

## APPENDIX 1

### Extracts of Executive Board Committee Minutes that are relevant to the Corporate Policy and Performance Board

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#### EXECUTIVE BOARD MEETING HELD ON 7 OCTOBER 2013

<b>97</b>	<b>PROCUREMENT STANDING ORDERS WAIVER REQUEST - REVENUES, BENEFITS &amp; CUSTOMER SERVICES DIVISION</b>
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The Board considered a report of the Strategic Director, Policy and Resources, which requested a waiver of Procurement Standing Orders for the continued provision of a document outsourcing mail service for the Revenues and Benefits Services Division.

The Board was advised that the current contract for this service was awarded for one year. A tender process needed to be undertaken to award a contract for the Council's future requirements. It was reported that Government Procurement Services (GPS) would manage a new tender process from 2014, which was open to local authorities. The process would comply with EU Public Procurement Regulations 2006 and removed the need for the Council to run its own tender process.

It was noted that the waiver of Procurement Standing Orders was required until 30 September 2014, to allow the continuation of the current mailing service and to ensure service continuity and continued savings for the Council.

RESOLVED: That Procurement Standing Orders 4.1 be waived, to allow the existing Document Outsourcing contract to continue until 30 September 2014, when a Government Procurement Framework will be in place for this mailing service.

<b>98</b>	<b>BUSINESS RATES POOLING</b>
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The Board considered a report of the Operational Director, Finance, which sought approval to establish a Business Rates Retention Scheme Pool from 1 April 2014.

The Board was advised that under business rates retention, Councils retain 50% of the business rates they collect, with the other 50% going to Government. The scheme included provision for Top Up Grants and Tariffs, so that total income reflected the needs of each Council. It was noted that nationally, the Top Up Grants were funded by

the Tariffs and the level of both was fixed until the scheme was reset in 2020. The report outlined the arrangement for Top Up Grants to meet the difference for Halton and St Helens.

The Board considered a proposal to create a Business Rates Pool with St Helens and Warrington Councils from 1 April 2014. This arrangement would enable 45% of Warrington's future rates growth to be retained within the Pool and then shared between the three Councils. The report provided further details of the safety net mechanism whereby councils were protected from an excessive drop in funding. This would be activated when a council's Business Rates income fell below a specified level.

It was reported that the application process required the proposal to be submitted to the Department for Communities and Local Government (DCLG) by 31 October 2013, and must include details of the potential benefits to Pool members, the lead Council and the management and governance arrangements. If the application was successful, a further report would be brought to the Board to confirm its approval to proceed with the Pool.

RESOLVED: That

- 1) an application be submitted to DCLG, to establish a Business Rates Retention Scheme Pool from 1<sup>st</sup> April 2014 along with St Helens Borough Council and Warrington Borough Council;
- 2) the Operational Director, Finance, in consultation with the Executive Board Portfolio Holder for Resources, be authorised to prepare and submit by 31<sup>st</sup> October 2013 a joint application to DCLG; and
- 3) a further report be presented to the Board following publication of the Provisional Local Government Grant Settlement, in order to confirm whether the Board wishes to continue with establishing a Business Rates Retention Scheme Pool.

### **EXECUTIVE BOARD MEETING HELD ON 7 NOVEMBER 2013**

<b>102</b>	<b>ANNUAL AUDIT LETTER 2012-13</b>
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The Board considered a report of the Strategic Director, Policy and Resources, which presented the Annual Audit Letter for 2012/13.

The Board was advised that the Annual Audit Letter (the Letter) summarised the findings from the 2012/13 audit completed by the Council's external auditors. The Letter included messages arising from

the audit of the financial statements and the results of work that had been undertaken in assessing the Council's arrangements to secure value for money in the use of its resources.

Mike Thomas, the external auditor from Grant Thornton UK LLP, attended the meeting and reported that an unqualified opinion had been issued on the Council's financial statements. Of particular note however, was the recognition that the most significant issue that the Council faced was the budget gap and being able to meet its mandatory responsibilities. In addition, the audit recognised that despite the financial challenges, the Council sought opportunities to progress the local economy and continued to have major successes through partnership on a number of significant developments most notably Mersey Gateway, Daresbury Science Park, 3MG Multi-Modal site and the Castlefields development.

The Board wished to place on record their thanks to all Officers that had assisted in the preparation of the audit inspection.

RESOLVED: That the Annual Audit Letter 2012/13 be approved.

### **EXECUTIVE BOARD MEETING HELD ON 21 NOVEMBER 2013**

<b>112</b>	<b>DETERMINATION OF THE 2014/2015 COUNCIL TAX BASE</b>
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The Board considered a report of the Operational Director, Finance, on the requirement for the Council to determine the 'Tax Base' for its area and the tax base for each of the Parishes.

The Council was required to notify the figure for the Cheshire Fire Authority, the Police and Crime Commissioner and the Environment Agency by 31 January 2014. In addition, the Council was required to calculate and advise the Parish Councils, if requested, of their relevant tax bases.

The Board was advised that the Tax Base was the measure used for calculating the council tax and was used by both the billing authority (the Council) and the major precepting authorities (the Cheshire Fire Authority and the Police and Crime Commissioner), in the calculation of their council tax requirements. It was arrived at in accordance with a prescribed formula representing the estimated full year number of chargeable dwellings in the Borough expressed in terms of the equivalent of Band "D" dwellings. Taking account of all the relevant information and applying a 96.5% collection rate, the calculation for 2014/15 gave a tax base figure of 31,400 for the Borough as a whole.

It was noted that from 2013/14 onwards, the tax base calculation included an element for the Council Tax Reduction Scheme (the replacement for the Council Tax Benefit).

RESOLVED: That Council be recommended to approve:

- 1) the Council Tax Base for 2014/15 to be set at 31,400 for the Borough, and that the Cheshire Fire Authority, the Police and Crime Commissioner and the Environment Agency be so notified; and
- 2) the Council Tax Base for each of the Parishes be set as follows;

Parish	Tax Base
Hale	643
Halebank	494
Daresbury	150
Moore	316
Preston Brook	319
Sandymoor	950

<b>113</b>	<b>2013-2014 HALF YEAR SPENDING</b>
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The Board received a report of the Operational Director, Finance which reported on the 2013/14 Half Year Spending as at 30 September 2013.

A summary of spending against the revenue budget up to 30 September 2013 was attached to the report at Appendix 1. This provided individual statements for each department. The Board was advised that in overall terms, the revenue expenditure was below the budget profile, although this was only a guide to eventual spending.

The report contained details on a number of significant areas of the budget including:

- The employee budget, vacant posts, overtime and agency staff;
- Expenditure on general supplies and services;
- Children's residential placements;
- Spending on in-house adoption;
- Income affected by the economic downturn, such as fees and charges, rental income and catering sales;
- The Complex Care Pooled Budget (attached at Appendix 2);
- The collection rate for Council Tax and Business Rates; and

- The Council's net overall spending.

The report also outlined details of a revision to the capital spending programme at Appendix 3 and monitoring of the Council's balance sheet.

RESOLVED: That

- 1) all spending continues to be limited to the absolutely essential;
- 2) Strategic Directors ensure overall spending at year-end is within their total operational budget; and
- 3) Council be recommended to approve the revised capital programme as set out in Appendix 3.

<b>114</b>	<b>MEDIUM TERM FINANCIAL STRATEGY</b>
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The Board considered a report of the Operational Director, Finance, on the Medium Term Financial Strategy for 2014/15 to 2016/17.

The Board was advised that the Medium Term Financial Strategy (MTFS) set out a three-year projection of resources and spending based on information currently available.

The projections in the forecast clearly showed there was a need to make a significant level of savings over the next three years, as a result of the effect of the Government policy to reduce the national deficit through reductions in public sector funding. The strategy took into account the following:

- The 2010 Comprehensive Spending Review;
- The 2013 Comprehensive Spending Review; and
- The 2014/15 and 2015/16 Technical Consultation on the Local Government Finance Settlement

The forecast provided initial guidance to the Council on its financial position into the medium term. Revenue savings of approximately £15m, £17m and £14m would be required over the next three years. It was noted that as a result, £46m would need to be removed from the Council's budget which represented 26% of the gross expenditure budget.

The Board was reminded that the Medium Term Financial Strategy (MTFS) had a number of objectives, as listed in the report. The

Council would need to consider these objectives when balancing its budget over the next three years.

RESOLVED: That

- 1) the Medium Term Financial Strategy be approved;
- 2) the base budget be prepared on the basis of the underlying assumptions set out in the Strategy;
- 3) the Budget Strategy and Capital Strategy be approved;
- 4) the Reserves and Balances Strategy be approved; and
- 5) the award of Council Tax support for 2014/15 remain at the 2013/14 level of 21.55%.

<b>115</b>	<b>TREASURY MANAGEMENT 2013/14 2ND QUARTER: JULY - SEPTEMBER</b>
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The Board considered a report of the Operational Director, Finance, which updated Members on the activities undertaken on the money market, as required by the Treasury Management Policy.

The report provided supporting information on the economic background, interest rate forecast, short term borrowing rates, longer term borrowing rates, borrowing/investments, new long term borrowing, policy guidelines and treasury management indicators. It was noted that debt rescheduling had been undertaken during the quarter.

RESOLVED: That the report be noted.

<b>116</b>	<b>BUDGET PROPOSALS 2014-15</b>
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The Board considered a report of the Operational Director, Finance, on initial revenue budget proposals for 2014/15.

The Board was advised that budget savings proposals for 2014/15 were being developed by the Budget Working Group. However, a number of those proposals detailed at Appendix 1, could be implemented immediately in order to achieve a part-year saving in 2013/14. In addition, a number of the proposals would take time to implement and therefore by commencing the process as soon as possible, would assist in ensuring that they can be fully implemented by 1 April 2014.

It was noted that the Government would announce its Grant Settlement for Local Government in late December 2013, at which point the Council's actual funding gap would be identified. Further savings proposals that would enable the Council to deliver a balanced budget would be recommended to Council at its meeting on 5 March 2014.

RESOLVED: That Council be recommended to approve the initial budget proposals for 2014/15 as set out in Appendix 1.

<b>117</b>	<b>INCOME MANAGEMENT SYSTEM - ONLINE PAYMENTS</b>
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The Board considered a report of the Strategic Director, Policy and Resources, which sought approval for the waiver of Procurement Standing Orders for the provision of the Income Management System – Online Payments.

The Board was advised that the Council was in the process of replacing its website to facilitate a larger number of transactional services, which required the upgrade of the payment engine to allow integration with current financial systems. It was noted that, as there was only one provider of compatible systems - Paye.net portal and Internet Payments portal - it was not possible to undertake a procurement exercise. Details of the costs for the purchase and installation of the equipment before and after the 30 November 2013 were given in the report. It was further noted that there would be a significant financial saving if the equipment was purchased before this date.

RESOLVED: That the competition requirements of Procurement Standing Order 4.1 be waived to facilitate the upgrade of the Council's online payment engine with Capita Paye.net portal and Internet Payments portal.

### **EXECUTIVE BOARD MEETING HELD ON 12 DECEMBER 2013**

<b>126</b>	<b>DIRECTORATE PERFORMANCE OVERVIEW REPORTS FOR QUARTER 2 – 2013-14</b>
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The Board considered a report of the Strategic Director, Policy and Resources, on progress against key objectives/milestones and performance targets for the second quarter to 30 September 2013.

The Board was reminded that in September 2011, a review of the Council's existing performance management and monitoring arrangements had been undertaken, based upon a set of principles agreed by the Corporate Policy and Performance Board. This was

based around the better management of performance information in terms of both strategic focus and volume. The Directorate Performance Overview Report provided a strategic summary of key issues arising from performance in the relevant quarter for each Directorate, being aligned to Council priorities or functional areas. The Board noted that such information was key to the Council's performance management arrangements, with the Board having a key role in monitoring performance and strengthening accountability.

It was reported that Directorate Risk Registers were under review and would be refreshed in conjunction with the development of Directorate Business Plans 2014-17; monitoring of high risks would be reported in due course to Executive Board.

RESOLVED: That the report and progress and performance information be noted.

<b>127</b>	<b>DISCRETIONARY HOUSING PAYMENT AND DISCRETIONARY SUPPORT SCHEME</b>
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The Board considered a report of the Strategic Director, Policy and Resources, which sought approval for the removal of the ring fence around the Discretionary Support Scheme budget.

The Board was advised that the Discretionary Support Scheme, (DSS) previously administered by the Department for Works and Pensions (DWP), was abolished by the Welfare Reform Act in April 2013. At the same time, Crisis Loans for general living expenses and Community Care Grants were replaced by a new discretionary service administered by the Council. The Council's Scheme was introduced in April 2013 and payments from the Scheme had been made against a set of criteria, previously agreed by Executive Board in consultation with the Corporate Policy and Performance Board (PPB). It was noted that although the DWP did not expect local authorities to replicate the scheme, it was the intention of Government that the funding would be used to provide support to vulnerable people within the Borough.

The report provided information relating to Discretionary Housing Payments (DHP), which provided clients with further financial assistance. Members were advised that the DHP budget was under pressure, with an increase of 682% in the number of applications to date, compared with last year. The Board was further advised that the DSS budget was not ring fenced; it was proposed that, in order to relieve pressure on the DHP budget, and to give the maximum flexibility to the Council to help some of the most vulnerable members of Halton's Community, the DSS budget be used to relieve pressure on the DHP budget. Spend on both budgets would be kept under close scrutiny by the Corporate PPB.



RESOLVED: That the ring fence around the Discretionary Support Scheme Fund be removed, to enable the budget to supplement the Discretionary Housing Payment Fund, if that becomes necessary.

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**TREASURY MANAGEMENT 2013-14 MID YEAR REVIEW**

The Board considered a report of the Operational Director, Finance, which reviewed activities on Treasury Management for the mid-year point 2013/14 in accordance with the Council's Treasury Management Policy.

The mid-year report had been completed in compliance with CIPFA's Code of Practice and covered the following:

- An economic update for the first six months of 2013/14;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's Capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2013/14;
- A review of the Council's borrowing strategy for 2013/14;
- A review of any debt rescheduling undertaken during 2013/14;
- A review of compliance with Treasury and Prudential Limits for 2013/14.

The Board noted that the Council was required to prepare prudential indicators and to report on any significant variations, as part of the Council's on-going requirement to report on the current capital position. Details of these indicators were attached to the report at Appendix 1. The report also provided details of the investment and new borrowing portfolio. It was further noted that the Department for Transport had indicated that it may pay a substantial capital grant to the Council during the latter months of 2013/14. In view of this, the counterparty limits for two banks had been increased and Appendix 2 provided details of the revised counterparty list.

RESOLVED: That the report be noted and Council be recommended to approve the revised Prudential Indicators and Counterparty List, as set out in Appendices 1 and 2 respectively.