

**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON TUESDAY 23 FEBRUARY 2021. MINUTE NO 104 IS NOT SUBJECT TO "CALL-IN."**

## **CABINET**

### **MEETING HELD AT THE REMOTE ON THURSDAY 11TH FEBRUARY, 2021**

**PRESENT:** Councillor Fairclough (in the Chair)  
  
Councillors Atkinson, Cummins, Hardy,  
John Joseph Kelly, Lappin, Moncur and Veidman

**ALSO PRESENT:** Councillor Sir Ron Watson viewed this meeting  
remotely

#### **96. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Maher.

#### **97. DECLARATIONS OF INTEREST**

No declarations of any disclosable pecuniary interests or personal interests were received.

#### **98. MINUTES OF THE PREVIOUS MEETING**

##### **Decision Made:**

That the Minutes of the Meeting held on 4 February 2021 be approved as a correct record.

#### **99. PRUDENTIAL INDICATORS 2021/22**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services advising that the CIPFA Prudential Code for Capital Finance in Local Authorities was introduced following the Local Government Act 2003; that it detailed a number of measures / limits / parameters (Prudential Indicators) that were required to be set each financial year; and that the approval of these limits would provide a benchmark to measure actual performance against, to help ensure that the Council complied with relevant legislation, was acting prudently and that its capital expenditure proposals were affordable.

The report indicated that the Council was required to approve Prudential Indicators for the following items:

- (i) Capital Expenditure (Section 2);
- (ii) Financing Costs/Net Revenue Stream (Section 3);
- (iii) Capital Financing Requirement (Section 4);
- (iv) External Debt (Section 5-7); and

- (v) Treasury Management Indicators (Section 8).

**Decision Made:** That:

- (1) the Council be recommended to set the Prudential Indicators, as detailed in the report, as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- (2) it be noted that the relevant Prudential Indicators will be revised as required and that any changes will be submitted to Cabinet and then to Council for approval;
- (3) it be noted that the estimates of capital expenditure may change as grant allocations are received; and
- (4) the Council be recommended to delegate authority to the Executive Director of Corporate Resources and Customer Services in conjunction with the Cabinet Member – Regulatory, Compliance and Corporate Services to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 5 of the report.

**Reasons for Decision:**

To enable the Council to effectively manage its Capital Financing activities and comply with the CIPFA Prudential Code for Capital Finance in Local Authorities. The prudential indicators for the forthcoming and following years must be set before the beginning of the forthcoming year.

**Alternative Options Considered and Rejected:**

None.

**100. TREASURY MANAGEMENT POLICY AND STRATEGY 2021/22**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services that set out the following proposed policy and strategy documents, namely, the Treasury Management Policy, as set out in Annex A to the report; the Treasury Management Strategy, as set out Annex B to the report and the Minimum Revenue Provision Policy Statement, as set out in Annex C to the report.

The report indicated that the Council had adopted CIPFA's revised 2017 Code of Practice on Treasury Management in the Public Services which recommended the production of annual Treasury Management Policy and Strategy Documents; and that in addition, the Council had adopted and incorporated into both documents:

- (a) the requirements of the 2017 Prudential Code for Capital Finance in Local Authorities; and
- (b) an Investment Strategy produced in line with the Ministry of Housing

Communities and Local Government (MHCLG) Statutory Guidance on Local Government Investments 2018. This set out the manner in which the Council would manage its investments, giving priority to the security and liquidity of those investments.

**Decision Made:**

That the Council be recommended to approve:

- (1) the Treasury Management Policy Document for 2020/21, as set out in Annex A to the report;
- (2) the Treasury Management Strategy Document for 2020/21, as set out in Annex B to the report; and
- (3) the Minimum Revenue Provision Policy Statement 2020/2; as set out in Annex C to the report.

**Reasons for Decision:**

The Council has adopted CIPFA's Code of Practice on Treasury Management in the Public Services. The Code requires that the Council sets a policy and strategy for the effective operation of the Council's Treasury Management function during the financial year. This will ensure that cash flow is adequately planned, surplus monies are invested commensurate with the Council's risk appetite whilst providing adequate portfolio liquidity, and that the borrowing needs of the Council are properly managed to ensure that the Council can meet its capital spending obligations.

**Alternative Options Considered and Rejected:**

None.

**101. CAPITAL STRATEGY 2021/22 TO 2025/26**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services indicating that the Capital Strategy set out the long-term context in which capital expenditure and investment decisions were made and considered the impact of these decisions on the priorities within the Council's Core Purpose and Framework for Change Programme and the promises made in the 2030 Vision for Sefton; that at the heart of the Capital Strategy was the Council's core objective to continue to deliver financial sustainability; and that as such, a flexible capital investment programme was more important than ever as a method to stimulate and enable economic growth and strategic investment, ensuring best use of existing assets and of generating future income streams to pay for and deliver day to day services.

The Capital Strategy, attached to the report as Annex A, was a statutory document that the Council was required to have in place and be reviewed on an annual basis.

The Cabinet Member for Regeneration and Skills, Councillor Atkinson referred to the Southport Town Deal and thanked the Town Deal Board Members for all their hard work, commitment, passion and vision and paid tribute to the sterling work of the Chair and Vice Chair of the Board, Mr Rob Fletcher and Mr Andrew Booth.

Councillor Atkinson also paid tribute to the hard work of Sefton Officers and emphasised how their commitment had played a pivotal role in driving the bid forward and highlighted that should the bid be successful then Sefton could benefit from £50m of investment.

**Decision Made:**

That the Council be recommended to approve the Capital Strategy as set out in Annex A of the report.

**Reasons for Decision:**

The Capital Strategy is a key policy document for Sefton Council and follows guidance issued in the Prudential Code for Capital Finance in Local Authorities (2017 Edition).

**Alternative Options Considered and Rejected:**

None.

**102. ROBUSTNESS OF THE 2021/22 BUDGET ESTIMATES AND THE ADEQUACY OF RESERVES – LOCAL GOVERNMENT ACT 2003 - SECTION 25**

The Cabinet considered the report of the Executive Director of Corporate Resources and Customer Services indicating that to comply with statute, the Chief Financial Officer was required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget was robust and that there were adequate reserves and balances.

The report also provided information on the following factors that had been considered:

- Financial Environment for Local Government and Sefton MBC
- Impact of previous years' budget - 2020/21
- Central Government funding
- Maintaining service delivery
- Inflation and annual cost increases
- Financial management

- CIPFA Financial Resilience Index and the CIPFA Financial Management Code
- Management of risk
- Capital Strategy and Strategic Investment
- External advice
- Reserves Strategy for 2021/22

The report concluded that as a result of considering the issues contained within the report, it was the view that the budget proposed was a robust budget package and the opinion provided was in accordance with Section 25 of the Local Government Act 2003.

The Executive Director of Corporate Resources and Customer Services highlighted the challenges of developing and setting a budget during an ongoing pandemic and further highlighted the impact and consequences of the pandemic on the Councils budget in future years. The Executive Director of Corporate Resources and Customer Services emphasised the importance of having a degree of flexibility within the budget for in year spend.

The Cabinet Member for Children's Services and Safeguarding, Councillor J. J. Kelly thanked the Executive Director for his detailed report and asked if the full cost of the pandemic had been met by the Government as promised back in April 2020.

The Executive Director responded that the full cost of the pandemic had not been met by Central Government and that Central Government had provided the Council with just over £23m of emergency funding in 20/21 with also some flexibility around the collection fund in both the current year and next year being provided but not all costs or loss of income would be met. He further reported that an example of how the impact of COVID was to be met by the council and central government was that Central Government had developed a cost sharing mechanism which meant that 75% of losses from fees and charges were being met by Government with the Council absorbing the remaining 25% after a 5% top slice had been applied.

The Executive Director further reported that the cost sharing mechanism was scheduled to continue into quarter one of the next financial year and emphasised that the longer-term impact of the pandemic on the Councils Budget would continue in future years.

The Cabinet Member for Regulatory, Compliance and Corporate Services, Councillor Lappin thanked the Executive Director and his team for all their hard work at such a challenging time highlighting that the complexity of the report illustrated the difficulties the Council had and would continue to navigate in future years.

Councillor Lappin referred to the budget and more specifically the Council reserves, she explained that the Council were required to hold a minimum amount of reserves within its budget and that it was expected that the

Council reserves would increase year on year. Councillor Lappin emphasised that using Council reserves as part of budget spend was neither an option or best practise in financial management.

**Decision Made:**

That the Council be recommended to:

- (1) note that the Local Government Act 2003, (section 25 as amended) requires the Chief Financial Officer to report formally on the following issues:
  - (a) an opinion as to the robustness of the estimate made and the tax setting calculations;
  - (b) the adequacy of the proposed financial reserves; and
  - (c) the production of longer-term revenue and capital plans; and
- (2) have regard to the matters raised in this report during the final stages of determining the budget for 2021/22.

**Reasons for Decision:**

The Local Government Act 2003, (section 25 as amended) requires the Chief Financial Officer to report formally on the issues contained within this report.

**Alternative Options Considered and Rejected:**

None.

**103. REVENUE AND CAPITAL BUDGET PLAN 2021/22 – 2023/24 AND COUNCIL TAX 2021/22**

The Cabinet considered the joint report of the Chief Executive and the Executive Director of Corporate Resources and Customer Services that provided:

- an assessment of the Council's current financial position and approach to the 2021/22 Budget Plan and preparation for the three-year budget period 2022/23 to 2024/25;
- an update on the Government's announcement of resources that were available to the Council for 2021/22;
- the Council's current financial position and the assumptions built into the Medium-Term Financial Plan;
- the proposed Budget for 2021/22; and
- the proposed Capital Programme for 2021/22.

The report set out the financial strategy of the Council and the national and local financial context within which it was operating and indicated that the Council had a statutory requirement to remain financially sustainable and to balance its budget every year.

The report also indicated that the Council's Framework for Change Programme was a comprehensive and ambitious programme that sought to support the delivery of the Council's core purpose; and that as would be expected with a programme of this size and complexity that spanned a number of financial years, the detailed proposals had been and would continue to be the subject of change as they were developed and ultimately implemented.

**Decision Made:** That:

- (1) the update of the Medium-Term Financial Plan for the period 2021/22 to 2024/25, be noted;
- (2) the Council be recommended to approve the Budget Plan for 2021/22, including the Revenue Budget, allocation of specific grants (section 13) and Capital Programme (Appendix C), and authorise officers to undertake the necessary actions to implement the recommendations;
- (3) the Schools' Forum decisions on the Dedicated Schools Grant and Individual School Budgets (Section 12); and
- (4) approve the commencement/continuation of all appropriate activity within Framework for Change 2020, as detailed in the report, including, for example, consultation with employees and engagement with partners and contractual and policy changes.

**Reasons for Decision:**

The recommendations in the report provide the basis on which the Budget Plan will be balanced for the financial year 2021/22 and will ensure that the Council's statutory obligations are met. In addition, it begins the planning for the financial strategy for the following three years to give the Council sufficient time to identify specific proposals to deliver financial sustainability over that period.

**Alternative Options Considered and Rejected:**

The Council is legally required to set a balanced budget each year and the report has taken due consideration of all financial issues in its development. No additional options are available for inclusion.

#### **104. STREET LIGHTING ASSET PROJECT**

The Cabinet considered the report of the Head of Highways and Public Protection that sought approval to proceed with the Street Lighting Asset Project which would reduce energy usage, reduce carbon emissions and clear the backlog of age-expired street lighting assets.

The report referred to the Climate Emergency Declaration that was made by Sefton Council in July 2019. The Council approved Sefton's Climate Change Emergency Strategy and associated Action Plan with the aspiration of reducing Sefton Council's carbon emissions to net zero by 2030. The report detailed the importance of reducing energy costs as good financial management, currently the energy used by Street Lighting accounts for 26% of the Council's total carbon footprint with those costs increasing year on year. The recommendations contained within the report, if approved would assist in the aspiration of reducing Sefton Council's carbon emissions to net zero by 2030 whilst also reducing the Council's costs.

**Decision Made:** That:

- (1) the Street Lighting Asset Project and delivery of the recommended option as set out in this report, be approved;
- (2) the establishment of an in-house project team to manage the project, be approved;
- (3) Council be recommended to approve a Supplementary Capital Estimate for the scheme of £12.750m, which is to be funded by prudential borrowing on an invest to save basis;
- (4) it be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because undertaking the project requires substantial new Capital Investment which should be included within the proposed Capital Programme which is being considered by Cabinet on 11th February 2021, prior to consideration by Council on 4th March 2021; and
- (5) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had given his consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred



because it needs to be included within the 2021/22 Budget and Capital Programme to be considered by Council on 4th March 2021.

**Reason for the Decisions:**

To enable the Council to deliver the benefits set out in the Business Case.

**Alternative Options Considered and Rejected:**

The business case has considered several alternatives, including continuing the current approach. Continuing the current approach would result in significantly increased costs, as energy prices are predicted to continue to rise; significant ongoing carbon emissions; and continued liabilities associated with the backlog of age-expired assets. The business case has considered the Strategic, Economic, Commercial, Financial and Management Case for each option, in order to determine the most favourable option.