 2019/20 allocation is reduced, or in the event that a school converts to academy status which impacts on funding received by the Council, the amount of funding available for elements of the capital programme will be reduced accordingly.

3.2 In addition to the Capital Grant Allocation, in 2017 The Department for Education also announced Special Provision Capital Funding for local authorities to invest in provision for children and young people with Special Educational Needs and Disabilities aged 0-25 to improve the quality and range of provision available to the Local Authority. The funding was for a range of provision types where this benefits children and young people with education, health and care (EHC) plans aged between 0 and 25 and commenced in 2018/19. Halton's allocation over a 3 year period was £500,000 (three payments of £166,666 each year). It was confirmed in May

2018 that the Local Authority would receive an additional amount of £116,279, taking the total Special Provision Capital Funding allocation to £616,279.

3.3 On the 20th September 2018 The Executive Board approved works to create foundation/Key Stage 1 Social Emotional and Mental Health (SEMH) Resources bases at Beechwood Primary School and Halton Lodge Primary School. Provisional costs have been provided and in addition to the details provided in paragraph 3.2 above, the Local Authority will also be allocating an element of its School Condition Allocation Funding towards this scheme, to maximise the build quality, facilities, and resources within the bases.

3.4 Detailed in the table below is the funding available to support capital projects across the school estate:

GOVERNMENT FUNDING	
School Condition Allocation – Local Authority maintained schools i.e. community and voluntary controlled schools (INDICATIVE FIGURE BASED ON 2018/19) Allocated to fund condition and suitability projects at Local Authority maintained schools.	£1,007,078
School Condition Allocation – Voluntary Aided maintained schools (INDICATIVE FIGURE BASED IN 2018/19) Allocated to fund condition and suitability projects at Voluntary Aided schools.	£646,810
Special Provision Capital Fund – 2019/20 allocation Allocated to create foundation/Key Stage 1 SEMH Resources bases at Beechwood Primary School and Halton Lodge Primary School. The total allocation was initially £500,000 then an additional amount of £116,279 was confirmed in May 2018. This equates to £205,426 per year for 3 years, with the first allocation for 2018/19 now received.	£205,426
Devolved Formula Capital – Local Authority maintained schools i.e. community and voluntary controlled schools (INDICATIVE FIGURE BASED ON 2018/19) Allocated directly to Local Authority maintained schools for their own use to address school building and Information Communication Technology needs.	£228,528
Devolved Formula Capital – Voluntary Aided maintained schools (INDICATIVE FIGURE BASED ON 2018/19) Allocated directly to Voluntary Aided maintained schools for their own use to address school building and Information Communication Technology needs.	£159,106

4.0 School Condition Allocation funding.

4.1 The table below details how the School Condition Allocation will be utilised.

Description	Estimated costs	Description
Computer Aided Design Plans	£2,500	Used to update plans of school buildings where improvement works have been carried out.
Kitchen gas safety / ventilation	£45,000	A rolling programme to address gas safety issues in school kitchens.
Asbestos Management	£35,000	Annual update of asbestos surveys and undertaking of resulting remedial works.
SEMH Resource Base	£60,000	This will be used to support the creation of the SEMH Resource Bases at Halton Lodge Primary School and Beechwood Primary School.
Contingency	£98,534	Used for emergency and health and safety works that arise during the year.
Capital Repairs	£800,000	A programme of capital works undertaken at community and voluntary controlled schools, determined by the Local Authority.
Total	**£1,041,034**	

The total amount of £1,041,034 detailed above comprises £1,007,078 (based on 2018/19 School Condition Allocation), together with a required total contribution from schools.

5.0 POLICY IMPLICATIONS

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

6.0 FINANCIAL IMPLICATIONS

6.1 In March 2018 the DfE announced the final capital allocations for 2018/19, for Halton this was £1,007,078. At the time of writing, the 2019/20 allocation has not yet been announced, but it is likely to follow the same methodology as previous years, therefore for the purpose of planning the capital programme for 2019/20 the 2018/19 allocation figure has been used; in the event that the allocation is reduced, the amount of funding available for elements of the capital programme will be reduced accordingly.

7.0 OTHER IMPLICATIONS

7.1 The Capital Repairs Programme will contribute to Halton's Carbon Management Programme by producing more energy efficient buildings.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 **Children and 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**

As above.

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. Consultation with schools on their contribution to any proposed works will take place following the Council's consideration of the budget report in March 2019. If schools cannot or are not willing to contribute, any proposed projects will not be carried out in 2019/20.

10.0 EQUALITY AND DIVERSITY ISSUES

10.1 The works to be carried out at Beechwood Primary and Halton Lodge Primary Schools to create a foundation/KS1 SEMH Resource Base at each, will broaden the range of educational provision within Halton and provide specialised in-borough provision, and support inclusion.

11.0 REASON(S) FOR DECISION

11.1 To deliver and implement the capital programmes.

12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12.1 Not applicable.

13.0 IMPLEMENTATION DATE

13.1 Capital Programmes for 2019/20 to be implemented with effect from 1 April 2019.

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 2018/19 Department for Education 19/10/2017.	People Directorate	Catriona Gallimore
SEND provision capital funding for pupils with EHC Plans Department for Education 29/05/2018	People Directorate	Catriona Gallimore

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Agenda Item 8e

REPORT TO:	Council
DATE:	6 March 2019
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Resources
SUBJECT:	2018/19 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 2018/19 capital programme.

2.0 RECOMMENDED: That the revisions to the Council's 2018/19 Capital Programme set out in paragraph 3.2 below, be approved.

3.0 SUPPORTING INFORMATION

3.1 On 21 February 2019 Executive Board received a report of spending against the Council's revenue budget and capital programme as at 31 December 2018. A number of revisions to the 2018/19 capital programme were recommended for approval by Council as outlined below.

3.2 It is proposed to revise the Council's 2018/19 capital programme, to reflect a number of changes in spending profiles and funding as schemes have developed. These are reflected in the revised capital programme presented in Appendix 1. The schemes which have been revised within the programme are as follows

1. Open Spaces
2. Childrens Playground Equipment
3. Upton Improvements
4. The Glen Play Area
5. Pheonix Park
6. Runcorn Town Park
7. 3MG
8. Solar Farm
9. Mersey Gateway Land Acquisition
10. Risk Management
11. Fleet Replacements
12. Stadium Alterations
13. Travelodge/ Watkinson Way Footpath
14. ALD Bungalows
15. Purchase of 2 Adapted Properties

16. Orchard House
17. Disabled Facilities Grant
18. Oakmeadow Refurbishment
19. Capital Repairs – Schools
20. Basic Need Projects – Schools
21. Kitchen Gas Safety – Schools
22. Bridge School Vocational Centre
23. Simms Cross Remodelling
24. Ashley School Remodelling 6th Form

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 2018/19 budget and capital programme, a register of significant financial risks was prepared which has been updated as at 31 December 2018.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

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

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

APPENDIX 1

Capital Programme as at 31 December 2018

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Enterprise Community & Resources Directorate					
Community and Environment					
Stadium Minor Works	16	38	50	30	30
Stadium Pitch	277	300	300	0	0
Brindley Café Extension	7	30	80	0	0
Open Spaces Schemes	357	458	511	180	0
Children's Playground Equipment	1	1	57	65	65
Upton Improvements	0	0	0	13	0
Runcorn Hill Park	3	5	5	0	0
Crow Wood Play Area	7	7	478	5	0
Peelhouse Lane Cemetery	135	375	500	500	90
Peelhouse Lane Cemetery – Enabling Works	17	25	33	0	0
Pheonix Park	104	104	104	14	0
Victoria Park Glass House	0	0	170	73	0
Sandymoor Playing Fields	803	803	1,032	500	0
Widnes & Runcorn Cemeteries	9	9	190	20	0
Landfill Tax Credit Schemes	0	0	340	340	340
Runcorn Town Park	2	2	280	280	280
Litter Bins	0	0	20	20	20
Community Shop	0	0	0	50	0

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation Quarter 3 £'000	2018/19 Cumulative Capital Allocation Quarter 4 £'000	Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
Libraries IT equipment	0	0	0	95	0
ICT & Support Services					
ICT Rolling Programme	212	212	700	700	700
Economy, Enterprise & Property					
3MG	144	144	399	100	0
Widnes Waterfront	0	0	0	1,000	0
Decontamination of Land	4	4	50	0	0
SciTech Daresbury – EZ Grant	286	286	382	0	0
Venture Field	0	0	41	0	0
Linnets Clubhouse	31	31	287	0	0
The Croft	0	0	30	0	0
Murdishaw redevelopment	0	0	38	0	0
Former Crosville Site	83	83	440	0	0
Advertising Screen at The Hive	0	0	100	0	0
Widnes Market Refurbishment	953	953	1,191	29	0
Equality Act Improvement Works	29	29	150	300	300
Broseley House	725	725	1,190	0	0
Solar Farm	57	57	100	1,178	0
Stadium Alterations	10	10	260	0	0

Directorate/Department	Actual Expenditure to Date	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20	Capital Allocation 2020/21
		Quarter 3	Quarter 4		
	£'000	£'000	£'000	£'000	£'000
Mersey Gateway					
Land Acquisitions	58	60	539	3,500	0
Development Costs	273	275	436	0	0
Other					
Risk Management	0	0	80	296	120
Fleet Replacements	495	495	1,013	1,515	1,260
Policy, Planning & Transportation					
Bridge & Highway Maintenance	866	866	3,639	0	0
Integrated Transport & Network Management	255	255	460	0	0
Street Lighting – Structural Maintenance & Upgrades	70	70	782	1,200	2,000
STEPS Programme	128	128	2,643	0	0
Silver Jubilee Bridge Major Maintenance	4814	4,814	7,265	0	0
Silver Jubilee Bridge Decoupling	335	335	9,596	0	0
Widnes Loops	161	161	1,000	4,227	0
KRN – Earle Road Gyratory	916	916	1,150	0	0
Travelodge / Watkinson Way Footpath	2	2	130	0	0
Total Enterprise Community & Resources	**12,645**	**13,068**	**38,241**	**16,230**	**5,205**

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
		Quarter 3 £'000	Quarter 4 £'000		
People Directorate					
Adult Social Care					
ALD Bungalows	0	0	0	199	0
Vine Street Reconfiguration	1	0	10	0	0
Purchase of 2 adapted properties	0	0	230	290	0
Orchard House	0	0	180	317	
Complex Pool					
Disabled Facilities Grant	348	400	609	500	0
Stairlifts (Adaptations Initiative)	212	225	300	0	0
RSL Adaptations (Joint Funding)	104	180	250	0	0
Madeline McKenna Residential Home	5	5	136	0	0
Millbrow Care Home	181	150	150	0	0
Enablement					
Oakmeadow refurbishment	5	5	347	0	0

Directorate/Department	Actual Expenditure to Date £'000	2018/19 Cumulative Capital Allocation		Capital Allocation 2019/20 £'000	Capital Allocation 2020/21 £'000
		Quarter 3 £'000	Quarter 4 £'000		
Schools Related					
Asset Management Data	3	3	5	3	0
Capital Repairs	685	753	808	885	0
Asbestos Management	9	10	19	35	0
Schools Access Initiative	56	65	77	0	0
Basic Need Projects	0	0	0	490	437
Lunts Heath Primary School	1	11	11	0	0
Fairfield Primary School	13	70	79	0	0
Weston Point Primary School	3	4	4	0	0
Kitchen Gas Safety	60	60	71	59	0
Small Capital Works	74	80	119	0	0
Bridge School Vocational Centre	336	397	397	17	0
Simms Cross remodelling	126	130	130	0	0
Ashley School remodelling 6th form	76	80	80	0	0
SEND Capital allocation	9	0	30	441	206
Healthy Pupils Capital Fund	23	40	70	0	0
SCA unallocated	0	0	0	99	
Total People Directorate	**2,330**	**2,668**	**4,112**	**3,335**	**643**
TOTAL CAPITAL PROGRAMME	**14,975**	**15,736**	**42,353**	**19,565**	**5,848**
Slippage (20%)			-8,471	-3,913	-1,170
				8,471	3,913
TOTAL	**14,975**	**15,736**	**33,882**	**24,123**	**8,591**

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REPORT TO: Executive Board

DATE: 21 February 2019

REPORTING OFFICER: Strategic Director – Enterprise, Community and Resources

SUBJECT: Calendar of Meetings – 2019/20

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To approve the Calendar of Meetings for the 2019/20 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 2019/20 Municipal Year, attached at Appendix 1.

3.0 SUPPORTING INFORMATION

3.1 Members are asked to consider and recommend approval of the calendar of meetings for the 2019/20 Municipal Year.

3.2 In addition, a calendar of meetings for the Liverpool City Region Combined Authority and other external Joint Agency meetings (LCR Transport and Scrutiny Committees, the Fire Authority, the Cheshire Police and Crime Panel and the Merseyside Recycling and Waste Authority), has been produced. This does not require Member approval, but has been produced for information purposes only and to assist Council Member representatives on the various external agencies, to liaise with the relevant authority.

3.3 It is intended that this would be available as an on-line facility and kept up to date throughout the year. It can be accessed via the following link http://www.halton.gov.uk/externalmeetings

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.

2019/2020 Year Planner

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

	MAY 2019	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2020	FEB	MARCH	APR	MAY
M			1 Dev Control Cttee		2 Dev Control Cttee			2 Dev Control Cttee		3 Dev Control Cttee	2		
T			2 SEMINAR		3 Corporate PPB	1 SEMINAR		3 SEMINAR		4 SEMINAR	3 Dev Control Cttee		
W	1		3 Regulatory		4	2 HW Board Regulatory		4	1 New Year Bank Holiday	5	4 COUNCIL	1	
T	2 Local Elections		4	1	5	3		5	2	6	5	2	
F	3		5	2	6	4	1	6	3	7	6	3	1
S	4	1	6	3	7	5	2	7	4	8	7	4	2
S	5	2	7	4	8	6	3	8	5	9	8	5	3
M	6 Early Spring Bank Holiday	3 Dev Control Cttee	8	5 Dev Control Cttee	9 CYP&F PPB	7 Dev Control Cttee	4 Dev Control Cttee	9	6 Dev Control Cttee	10 ELS&C PPB	9 SEMINAR	6 Dev Control Cttee	4 Early Spring Bank Holiday
T	7	4 Corporate PPB	9	6 SEMINAR	10 Safer PPB	8	5	10	7	11 Safer PPB	10	7	5
W	8	5	10 H W Board COUNCIL	7	11	9	6	11 COUNCIL	8	12 Mayoral Comm Standards Committee	11 Regulatory	8	6
T	9	6	11	8	12	10	7	12 Executive Board	9	13	12	9 Executive Board	7 (Elections – Local/Parish/ Mayoral/ PCC)
F	10	7	12	9	13	11 SEMINAR	8	13	10	14	13	10 GOOD FRIDAY	8
S	11	8	13	10	14	12	9	14	11	15	14	11	9
S	12	9	14	11	15	13	10	15	12	16	15	12	10
M	13 Dev Control Cttee	10 CYP&F PPB	15	12	16 SEMINAR	14	11 CYP&F PPB	16	13	17	16	13 EASTER MONDAY	11 Dev Control (prov)
T	14 Exec Board (Select Com)	11 Safer PPB	16	13	17Health PPB	15	12 Corporate PPB	17	14 SEMINAR	18	17	14	12
W	15	12 Schools Forum	17	14	18 Environment PPB	16 COUNCIL Schools Forum	13 Environment PPB	18	15 H W Board Schools Forum Reg Cttee	19	18 Schools Forum	15	13
T	16	13 Executive Board	18 Executive Board	15	19 Executive Board	17 Executive Board	14 Executive Board	19	16 Executive Board	20	19 Executive Board	16	14
F	17 ANNUAL COUNCIL	14	19	16	20	18	15	20	17	21	20	17	15
S	18	15	20	17	21	19	16	21	18	22	21	18	16
S	19	16	21	18	22	20	17	22	19	23	22	19	17
M	20	17 SEMINAR	22	19	23 ELS&C PPB	21	18 ELS&C PPB	23	20	24	23	20	18
T	21	18 Health PPB	23	20	24	22	19 Safer PPB	24	21	25 Health PPB	24	21	19 Exec Board Select Com (prov)
W	22	19	24 B E Board	21	25 B E Board	23	20 B E Board	25 Christmas Day	22	26 Environment PPB	25 HW Board B E Board	22	20
T	23	20	25	22	26	24	21	26 Boxing Day	23	27 Executive Board	26	23	21
F	24	21	26	23	27	25	22	27	24	28	27	24	22 ANNUAL COUNCIL (prov)
S	25	22	27	24	28	26	23	28	25	29	28	25	23
S	26	23	28	25	29	27	24	29	26		29	26	24
M	27 Spring Bank Holiday	24 ELS&C PPB	29	26 Summer Bank Holiday	30	28	25	30	27 CYP&F PPB		30	27	25 Spring Bank Holiday
T	28	25	30	27		29	26 Health PPB	31	28 Corporate PPB		31	28	26
W	29	26 Environment PPB	31	28		30	27 Regulatory Cttee		29			29	27
T	30	27		29		31	28		30			30	28
F	31	28		30			29		31				29

REPORT TO: Executive Board

DATE: 21 February 2019

REPORTING OFFICER: Strategic Director, Enterprise, Community and Resources

PORTFOLIO: Resources

SUBJECT: Unison's End Violence at Work Charter

WARD(S) Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek Executive Board's support to a recommendation being made to the Full Council that the Council formally signs up to Unison's End Violence at Work Charter.

2.0 RECOMMENDATION: That Council be recommended to adopt the Unison "End Violence at Work Charter" and works with Unison representatives to ensure the standards within the Charter are adhered to.

3.0 BACKGROUND

3.1 The Council has been approached by Unison to see if it would support and adopt Unison's Violence at Work Charter. A copy of the standards set within that Charter is attached at the Appendix to this report.

3.2 Unison are approaching all major employers in the community and voluntary sector asking them to sign up to the Charter. They have approached the Council with a similar request. Any employer seeking to sign up will be asked for evidence of their compliance with the 10 points in the Charter before signing. Organisations which need to make any changes to their practices will be given one year to make those changes indicating their timescales to deliver on all the points.

3.3 The Council has always placed great emphasis on the health and safety of its employees. It has established practices and procedures in place to protect its employees, including regular public reports to the Corporate Policy and Performance Board. It keeps those practices and procedures under constant review both in the light of experiences and changes in legislation. There is no reason why the Council should not sign up to the Charter as it very much reflects the Council's own philosophy and existing practices.

3.4 It is suggested that the Executive Board recommend that the Council signs up to the Charter and that officers work with Unison in matching up the Council's existing practices with the standards in the Charter.

4.0 POLICY IMPLICATIONS

4.1 Signing up to the Charter would complement the work and priority given by the Council to the very important area of its activity.

5.0 FINANCIAL IMPLICATIONS

5.1 Any costs related to signing up to the Charter are anticipated to be minimal.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Protecting the Council's workforce from any form of violence is clearly crucial to the delivery of all of its priorities.

7.0 RISK ANALYSIS

7.1 There are no risks associated with this report.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no equality and diversity issues associated with this report.

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

None under the meaning of the Act.

Appendix

The Violence at Work Charter Standards

To qualify for the UNISON Violence At Work Charter mark, employers must meet the following standards:

1. The employer has a written violence and aggression at work policy, which is available to all staff. The policy should also cover lone working.

2. Responsibility for implementing these policies lies with a senior manager.

3. Measures are taken to reduce staff working in isolated buildings, offices or other work areas to a minimum.

4. Staff are encouraged to report all violent incidents and they are told how to do this.

5. The employer collects and monitors data on violent incidents on a regular and ongoing basis.

6. Where they are in place, union safety reps are able to access this data and are consulted on solutions to issues relating to violence in the workplace.

7. Thorough risk assessments are conducted for staff placed in vulnerable situations.

8. The employer has support pathways in place for staff who are victims of violence at work, so that they know where to turn for advice and support.

9. Training to ensure staff are aware of the appropriate way to deal with threatening situations.

10. Where appropriate, independent counselling services are available to staff who are the victims of violence at work.

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REPORT TO: Executive Board

DATE: 21 February 2019

REPORTING OFFICER: Strategic Director – Enterprise, Community and Resources

PORTFOLIO: Resources

SUBJECT: International Holocaust Remembrance Alliance Working Definition of Anti-Semitism

WARDS: Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to request that the Executive Board recommends that the Council adopts the International Holocaust Remembrance Alliance (IHRA) definition of Anti-Semitism. The Council has been approached by the Jewish Leadership Council and asked that it adopts this definition.

2.0 RECOMMENDATION: That the Council be recommended to adopt the IRHA working definition of Anti-Semitism.

3.0 SUPPORTING INFORMATION

3.1 The International Holocaust Remembrance Alliance (IHRA) is an intergovernmental organisation founded in 1998 which unites governments and experts to strengthen, advance and promote Holocaust education, research and remembrance worldwide and to uphold the commitments of the Declaration of the Stockholm International Forum on the Holocaust. The IHRA has 31 member countries, two liaison countries and nine observer countries.

3.2 IHRA adopted the Working Definition of Anti-Semitism at a plenary session in 2016. On 1 June 2017, the European Parliament voted to adopt a resolution calling on European Union member states and their institutions to adopt and apply the definition. The non-legally binding working definition includes illustrative examples of Anti-Semitism to guide the IHRA in its work. These examples include classical Anti-Semitic tropes, Holocaust denial and attempts to apply a double standard to the state of Israel.

3.3 This is the IHRA working definition:

"Anti-Semitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of Anti-Semitism are directed toward Jewish or non Jewish individuals and/or their property, toward Jewish community institutions and religious facilities".

The following examples may serve as illustrations:

- Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectivity. However, criticism of Israel similar to that levelled against any other country cannot be regarded as Anti-Semitism. Anti-Semitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for "why things go wrong". It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

- Contemporary examples of Anti-Semitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.

- Making mendacious, dehumanising, demonising, or stereotypical allegations about Jews as such or the power of Jews as collective – such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.

- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non Jews.

- Denying the fact, scope, mechanisms (eg gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).

- Accusing the Jews as a people, or Israel as a sate, of inventing or exaggerating the Holocaust.

- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

- Denying the Jewish people their right to self determination, eg by claiming that the existence of a state of Israel is a racist endeavour.

- Applying double standards by requiring of it a behaviour not expected or demanded of any other democratic nation.

- Using the symbols and images associated with classic Anti-Semitism (eg claims of Jews killing Jesus or blood libel) to characterise Israel or Israelis.

- Drawing comparisons of contemporary Israeli policy to that of Nazis.

- Holding Jews collectively responsible for actions of the state of Israel.

4.0 RESOURCE IMPLICATIONS

4.1 There are no resource implications arising directly from this report.

5.0 POLICY IMPLICATIONS

5.1 None.

6.0 OTHER IMPLICATIONS

6.1 None.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 **Children and Young People in Halton**

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

7.3 **A Healthy Halton**

7.4 **A Safer Halton**

7.5 **Halton's Urban Renewal**

8.0 RISK ANALYSIS

8.1 There is a risk that failing to make clear the Council' strong support for the IHRA working definition of Anti-Semitism will send a counter message creating space that legitimises by omission hatred of Jews. This will therefore be mitigated by expressing unequivocal support for the IHRA working definition of Anti-Semitism.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 As a recognised ethnic minority, Jews are protection from hate and discrimination by existing UK legislation, such as the Crime and Disorder Act 1998, and the Equality Act 2010.

9.2 The IHRA working definition has therefore been developed and promulgated in order to ensure that culprits will not be able to get away with being Anti-Semitic because the term is ill defined, or because organisations or bodies have different interpretations of it

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

10.1 None.

REPORT TO: Council

DATE: 6th March 2019

REPORTING OFFICER: Independent Members' Allowance Panel

SUBJECT: Members' Allowance Scheme – Tri-annual Review

WARDS: Borough wide

1.0 PURPOSE OF REPORT

To invite Council to consider the proposals of the Independent Members' Allowances Panel and to approve a Scheme of Allowances for Members with effect from April 2019.

2.0 RECOMMENDATION: That Council consider the

1) recommendations of the Independent Members' Allowances Panel as set out in Paragraph 6 of this report; and

2) having regard to the Panel's recommendations, determine the Members' Allowance Scheme to be effective from April 2019 for a 3 year period.

3.0 SUPPORTING INFORMATION

3.1 Under the Local Authority's (Members' Allowances) Regulations 2003 the Scheme of Members' Allowances, which was approved in March 2016, is due for review. It must be reviewed tri-annually.

3.2 As reported to Council at its last meeting, in consultation with the Leader, the Chief Executive invited three independent and respected private sector representatives to sit as an Independent Panel (the Panel) to review the Council's Scheme of Members' Allowances and to make recommendations to the Council with regard to the matters to be included in the scheme. The Panel members were identified as having private sector experience and also a strong understanding of the public sector, having worked closely with the public sector on numerous projects and partnerships. All three are independent of the Council.

The Panel consists of the following

Rachael Owen – Chief Executive, Halton Chamber

John Downes – MD, Langtree

John Lewis –MD SOG Ltd,

4.0 BACKGROUND

4.1 The Panel were provided with, and appraised of, the Council's current scheme of allowances. This recognises the time and commitment of all Councillors as well as incidental costs incurred such as use of their vehicles, homes, internet and telephone for Council business.

4.2 Private use of mobile phones (etc.) is excluded and is met personally by Councillors.

4.3 All Councillors receive a Basic Allowance. Special Responsibility Allowances are paid in addition to Basic Allowances. Special Responsibility Allowances are paid to reflect the additional work involved in undertaking certain roles and taking on additional responsibilities within the Council's Constitution.

4.4 The current scheme also makes provision for payment of allowances in respect of the cost of child care or care for dependents' incurred by Members in carrying out their duties.

4.5 Travel and Subsistence Allowances are payable for approved duties which are detailed in the current scheme on the production of relevant receipts. The current scheme permits co-optees reimbursement of travel and subsistence and childcare and dependent care allowance on the same basis as Members of the Council.

4.6 From 1 April 2014 Elected Members in England are unable to join the LGPS. Those Elected Members in England who were in the scheme on the 31 March 2014 can remain in the scheme until the end of their current term of office. Elected Members in England will not be able to rejoin the LGPS in any subsequent term of office in which they serve. The allowances of Elected Members of the Council currently admitted in to a Local Government Pension Scheme are treated as amounts in respect of which pensions are payable.

4.7 At the present time the allowances in the scheme are increased each year by the same percentage increase (or increases) as the NJC pay award for Local Government employees. Where different increases are awarded to different sections of the NJC workforce the percentage increase applicable at spinal column 29 applies. Increases apply on the same date as the pay award and are backdated where appropriate. Increases in travel and subsistence allowance take effect from the date on which the pay award is formally agreed. Full details of the current scheme are attached as Background Papers to the report.

4.8 To enable the Panel to consider the appropriateness of the existing scheme, details of neighbouring authority schemes was collated and this was made available to the Panel. This information is available on request.

4.9 The Panel invited the Leaders of the three political groups on the Council to share with them their thoughts on the current Members Allowance Scheme and any changes they would wish to see.

4.10 The Panel also invited all Members to share with them any thoughts they had on the current allowance scheme and any changes they would wish to see.

4.11 The Panel were advised by the Chief Executive, the Operational Director (Legal) and the Operational Director (Finance) on matters relating to the work of Elected Members, the law and other matters relating to Members' Allowances.

4.12. At the request of Cllr Thompson and Cllr Peter Lloyd-Jones the Panel were also provided with information recently shared with the Local Government Boundary Commission on the role and work of Councillors in Halton. The Panel found this information very useful. This is also available on request.

5.0 PANEL FINDINGS

5.1 The Independent Panel met and corresponded on a number of occasions. The Panel received a briefing provided by the Chief Executive and considered the papers that were provided in advance of their meetings. The Panel commented that this information was both informative and comprehensive and has helped the Panel to provide an informed and considered view on the current Members' Allowance Scheme.

5.2 The Panel also

5.2.1 Invited comments from the Leaders of the three political groups, Councillor Bradshaw, Councillor Polhill and Councillor Rowe. This information is available on request.

5.2.2 Considered written representations submitted by Councillors. This information is available on request.

5.2.3 Considered information recently shared with the Local Government Boundary Commission on the role and work of Councillors in Halton. This is also available on request.

5.3 After a thorough review of the current scheme, consideration of the comparative data, reviewing the comments received from the Leaders of the Labour, Conservative and Lib/Dem Groups respectively, considering the written representations received from Elected Members and a detailed discussion the Panel concluded as follows ;

- The Panel noted the major financial pressures currently facing local authorities.

- The general feeling was that it would be inappropriate to increase the overall budget relating to the cost of Members' Allowances given the current challenges on budgets in the public sector.

- The Panel felt the current scheme of Members' Allowances was still, "fit for purpose" and did not require any major changes or amendments.

- It was noted Members' Allowances currently account for less than 0.5% of the Council Budget.

- The Panel were of the view the current scheme of Members' Allowances offers the community of Halton **good value for money**, given the time commitment given by Elected Members to a variety of representative roles and the local advocacy undertaken by Councillors in Halton.

- Allowances in Halton are generally about 90% on average of those in similar roles when compared with neighbouring authorities.

- It was noted Halton continues to be recognised as a high performing Council with Members at the heart of its activities. Public satisfaction levels are also generally in the upper quartile and the Auditor has consistently reported a good "value for money" finding.

- The strong and effective leadership of the Leader was noted. In particular, his leadership in respect of a number of major projects, such as Mersey Gateway, his work with the LCR Combined Authority and in leading the Council through a period of unprecedented budget cuts arising from the Government's reduction in funding for local authorities, was commented on. The Panel felt that his level of performance and leadership represented **excellent value for money**, given the relative level of his allowance (85% on average of those in similar roles when compared with neighbouring authorities) and should be noted.

The Panel offered the following observations for consideration by the Council, in respect of

1) **Payments to Vice Chairs** There was a general consensus in the Panel that the Allowance appeared disproportionate for the actual activity that was undertaken by Vice Chairs. In reviewing the Vice

Chair's Allowance, not only did the Panel look at the current relationship between this Allowance and workload, the Panel also noted that few other authorities paid an Allowance to Vice Chairs and even if they did, it was not at the level paid by Halton. The Panel agreed to retain the Vice Chair's Allowance but to invite the Council to consider if it should be removed and reallocated across the pot for the Basic Allowance thereby increasing the Basic Allowance for all Councillors.

2) **Scrutiny Coordinator** The Panel queried the financial allowance afforded to the position, given that it doesn't appear that other authorities have a similar remunerated position. Having queried the allowance, the Panel were advised of the governance structure at Halton Council and the importance of the role, especially given the heavy weighting of the controlling party. The Panel concluded that an allowance was proper.
The Panel were further reassured that should the weighting of any particular party change as a result of future elections, which might render the position less significant, if this was the case the Independent Panel will be consulted further at that time. Following an explanation of the role of the Scrutiny Coordinator the Panel agreed to retain the Scrutiny Coordinator Allowance.

3) **Leader** The Leader's Allowance remains below that of similar authorities (85% on average of the allowance provided by neighbouring authorities) This provides excellent value for money. The Panel agreed not to increase the Leaders Allowance given the financial pressures on the Council's budgets but would invite the Council to consider increasing the Leaders Allowance to bring it in line with the average of neighbouring authorities. A figure of £25,000 would be appropriate if the Council are minded to do this.

6.0 RECOMMENDATION

It is recommended THAT

6.1 the current Members' Allowance Scheme, is fit for purpose and should remain unaltered, subject to consideration of the Panel's comments above on following Allowances as set out in paragraph 6.2

6.2 6.2.1 Vice Chairs Allowance

6.2.2 Scrutiny Coordinators Allowance

6.2.3 Leader's Allowance

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

Current Members' Allowance Scheme

Current Members' Allowance Schemes for neighbouring local authorities.

Correspondence from Members

Information recently shared with the Local Government Boundary Commission on the role and work of Councillors in Halton.

Chapter 6

SCHEME OF MEMBERS' ALLOWANCES

This scheme of Members' Allowances has been set by the Council having regard to a report of an Independent Panel made up of non Councillors. The scheme came into effect from 1 April 2016 and will continue in force for three years.

1. Basic Allowance

The following basic allowance shall be paid to each Member of the authority to cover Councillors' incidental expenses such as heating, lighting, telephone, stationery and postage:

£8,597 per annum (as at 1 April 2018*)

Where a Councillor's term of office begins or ends part way through the year to which the allowance relates the amount of the basic allowance shall be reduced pro rata.

2. Special Responsibility Allowances

These allowances are paid to reflect the additional work involved in undertaking certain roles and taking on additional responsibilities under the Council's Constitution. The Special Responsibility Allowances are as follows:

Position	Limitations	SRA **(as at 1 April 2018*)**
Leader		£22,169
Deputy Leader	To a maximum of 68% of the Leader's SRA	£15,075
Executive Board Members	To a maximum of 56% of the Leader's SRA	£12,414
Chairs – Boards & Committees	To a maximum of 33% of the Leader's SRA	£7,383
Vice Chairs – Boards & Committees	50% of the Chair's SRA	£3,691
Leader of Principal Opposition (can be split equally if there is parity in the opposition groups)	Equal to that of the Chair's SRA	£7,383
Scrutiny Co-Ordinator	Equal to that of the Chair's SRA	£7,383

Special Responsibility Allowances are paid in addition to Basic Allowance. No Member is paid more than one Special Responsibility Allowance at any one time and, in the event that a Member undertakes more than one Special Responsibility at a time, then the higher/highest Allowance will be paid.

Where a Councillor does not hold the role giving rise to the entitlement to the Special Responsibility Allowance for the full year to which the allowance relates, the amount of the Special Responsibility Allowance shall be reduced pro rata.

(NB The Mayor will receive an allowance equivalent to the SRA of a Member of the Executive Board. The Deputy Mayor will receive an allowance equivalent to 50% of the SRA of a Member of the Executive Board. These allowances are not part of the scheme: this information is for completeness only.)

*Figures are subject to change in line with the employee cost of living rise (see item 7 below).

3. Child Care and Dependent Carer's Allowance

A Child Care and Dependent Carer's Allowance shall be payable based upon reimbursement of actual receipted costs subject to prior agreement with the Strategic Director – Enterprise, Community and Resources. The allowance is payable to any Member who incurs expenditure in respect of child or dependent relative care whilst undertaking the approved duties specified in paragraph 14 of this scheme.

4. Travel and Subsistence Allowances

Travel and subsistence allowances are payable for the approved duties set out in paragraph 14 of this scheme. Members are entitled to reimbursement of the full costs incurred (on production of the relevant receipts) subject to the following limits:

Car Mileage

Engine size	Up to 999cc	1000cc to 1199cc	1200cc and over
Pence per mile	34.6	39.5	48.5

Motorcycle Mileage

Engine size	Up to 149cc	150cc to 499cc	500cc and over
Pence per mile	8.5	12.3	16.5

Subsistence Allowances

Breakfast	Lunch	Dinner
£6.45	£8.65	£17.35

Overnight Accommodation

Outside London	£100.52 per night
Inside London	£126.90 per night

The Strategic Director –Enterprise, Community and Resources may authorise re-imbursement at a higher rate for overnight accommodation and subsistence where it is not reasonably practicable for the Member to keep costs incurred to the allowances set.

Cycle Allowance

Members to be entitled to a mileage allowance equivalent to that payable to officers for use of a cycle in carrying out approved duties.

Public Transport

Reimbursement of full cost on payment of receipts (subject to air and rail travel being booked through the authority).

In respect of overseas travel, Members may claim reimbursement for all expenditure reasonably incurred in respect of duties outside the country provided that the travel has been approved in advance by the Strategic Director – Enterprise, Community and Resources.

The Strategic Director – Enterprise, Community and Resources may make an advance to a Member in respect of the likely costs of travel and subsistence where he/she considers it appropriate, subject to any advance being deducted prior to payment of any subsequent claims. (Except as varied above, the additional rules approved by the Standards Committee for Members' Travel and Subsistence Payments remain in effect.)

5. Co-Optees

Any co-optees, as permitted by the Council's constitution, shall be entitled to claim Travel and Subsistence and Child Care and Dependent Carer's Allowances on the same basis as any Member of the Council

6. Pensions

All Members of the Council who qualify for admission to the Local Government Pension Scheme shall be eligible to join the Scheme and both Basic Allowance and Special Responsibility Allowance shall be treated as amounts in respect of which pensions are payable.

7. Annual Increase

Any increase in Basic and Special Responsibility Allowances shall apply from the same date as the pay award is to take effect, and increases shall be backdated if necessary.

The allowances in this scheme shall be increased by the same percentage increase (or increases) as the NJC pay award for Local Government employees. Where different increases are awarded to different sections of the NJC workforce the percentage increase applicable at spinal column 29 shall apply.

8. Withholding of Allowances

Where a Member is suspended, or partially suspended, from their responsibilities or duties as a Member of the Council in accordance with Part III of the Local Government Act 2000, or regulations made thereunder, that part of any

- Basic Allowance
- Special Responsibility Allowance
- Travel and Subsistence Allowance

payable under this scheme in respect of the duties or responsibilities from which the Member is suspended may be withheld by the Council.

9. Payment of Allowances

Basic Allowance and Special Responsibility Allowance will be paid in 12 monthly instalments on the 20th of each month direct to a bank account. Other allowances will similarly be paid on the 20th of each month direct to a bank account subject to the relevant claims being submitted and approved in accordance with such procedures as may be set down by the Strategic Director – Enterprise, Community and Resources.

10. Repayment of Allowances

Where payment of any allowance has already been made in respect of any period during which the member concerned is

(a) suspended or partially suspended from their responsibilities or duties as a member of the authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part;

(b) ceases to be a Member of the authority; or

(c) is in any other way not entitled to receive the allowance in respect of that period, the Council may require that such part of the allowance as relates to any such period be repaid to the Council.

11. Renunciation

Members may elect to forego any part of their entitlement to an allowance under this Scheme by giving notice in writing to the Strategic Director – Enterprise, Community and Resources.

12. Multiple Authorities

Where a Member of the Council is also a Member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.

For the avoidance of doubt, allowances may be paid for Co-opted Members of the Transport Committee (Merseytravel Committee) and its Sub-committees of the Liverpool City Region Combined Authority, and will be dealt with in accordance with the Merseyside Integrated Transport Authority Scheme.

13. Time limit for Claims

Claims for the following allowances:

(a) Child Care and Dependent Carer's Allowance;

(b) Travelling and Subsistence Allowance

must be made by the person to whom they are payable within one month of the end of the month in which the entitlement to the allowance arose. In the event that a claim is not made within this time limit the Strategic Director – Enterprise, Community and Resources shall have absolute discretion as to whether to pay the claim.

14. Approved Duties

The following duties are specified as approved duties for the purpose of Travel and Subsistence Allowances and Child Care and Dependent Carer's Allowance:

1. Any meeting of the Council, Executive Board or other Board, Committee or Sub-Committee meeting.

2. Any meeting of a Working Group, or Panel appointed by a Board or Committee.

3. Any formal meeting with other local authorities.

4. Meetings with Council officers on official business.

5. Training courses and seminars organised by the Council.

6. All meetings where Members are appointed as representatives of the Council on Outside Bodies excluding School Governing Bodies.

7. All meetings, seminars and events attended by the Member where the Members' attendance is organised, requested or arranged by the Council.

8. Meetings of Locality Area Forum Projects.

9. The carrying out of any other duty approved by the Chief Executive of the Authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its Boards or Committees.

Local Government &
Social Care
OMBUDSMAN

Report by the Local Government and Social Care Ombudsman

Investigation into a complaint against Halton Borough Council (reference number: 18 004 872)

17 December 2018

The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- apologise
- pay a financial remedy
- improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Mr B	The complainant

Report summary

Highways and Transport – Moving traffic penalties

Mr B complains the Council refused to refund sums paid in respect of two Penalty Charge Notices issued for failure to pay toll charges at the Mersey Gateway Bridge, despite a finding by the Traffic Penalty Tribunal (TPT) that the making of the relevant charging order was procedurally flawed.

Finding

No injustice.

Recommendations

We make no recommendations.

The complaint

1. Mr B complained the Council refused to refund sums paid in respect of two Penalty Charge Notices (PCNs) issued to his partner for failing to pay toll charges at the Mersey Gateway Bridge. He considers it should do so because the Traffic Penalty Tribunal (TPT) upheld appeals from other people on grounds of procedural impropriety by the Council in the making of the relevant charging order.

Legal and adminstrative background

The Ombudsman's role

2. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. ***(Local Government Act 1974, sections 26(1) and 26A(1), as amended)***

3. We may investigate complaints made on behalf of someone else if they have given their consent. ***(Local Government Act 1974, section 26A(1), as amended)***

4. The law says we cannot normally investigate a complaint when someone can appeal to a tribunal. However, we may decide to investigate if we consider it would be unreasonable to expect the person to appeal. ***(Local Government Act 1974, section 26(6)(a), as amended)***

5. We may investigate matters coming to our attention during an investigation, if we consider that a member of the public who has not complained may have suffered an injustice as a result. ***(Local Government Act 1974, section 26D and 34E, as amended)***

The Transport Act 2000

6. The Transport Act 2000, as amended by The Local Transport Act 2008, provides the legal basis for road user charging. The relevant associated regulations are the Road User Charging Schemes (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2013 as amended by the Road User Charging Schemes (Penalty Charges, Adjudication and Enforcement)(England)(Amendment) Regulations 2014.

How we considered this complaint

7. We produced this report after examining relevant documents from the Council.

8. We gave the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before the report was finalised.

What we found

Background

9. Using its powers under the relevant legislation the Council issued the Mersey Gateway Road User Charging Scheme Order 2017 to seek to impose charges for crossing the Mersey Gateway Bridge ('the bridge'). If a car crosses the bridge and the charge (sometimes referred to as a toll) is not paid by midnight the following day then the Council may issue a penalty charge notice (PCN) to the registered

keeper of the vehicle. The person receiving such a PCN has a right to challenge it on specified grounds, set out in the relevant regulations. If having considered the challenge the Council rejects it, the vehicle owner has the right to appeal to the TPT. It is then for the Adjudicator to decide at appeal whether the penalty should be cancelled.

What happened in this case

10. Mr B's partner received two PCNs for failing to pay the charge for crossing the bridge. Mr B's partner did not exercise their right of appeal to the TPT. Mr B paid the penalty charges totalling £40.

11. Although Mr B's partner did not do so, other motorists did appeal to the TPT about the PCNs received in respect of failure to pay the toll for the bridge. A TPT Adjudicator found that one of a group of five appellants was not liable to pay the toll charge because the Council had not specified the sum of the charge in the Mersey Gateway Road Charging Order 2017. The Council applied for that finding to be reviewed, and subsequently an Adjudicator confirmed the TPT's original decision to allow all five appeals in that group. The Adjudicator found the failure to specify the charges in the Mersey Gateway Road User Charging Scheme 2017 amounted to a procedural error on the part of the Council. The TPT also concluded that several other technical and legal points meant that the Charging Scheme employed by the Council was not enforceable under the Transport Act 2000. The TPT directed the Council to cancel the PCNs issued to the five appellants.

12. In light of the TPT's decision Mr B asked the Council to refund the £40 he had paid in respect of the PCNs issued to his partner. The Council replied immediately saying it was taking legal advice in respect of the Adjudicator's decision and at this stage was making no refunds.

13. The Council subsequently published a statement on its website, sending a copy to Mr B the same day. It said, in summary:

- The Council had in place a valid and legal power to charge and enforce tolls on the bridge from 14 October 2017 and all vehicles that used it on or after that date were required to pay a toll and liable to enforcement of a toll if no toll was paid, (unless they were exempt or benefitted from a local user discount scheme).
- Adjudication by the TPT could not in law invalidate or remove the powers in place from the 14 October 2017 to toll and enforce tolls on the bridge. Any decision of a TPT Adjudicator only relates to that particular case; it does not have general effect and cannot remove the validity of the order or the obligation to pay.
- For these reasons, the Council was under no legal obligation to repay any toll or penalty paid on failing to pay a toll, and would not be repaying any such sums paid.

14. Following a consultation, the Council revoked the 2017 Road Charging Order for the bridge, replacing it with a new order which came into effect from 19 April 2018.

Conclusions

15. As set out at paragraph 4 above, we generally take the view that it is reasonable to expect people to use the alternative remedy of appealing to the tribunal.

However, we decided to exercise discretion to investigate this case because of the wider public administration issues that it raises, which go beyond the remit of the TPT's Adjudicator. We are also formally exercising the powers described in paragraph 5 to look at apparent injustice to the much larger group of people potentially affected. That group is made up of those motorists who paid the toll, or who were penalised for not doing so, between 14 October 2017 and 18 April 2018 when the 2017 order was in force.

16. On the matter of fault, we are clear that it is not for us to determine the lawfulness of the 2017 Road Charging Order: that is a matter for the courts. We are applying a fundamentally different test, and simply need to come to a view on whether there was administrative fault in the way that the Council made the order underpinning the charges in dispute. On the face of the Adjudicator's findings, there is apparent maladministration in that defects were identified in the order, including a failure to set out the specific charge, rather than a range of charges.

17. However, we do not need to make a formal finding on that point and do not do so. This is because in our view any procedural errors there may have been in the original order did not lead to injustice. We have concluded therefore that there are no good grounds to investigate further.

18. In this case we know what would happened if the apparent errors in the order had not occurred. The Council successfully implemented a replacement order in the same terms as originally intended. There is no suggestion here that the original order was defective because it was fundamentally unfair or unworkable. The new order gives effect to exactly what the Council always sought to achieve, which is a charge for crossing the bridge.

19. We are satisfied therefore that if the apparent fault had not occurred, there would in any case have been a valid order in place, and everyone passing over the bridge would have been liable to pay the toll in exactly the way that was envisaged. The bridge was clearly operating as a toll bridge, the charge was on display for motorists to see, and people chose to use this route in the full knowledge that a charge was payable. They paid that charge, or were subject to penalties for not paying the charge, in line with everyone's expectations about how the system was intended to work.

20. Our finding might seem at odds in the public eye with the individual decisions already made by the Adjudicator. However, the Adjudicator is looking at individual cases of appeal against a particular PCN. Our role is quite different in that we seek to remedy injustice arising from administrative fault. In the circumstances of this case, we do not think that it would be appropriate or proportionate for us to recommend that the Council repay a significant total sum to motorists because of possible administrative errors that did not cause anyone to be misled or be treated unfairly.

21. In summary, the question for us is whether Mr B and other people potentially affected (either because they paid the toll or because they received financial penalties for not having done so) would have been in a different position had the apparent fault not occurred. We are satisfied that they would not, and have therefore been caused no injustice.

Decision

22. We have completed our investigation into this complaint. Any fault by the Council in this matter did not lead to injustice.