

METROPOLITAN BOROUGH OF SEFTON

COUNCIL SUMMONS

To Members of the Metropolitan Borough Council

Dear Councillor

You are requested to attend a Meeting of the Sefton Metropolitan Borough Council to be held on **Thursday 26th February, 2009 at 6.30 pm** at the **Town Hall, Southport** to transact the business set out on the agenda overleaf.

Yours sincerely,

Legal Director

Town Hall,
Southport

18 February 2009

Please contact Steve Pearce, Head of Committee and Member Services
on 0151 934 2046 or e-mail steve.pearce@legal.sefton.gov.uk

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AGENDA

1. Apologies for Absence

2. Declarations of Interest

Members and Officers are requested to give notice of any personal or prejudicial interest and the nature of that interest, relating to any item on the agenda in accordance with the relevant Code of Conduct.

3. Minutes

(Pages 5 - 12)

Minutes of the meeting held on 15 January 2009

4. Mayor's Communications

Public Session

5. Matters Raised by the Public

To deal with matters raised by members of the public within the Borough, in accordance with the procedures relating to Petitions, Public Questions and Motions set out in Rule 11 of the Council and procedure Rules.

(Details of any further Petitions notified or Questions submitted to the Legal Director by members of the public in accordance with Rule 11 will be circulated at the meeting).

Council Business Session

6. Questions Raised by Members of the Council

To receive and consider questions to Cabinet Members, Chairs of Committees or Spokespersons for any of the Joint Authorities upon any matter within their portfolio/area of responsibility, of which notice has been given in accordance with Rule 12 of the Council and Committee Procedure Rules.

7. Treasury Management Policy and Strategy 2009/10

(Pages 13 -
42)

Report of the Finance and Information Services Director

8. The Prudential Code for Capital Finance in Local Authorities - Prudential Indicators

(Pages 43 -
54)

Report of the Finance and Information Services Director

- 9. Capital Programme 2009/10 -2011/12** (Pages 55 - 80)
Joint report of the Finance and Information Services Director and the Strategic Directors - Adult Social Services (Health and Social Care), Children's Services and Regeneration and Environmental Services
- 10. Budget and Council Tax 2009/10**
- a) Statements by Party Group Leaders**
To receive statements by the three Party Group Leaders on the Revenue Budget for 2009/10
- b) Revenue Budget 2009/10** (Pages 81 - 92)
To consider the report of the Finance and Information Services Director on the Revenue Budget 2009/10 together with any recommendations from the meeting of the Cabinet on 26 February 2009 **(to be circulated at the Council meeting)**
- c) Council Tax 2009/10**
To determine the level of Council Tax to apply for Sefton Council for the financial year 2009/10 and the level of consolidated tax (including precepts) to apply in Sefton for 2009/10
A copy of the draft Budget Resolution will be circulated at the Council meeting
- 11. Membership of Committees 2008/09**
To consider any changes to the Membership of any committees etc.
- 12. Matters dealt with in accordance with Rule 16 of the Access to Information Procedure Rules (Special Urgency) of the Constitution** (Pages 93 - 94)
Report of the Leader of the Council.
- 13. Matters dealt with in accordance with Rule 17 of the Scrutiny Procedure Rules (Call-In and Urgency) of the Constitution** (Pages 95 - 96)
Report of the Legal Director.

THIS SET OF MINUTES IS NOT SUBJECT TO "CALL-IN"

COUNCIL

MEETING HELD AT THE TOWN HALL, BOOTLE ON THURSDAY 15TH JANUARY, 2009

PRESENT: The Mayor (Councillor Tweed) (in the Chair)

Councillors Barber, Bigley, Blackburn, Booth, Bradshaw, Brady, Byrne, Cluskey, Colbert, Connell, Cummins, Cuthbertson, Dodd, Doran, M Dowd, P Dowd, Fairclough, Lord Fearn, M Fearn, Friel, Gibson, Glover, Griffiths, Gustafson, Hands, P Hardy, Hill, Hough, Howe, Ibbs, D Jones, T Jones, Kerrigan, Larkin, Maher, Mahon, C Mainey, S Mainey, McGinnity, McGuire, Moncur, Parry, Pearson, Platt, Porter, Preston, B Rimmer, Roberts, Robertson, Shaw, Storey, Sumner, Tattersall, Tonkiss, Veidman, Sir Ron Watson, Weavers and Webster

57. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Brennan, Brodie - Browne, Byrom, Fenton, D Hardy and D Rimmer.

58. DECLARATIONS OF INTEREST

No declarations of interest were made.

59. MINUTES

RESOLVED:

That the Minutes of the Council Meeting held on 23 October 2008 be confirmed as a correct record.

60. MAYOR'S COMMUNICATIONS

Welcome to Members of the Council.

The Mayor extended best wishes for the New Year to Members of the Council.

Welcome to the New Chief Executive

The Mayor welcomed the new Chief Executive, Margaret Carney, to her first meeting of the Council and on behalf of the Council extended best wishes to her for the future.

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COUNCIL- THURSDAY 15TH JANUARY, 2009

Funeral of Ex Councillor Frank Pritchard

Councillor Parry thanked the Mayor for attending the recent funeral of Ex Councillor Frank Pritchard.

PUBLIC SESSION

61. MATTERS RAISED BY THE PUBLIC

The Mayor reported that members of the public had not submitted any petitions or questions.

COUNCIL BUSINESS SESSION

62. QUESTIONS RAISED BY MEMBERS OF THE COUNCIL

The Council considered a written question from Councillor Shaw relating to the area of responsibility of the Cabinet Member - Leisure and Tourism, which was responded to by the Cabinet Member. One supplementary question was put and answered as appropriate.

63. DECLARATION OF AIR QUALITY MANAGEMENT AREAS

Further to Minute No. 218 of the Cabinet meeting held on 8 January 2009, the Council considered the report of the Environmental Protection Director seeking approval to the formal declaration of three Air Quality Management Areas (AQMAs) in Sefton; and indicating that a decision on this matter was required as Local Authorities had a duty under Section 83(1) of the Environment Act 1995 to designate those areas where air quality objectives were unlikely to be met as AQMAs.

The report indicated that analysis of air pollution monitoring data undertaken had concluded that AQMAs should be declared for the following three sites:

- Crosby Road North, Crosby (A565) between the junctions with South Road and College Road;
- Princess Way, Seaforth (A5036) from the Ewart Road flyover up to and including the roundabout and flyover at the junction with Crosby Road South (A565); and
- The area around the junction of Millers Bridge (A5058) and Derby Road, Bootle (A565)

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

It was moved by Councillor Robertson, seconded by Councillor Blackburn and

COUNCIL- THURSDAY 15TH JANUARY, 2009

RESOLVED:

That approval be given to the formal declaration of the three Air Quality Management Areas in Sefton, as detailed in the Order attached to the report.

64. ENVIRONMENTAL PROTECTION – RESPONSIBILITY OF FUNCTIONS IN THE COUNCIL CONSTITUTION

Further to Minute No. 219 of the Cabinet meeting held on 8 January 2009, the Council considered the report of the Environmental Protection Director on the legal variation made to the Operating Permit for the Eon UK premises at Gladstone Dock, Bootle which had been issued under the provisions of the Pollution Prevention Control Act 1999 and the Pollution Prevention and Control (England and Wales) Regulations 2000.

The Cabinet Member - Environmental had recommended that the Environmental Protection Director be granted delegated authority to determine all future applications, in the interests of efficiency.

It was moved by Councillor Robertson, seconded by Councillor Blackburn and

RESOLVED:

That approval be given to the Responsibility of Functions in Part 3 of the Council's Constitution being amended by the transfer of the following function from the Cabinet Member - Environmental to the Environmental Protection Director:

"Environmental

Cabinet Member

B. Delegations

2. The granting, refusal, variation and revocation of authorities/permits relating to those processes which by virtue of their scale or character or location could have a major impact on surrounding areas or uses. For avoidance of doubt they would include extraction and/or processing of oils or fats, animal feedstuffs, hide and skin processing and storage, handling or processing of bulk commodities or other raw materials such as coal."

65. THE REGULATORY REFORM (FIRE SAFETY) ORDER 2005 AND THE COUNCIL'S 'RESPONSIBILITY FOR FUNCTIONS'

Further to Minute No. 140 of the Cabinet meeting held on 30 October 2008, the Council considered the report of the Planning and Economic Regeneration Director, which sought delegated powers to apply the provisions of the Regulatory Reform (Fire Safety) Order 2005.

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It was moved by Councillor Robertson, seconded by Councillor Blackburn and

RESOLVED: That

- (1) approval be given to the inclusion of Articles 25, 26, 27, 29, 30 and 31 of the Regulatory Reform (Fire Safety) Order 2005 within the 'Responsibility for Functions' set out in Part 3 of the Council's Constitution; and
- (2) the Planning and Economic Regeneration Director be granted delegated powers to apply the provisions of Articles 25, 26, 27, 29 and 30 of the Regulatory Reform (Fire Safety) Order 2005 and that the serving of a Prohibition Notice under Article 31 of the said Order should require prior approval from the Licensing and Regulatory Committee.

66. AREA MANAGEMENT IMPLEMENTATION - CHANGES TO COUNCIL CONSTITUTION

Further to Minute No. 190 of the Cabinet meeting held on 11 December 2008, the Council considered the report of the Planning and Economic Regeneration Director which provided an update on area management and the key roles and responsibilities defined through consultation with elected Members from all of the Area Committees in the south and central areas of Sefton; the proposed changes to the Constitution to reflect the enhanced roles and responsibilities of the Area Committees in the south and central area of Sefton and the budgets identified by service departments that could be delegated or influenced at an area level for south and central Sefton and details of external funding budgets available for Area Committees to take decisions on.

This was a Key Decision and was included in the Forward Plan of Key Decisions.

It was moved by Councillor Robertson, seconded by Councillor Blackburn and

RESOLVED: That

- (1) the report be noted; and
- (2) the changes to the Constitution as set out in Section 2.2 of the report be approved to take effect from 1 April 2009.

COUNCIL- THURSDAY 15TH JANUARY, 2009

67. ENSURING CHOICE OF TRAVEL SUPPLEMENTARY PLANNING DOCUMENT - ADOPTION

Further to Minute No. 166 of the Cabinet meeting held on 27 November 2008, the Council considered the report of the Planning and Economic Regeneration Director which sought approval to the adoption of the 'Ensuring Choice' of Travel Supplementary Planning Document (SPD) and provided details of the results of the formal public consultation on the SPD. The SPD would form one of the Local Development Documents within Sefton's Local Development Framework and replace the existing Ensuring Choice of Travel Supplementary Planning Guidance Note.

The SPD was identified in the Local Transport Plan for Merseyside (2006-11) as a critical element of the plan and it highlighted the importance of the document to make sure that sustainable transport issues were thoroughly considered in new developments. The aim of the SPD was to provide a consistent framework for assessing accessibility across Merseyside.

This was a Key Decision and was included in the Council's Forward Plan of Key Decisions.

It was moved by Councillor Robertson, seconded by Councillor Blackburn and

RESOLVED: That

- (1) the Ensuring Choice of Travel Supplementary Planning Guidance Note be revoked;
- (2) the Ensuing Choice of Travel Supplementary Planning Document be approved;
- (3) the Sustainability Appraisal Report be approved; and
- (4) the Appropriate Assessment Screening Statement for the SPD be approved.
- (5) the Planning and Economic Regeneration Director be given delegated authority to make minor editorial changes to the documents.

68. MEMBERS' SELF-MANAGED WEBSITES - IMPLEMENTATION AND ACCEPTABLE USE POLICY

Further to Minute No. 14 of the meeting of the Standards Committee held on 20 November 2008, the Council considered the report of the Legal Director which provided details of the proposals to provide Members of the Council with the facility to create and publish their own self-managed websites on the Council's website, via the 'Modern.gov' Committee Management System and sought approval to the implementation of an Acceptable User Policy for the use of the facility.

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The report which had previously been considered by the Members ICT Steering Group indicated that the facility would enable the Council to meet IEG Democratic Renewal Priority Outcome R6: 'Provide every Councillor with the option to have an easy to manage set of public web pages (for community leadership purposes) that is either maintained for them or that they can maintain themselves'.

It was moved by Councillor Robertson, seconded by Councillor Blackburn and

RESOLVED:

That the Acceptable Use Policy be approved and included in Part 5 of the Council's Constitution as an appendix to the Protocol on the use of ICT by Members.

69. MEMBERSHIP OF COMMITTEES FOR 2008/09

There were no changes made to the membership of Committees.

70. MATTERS DEALT WITH IN ACCORDANCE WITH RULE 16 OF THE ACCESS TO INFORMATION PROCEDURE RULES (SPECIAL URGENCY) OF THE CONSTITUTION

The Council received a report of the Leader of the Council setting out details of those matters dealt with in accordance with Rule 16 of the Access to Information Procedure Rules (Special Urgency).

71. MATTERS DEALT WITH IN ACCORDANCE WITH RULE 17 OF THE SCRUTINY PROCEDURE RULES (CALL-IN AND URGENCY) OF THE CONSTITUTION

The Council considered a report of the Legal Director setting out details of those matters dealt with in accordance with Rule 17 of the Scrutiny Procedure Rules (Call-In and Urgency).

72. NOTICE OF MOTION FROM COUNCILLOR ROBERTSON - SUSTAINABLE COMMUNITIES ACT 2007

Further to Minute No. 170 of the Cabinet meeting held on 27 November 2008, the Council considered the report of the Chief Executive which incorporated a copy of a letter from the Secretary of State for Communities and Local Government inviting Council's to make proposals under the Sustainable Communities Act 2007 to promote the sustainability of local communities by encouraging the improvement of the economic, social or environmental wellbeing of the Council's area, including participation in civic and political activity.

It was then moved by Councillor Robertson, seconded by Councillor Blackburn and

COUNCIL- THURSDAY 15TH JANUARY, 2009

RESOLVED:

That this Council:

- (1) welcomes and supports the process in the Sustainable Communities Act 2007 which provides a valuable opportunity for local authorities and communities to make proposals which they consider would encourage the improvement of the economic, social or environmental wellbeing of their areas, including participation in civic and political activity;
- (2) agrees to take part in this process, engage in discussions and work with the local panel to develop proposals which would promote sustainability; and
- (3) agrees to notify the local media, Sefton's Members of Parliament and Local Works of this decision.

73. NOTICE OF MOTION FROM COUNCILLOR WEAVERS

It was moved by Councillor Weavers, seconded by Councillor Tattersall and

RESOLVED:

That the following motion be approved and submitted to the Cabinet, in accordance with Rule 15.14 of the Council and Committee Procedure Rules for formal consideration by the financial implications, in advance of any budgetary commitment and prior to any action being taken to implement the decision:

- "1. The Council congratulates Jack Taylor, Sefton's young Eco Champion and Sefton's energy team on their National Energy Efficiency Awards.
2. It notes that since 2004 the Council's energy team has achieved combined annual savings of £876,000 through proactive monitoring and targeting, bill management and reconciliation work, for example with water rateable values.
3. The Council now requires that urgent consideration is given to establishing a realistic energy conservation financial budget in the 2009/10 Council budget, so that Sefton has the appropriate level of financial resources to deliver an effective "Invest to Save" energy and carbon reduction strategy.
4. More investment is needed to enable Sefton to become an energy efficient Council and show appropriate leadership in working towards becoming a carbon neutral borough for Jack Taylor's generation to inherit."

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REPORT TO: Cabinet
Council

DATE: 26 February 2009
26 February 2009

SUBJECT: Treasury Management Policy & Strategy
2009/2010

WARDS AFFECTED: All

REPORT OF: **Paul Edwards**
Finance & IS Director
0151 934 4082

CONTACT OFFICER: **Lynton Green**
Senior Assistant Finance & IS Director
0151 934 4096

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To advise Cabinet of the proposed procedures and strategy to be adopted in undertaking the Treasury Management Function in 2009/2010.

REASON WHY DECISION REQUIRED:

To enable the Council to effectively manage its Treasury activities.

RECOMMENDATION(S):

Cabinet is recommended to

- a) Agree the Treasury Management Policy Document for 2009/2010 (Annex A);
- b) Agree the Treasury Management Strategy Document for 2009/2010 (Annex B);
- c) Approve the amendment to Banking arrangements contained within the Financial Procedures Rules of the Constitution (Para 3);
- d) Agree the Money Laundering Policy Document (Para 4 and Annex C);
- e) Agree the basis to be used in the calculation of the Minimum Revenue Provision for Debt Repayment in 2009/2010 (Para 5);
- f) Refer the report to Council for approval.

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KEY DECISION: No, this report does not represent a key decision in itself but forms part of the delivery of the 2009/2010 Budget, which is a key decision for the Council.

FORWARD PLAN: No – see above.

IMPLEMENTATION DATE: With effect from 1 April 2009.

ALTERNATIVE OPTIONS:

The Cabinet could decide not to comply with the CIPFA Code of Practice on Treasury Management that recommends production of Treasury Management Policy and Strategy Documents. Non-compliance with the Code would significantly increase the risks associated with this activity and would not be complying with best practice.

IMPLICATIONS:

Budget/Policy Framework: Compliance with the Policy and Strategy Documents will enable the Council to secure the most favourable terms for raising funds, maximise returns on investments whilst at all times minimising the level of risk to which it is exposed.

Financial: See above.

<u>CAPITAL EXPENDITURE</u>	2008/ 2009 £	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

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Legal: None.

Risk Assessment: The Policy and Strategy Documents minimise the level of risk to which the Council is exposed.

Asset Management: None.

CONSULTATION UNDERTAKEN/VIEWS

None.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Treasury Management in the Public Services – Code of Practice CIPFA 2001.
The Prudential Code for Capital Finance in Local Authorities CIPFA 2003.

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1. Background

- 1.1. The Council has previously adopted CIPFA's revised 2001 Code of Practice on Treasury Management in the Public Services which recommends the production of annual Treasury Management Policy and Strategy Documents.
- 1.2. In addition the Council has also adopted, and incorporated into both documents:
 - a) The requirements of the 2003 Prudential Code for Capital Finance in Local Authorities; and,
 - b) An Investment Strategy produced in line with guidance from the then ODPM concerning the investment of surplus funds. This sets out the manner in which the Council will manage its investments, giving priority to the security and liquidity of those investments.

2. Treasury Management Policy and Strategy Documents

- 2.1. The Code requires the Council to produce:
 - a) A Treasury Management Policy Document – which outlines the broad procedures, considerations and parameters within which the Treasury Function will operate; and
 - b) A Treasury Management Strategy Document – This sets out specific treasury activities which will be undertaken in compliance with the Policy in 2009/2010.
- 2.2. The proposed Policy and Strategy Documents are attached at **Annex A and B** respectively.
- 2.3. Current economic conditions have been volatile over the last 12 months and concerns have been raised regarding the Treasury Management function within public sector organisations. Specifically, questions have been asked regarding investments made and the value of investments held in any one banking group; Icelandic banks have been in particular focus. Whilst Sefton has not had any investments in Icelandic Banks, **the wider economic position has meant that a thorough review of the Treasury Management Policy and Strategy documents has been undertaken to identify whether any improvements can be made.**
- 2.4. The main changes to the proposed Strategy Document for 2009/2010 include modifications to the process of assessing where temporarily surplus resources should be invested, both in the medium and short term. It is proposed that the Council introduce a risk matrix (used by the Council's Treasury Management advisors, Sector) and that the ongoing review of which organisations satisfy the Council's Credit Rating Criteria is reported on a more regular basis to improve the transparency of the process (Section 2.7 of the Strategy);
- 2.5. All investments are made in accordance with the Council's Investment Criteria. This takes account of market and risk conditions at the time the investment is made.

- 2.6. Under the Council's criteria, there may be a need to broaden the Counterparty List (as advised by Sector and other appropriate Treasury Management Advisors) in order to spread / reduce risks. Members need to note that these actions, together with the prevailing market conditions are likely to result in lower returns from investments than those achieved in recent years.
- 2.7. As an example, one option that is being considered is to invest in "Supra-National" bodies such as the European Investment Bank. Such organisations effectively have the backing of Governments and as such have the highest credit rating (and hence security). The arrangements for this type of investment tend to be for longer periods (5-10 years). Whilst they are liquid (providing immediate access to funds), the details of the impact of withdrawal on any returns will need to be investigated further.
- 2.8. In view of the complex nature of Treasury Management, especially in the current economic climate, the need for more focussed Member training has been recognised. More regular reports will not only be presented to Cabinet (who have the delegated responsibility), but also to Corporate Services Cabinet Member Meeting and the Audit and Governance Committee.

3. Financial Procedure Rules – Banking Arrangements

- 3.1. The Treasury Management Policy Document at **Annex A** delegates certain responsibilities to the Finance Director, including all executive decisions on borrowing, investment or financing, in line with the Constitution of the Council.
- 3.2. The Constitution (Financial Procedure Rules – Banking Arrangements Para 8.2) currently provides the following:

"No overdraft shall be permitted save on the general account, a maximum overdraft for which shall be fixed from time to time by the Council following recommendations by the Finance Director ..."

- 3.3. In order to facilitate a "group" approach to the Council's bank account and related individual balances (a number of services provided by Sefton have bank accounts separate to the Council's main account), it is recommended that the paragraph be reworded as follows:

"On a day to day basis, no overdraft shall be permitted unless agreed by the Finance Director. A maximum overdraft shall be fixed from time to time by the Council following recommendations by the Finance Director"

4. Money Laundering Policy Document

- 4.1. Revised Money Laundering Regulations have been issued and within this the Council is obliged by legislation and professional requirements to adopt procedures to prevent criminal activity through Money Laundering. The Money Laundering Policy Document is attached at **Annex C** for approval, which outlines the approach the Council will adopt to comply with its legal obligations.

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5. Minimum Revenue Provision (MRP) for Debt Repayment Policy Document

- 5.1. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 introduced changes to the calculation of the MRP.
- 5.2. As a transitional arrangement for 2008/09, authorities were able to continue to calculate MRP as in previous years i.e. 4% of the underlying need to borrow for capital purposes, as measured at 31 March 2008. The Council's revenue budget for 2008/09 was constructed on this basis.
- 5.3. To comply with the legislative changes, the Council has, from 2009/10, retained this calculation for borrowing supported through the Revenue Support Grant but for unsupported prudential borrowing, MRP will be calculated using the depreciation method. This links the charges to revenue more closely to the life of the asset. The Council's Revenue Budget for 2009/10 has been constructed on this basis.
- 5.4. The change in legislation also allows Councils to apply an MRP "Holiday" on large projects, the costs of which span a number of financial years. Rather than starting to charge MRP as the expenditure is incurred, the option is given to apply MRP only when the scheme becomes operational. The total level of MRP remains unchanged, only the timing of the charge is altered. This option is considered to be the most appropriate for use within Sefton and has been incorporated in both the 2008/09 and 2009/10 MRP calculations.

6. Recommendations

Cabinet is recommended to:

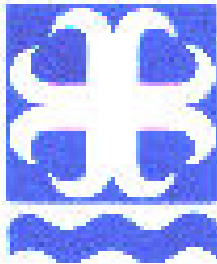
- a) Agree the Treasury Management Policy Document for 2009/2010 (**Annex A**);
- b) Agree the Treasury Management Strategy Document for 2009/2010 (**Annex B**);
- c) Approve the amendment to Banking Arrangements contained within the Financial procedures Rules of the Constitution (Para 3);
- d) Agree the Money Laundering Policy Document (Para 4 and **Annex C**);
- e) Agree the basis to be used in the calculation of the Minimum Revenue Provision for debt repayment in 2009/10 (Para 5);
- f) Refer the report to Council for approval.

SEFTON COUNCIL

TREASURY MANAGEMENT

POLICY

2009/2010



FINANCE DEPARTMENT

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1. Treasury Management Policy

1.1. The Council defines Treasury Management as:

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

1.2. The Council's Statement of Treasury Management Policy is:

- a) Effective Treasury Management is acknowledged as providing support towards the achievement of the Council's business and service objectives. It is therefore committed to the principles of achieving best value in Treasury Management, and to employing suitable performance measurement techniques, within the context of effective risk management;
- b) The successful identification, monitoring and control of risk is regarded as being the prime criteria by which the effectiveness of the Council's Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.

1.3 A dedicated team of three officers carries out the day-to-day treasury management activities. Two of the current officers are qualified accountants, whilst the third is a qualified accounting technician.

1.3.1 Members should receive training in the Treasury Management function, in order to assist in the understanding of this relatively complex area. This will be addressed via the provision of regular reporting to Cabinet, Corporate Services Cabinet Member Meeting and the Audit and Governance Committee.

2. Treasury Management Strategy

2.1. The Annual Strategy Document sets out in detail how the Treasury Management Activities are to be undertaken in a particular financial year to comply with the Council's Policy. The strategy for 2009/2010 is attached at **Annex B**.

3. Delegated Powers

3.1. The Finance and Information Services Director, under the Council's Constitution, is given the following authority:

- a) All money in the hands of the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the Finance and Information Services Director, the Officer designated for the purposes of Section 151 of the Local Government Act, 1972;
- b) All executive decisions on borrowing, investment or financing shall be delegated to the Finance and Information Services Director (or in his

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absence the Senior Assistant Finance and Information Services Director) who shall be required to act in accordance with the Council's Treasury Policy, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

4. Reporting Requirements/Responsibilities

4.1. Council

Council will approve, prior to each financial year, the Treasury Management Policy and Strategy Documents.

4.2. Cabinet

Cabinet will:

- a) Consider, prior to each financial year, Treasury Management Policy and Strategy Documents and refer them to Council for approval;
- b) Implement and monitor these Documents, approving any in-year amendments (at least on a quarterly basis) necessary to facilitate continued effective Treasury Management; and
- c) Receive an annual outturn report on Treasury Management activity prior to the 30th June following each financial year.

4.3. Audit and Governance Committee

Audit and Governance Committee

- a) Monitor these Documents on at least a quarterly basis necessary to facilitate continued effective Treasury Management; and
- b) Receive an annual outturn report on Treasury Management activity prior to the 30 June following each financial year.

4.4. Finance Director

The Finance Director will:

- a) Draft and submit to Cabinet and Council prior to each financial year, Treasury Management Policy and Strategy Documents;
- b) Implement and monitor these Documents resubmitting any necessary in-year revisions/amendments (at least on a quarterly basis) to Cabinet for approval;
- c) Draft and submit an annual outturn report on Treasury Management activity to Cabinet by the 30 June following each financial year-end; and
- d) Maintain suitable Treasury Management Practices (TMP), setting out the manner in which the Council will seek to achieve its objectives. The TMP's will also prescribe how the treasury activities will be managed and controlled.

SEFTON COUNCIL

TREASURY MANAGEMENT

STRATEGY

2009/2010



FINANCE DEPARTMENT

SEFTON COUNCIL

Treasury Management Strategy

1. Introduction

- 1.1. The Treasury Management Strategy Document sets out in detail how the Treasury Management Activities are to be undertaken in a particular financial year to comply with the Council's Treasury Management Policy.

Due to the current climate within the financial sector, an update upon the current position will be presented quarterly.

- 1.2. The Strategy had been produced to incorporate the requirements of the CIPFA Code of Practice on Treasury Management and the 2003 Prudential Code for Capital Finance.

Economic Background

The current economic background has been particularly turbulent over the last two quarters, and this has put treasury management within the authority under scrutiny.

After initial concerns about inflation, fuelled particularly by the rise in oil prices, caused the Monetary Policy Committee to eschew reductions in the bank base rate, growth slowed across the economy and inflation fell. As fears about the depth of the economic downturn rose, a round of interest rates cuts began with a cut of 1.5% in November 2008, and further 0.5% reductions in January and February 2009. This has not stimulated lending in the current credit crunch, with the LIBOR rate (the rate at which banks lend to each other) being much higher than the bank base rate.

The banks are reluctant to lend to each other as they are desperate to maintain liquidity. This has meant abnormally high investment returns, and the erosion of the Monetary Policy Committee's power over monetary policy giving it a limited ability to force banks to reduce interest rates. However, the injection of capital into banks and the part nationalisation of certain institutions may have an impact in reducing some lending rates.

The authority has benefited from high investment returns, but the reduction in base rates is now feeding into reduced investment returns.

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2. Treasury Management Strategy 2009/2010

2.1. The Strategy for 2009/2010 covers:

- a) Treasury Limits in force which will limit the borrowing activity of the Council (2.2);
- b) Prudential Indicators 2008/2009 to 2010/2011 (2.3);
- c) Interest Rates (2.4);
- d) Capital Borrowing (2.5);
- e) Debt Rescheduling opportunities (2.6);
- f) Investment Strategy (2.7).

2.2. Treasury Limits for 2009/2010

The Treasury Limits set by Council in respect of its borrowing activities are:

The overall or Affordable Borrowing Limit.	Maximum	£196m
--	---------	-------

It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the 'Affordable Borrowing Limit'. The Affordable Borrowing limit takes into account the Council's current debt, an assessment of external borrowing to finance the Capital Programme in 2009/2010, the need to finance capital expenditure previously met from internal funding, and cash flow requirements.

The amount of overall borrowing, which maybe outstanding by way of short-term borrowing.	Maximum	£15m
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The Short – Term Borrowing limit takes into account an assessment of any potential short-term financing the Council may need (e.g. bank overdraft, short-term funding in anticipation of grant receipts). Short-Term Borrowing is defined as being for less than 12 months.

The proportion of external borrowing which is subject to variable rate interest.	Maximum	33%
--	---------	-----

The limit on variable rate borrowing gives the Council flexibility to finance expenditure at favourable market rates, but ensures Council exposure to variable interest commitments is within prudent levels.

2.3. Prudential Indicators

The following prudential indicators are considered relevant by CIPFA for setting an integrated Treasury Management Strategy.

2.3.1. Interest Rate Exposure Indicators

Fixed rate borrowing and investment has the benefit of reducing the uncertainty surrounding future interest rate changes. However, in looking to improve performance best practice recommends retaining a degree of flexibility through the use of variable rates on at least part of the Treasury Management Activity.

To ensure that the risk associated with improved performance which may be achieved by using variable loans and investments is minimised, it is necessary to establish indicators to control the position. The control is based on setting an upper limit for both fixed and variable interest rate exposures expressed as a percentage of the Council's net outstanding principal sum. The following indicators are to be used:

Upper Limit for Interest Rate Exposures	2008/09 %	2009/10 %	2010/11 %
Upper limit for fixed interest rate exposure expressed as a percentage of net outstanding principal sum	160	160	160
Upper limit for variable interest rate exposure expressed as a percentage of net outstanding principal sum	15	15	15

2.3.2. Non Specified Investment Indicator

The Investment Strategy (Para 2.7.4) allows non-specified investments to be made using funds managed by the Council. The indicator is designed to control the level of such non-specified investments when compared to the overall investments of the Council.

Upper Limit on Non-Specified Investments	2008/09 %	2009/10 %	2010/11 %
Upper limit on the value of non-specified investments as a percentage of total investments	40	40	40

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2.3.3. Debt Maturity Indicators

The indicators are designed to be a control over an authority having large concentrations of fixed rate debt needing to be replaced at times of high interest rates. The control is based on the production of a debt maturity profile, which measures the amount of borrowing that is fixed rate that will mature in each period as a percentage of total projected borrowing that is fixed rate. Any borrowing decision and related maturity dates will be taken by the Council mindful of maturity profile limits set out below to ensure large concentrations of debt do not fall due for repayment in any one future financial year. The profile reflects borrowing advice provided by Sector, the Council's Treasury Management Advisors, and has been agreed with them.

Maturity Structure of Fixed Rate Borrowing During 2008/2009	Upper Limit %	Lower Limit %
Under 12 month	35%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	90%	25%

2.4. Interest Rates

2.4.1. The Council currently employs Sector Treasury Services Ltd ("Sector") to provide regular forecasts of interest rates to assist decisions in respect of:

- a) Capital Borrowings (2.5);
- b) Debt Rescheduling opportunities, (2.6); and
- c) Investments strategy (2.7).

2.4.2. **Annex B2** gives details of Sector's central view regarding interest rates.

2.4.3. The advice from Sector takes into account financial activity both in the UK and world economies and the impact of major national and international events. It is essential that borrowing and investment decisions are taken mindful of independent forecasts as to interest rate movements. The Council will continue to act on the advice of Sector.

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2.5. Capital Borrowings

2.5.1. The Council's debt portfolio as at 12th February 2009 is as set out below:

Debt Portfolio	
Average Interest Rate	4.93%
<u>Debt Outstanding – Fixed Rate</u>	£m
PWLB	127.122
Other Borrowing	0.024
Other Long Term Liabilities	<u>7.658</u>
Total Debt	134.804

2.5.2. The Council will raise its required finance, following advice from Sector, from the Public Works Loan Board (PWLB).

The Council's borrowing requirement for 2009/2010 is as follows:

Borrowing Requirement	Estimate £m
New Borrowing	24.922
Replacement Borrowing	<u>3.700</u>
Total Borrowing	28.622

2.5.3. The Sector forecast for PWLB interest rates (as set out at **Annex B2**) is as follows:

- a) The 50 year PWLB rate is expected to remain around 3.90 – 4.00% until Q4 2010 when it is forecast to rise to 4.25%. The rate then edges up gradually to reach 5.05% at the end of the forecast period;
- b) The 25 year PWLB rate is expected to drop to 3.95% in Q2 2009 and stay around there until starting to rise in Q1 2010 and then to eventually reach 5.10% at the end of the forecast period;
- c) The 10 year PWLB rate is expected to drop to 3.20% in Q3 2009 but then to start rising again in Q2 2010 to eventually reach 4.90% at the end of the forecast period;
- d) The 5 year PWLB rate is expected to fall to a floor of 2.30% during Q3 2009. The rate then starts rising in Q2 2010 to eventually reach 4.60% at the end of the forecast period.

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- 2.5.4. The authority is currently internally borrowed, with total PWLB borrowings of £127.122m, as against a CFR of £170m for 2009/10, which does have the advantage of reducing exposure to interest rate and credit risk.
- 2.5.5. The borrowing strategy will therefore be to consider borrowing in or near the sub 10 year period at any time when the rate falls back to the central forecast rate of 3.20%, which will be used as a “trigger point” for considering new borrowing. If shorter period loans become available below this rate, for example under one year at 2.30%, these will also be considered. This is expected to be slightly lower in the middle to the end of the year than earlier on, therefore it may be advantageous to borrow later in the year.
- 2.5.6. However, Sector predict that the next financial year is expected to be a time of a historically low bank base rate. The authority may consider internal borrowing. As long term borrowing rates are expected to be reasonably high, then the authority may decide to avoid all external borrowing. This will also reduce exposure to interest rate risk and credit risk.
- 2.5.7. Against this background, caution will be adopted in undertaking borrowing in 2009/2010. The Finance Director will monitor the interest rate market and following advice from Sector, adopt a pragmatic approach to changing circumstances during the year.

2.6. Debt Rescheduling Opportunities

- 2.6.1. The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 40 – 50 basis points for the longest period loans narrowing down to 25 – 30 basis points for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date.

2.7. Investment Strategy

- 2.7.1. The Council manages the investment of its surplus funds internally, and operates in accordance with the Guidance on Local Government Investments issued by ODPM in March 2004 and CIPFA’s Treasury Management in Public Services: Codes of Practice.
- 2.7.2. Under the system of guidance investments are classified as Specified or Non Specified.

Specified Investments are those which satisfy the following conditions:

- a) The investment and all related transactions are in sterling;
- b) The investment is short-term i.e. less than 12 months;
- c) The investment does not involve the acquisition of share or loan capital;
Either:
 - i) The investment is made with the UK Government or local authority;
OR
 - ii) The investment is made with a body or scheme, which has been awarded a high credit rating by a credit rating agency.

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Non Specified Investments are those that do not meet the above definition.

2.7.3. The Council's investment portfolio as at 12 February 2009 is set out below:

Investments Portfolio	£m
Specified Investments	61.920
Non-Specified Investments	<u>5.000</u>
Total	66,920

2.7.4. The Council banks with National Westminster, which is part of the Royal Bank of Scotland Group. Due to financial difficulties they do not currently fall within an acceptable risk category for investment. The Group is however 70% owned by the State and therefore, the risk of default on any investment is likely to be minimal. Whilst no medium term investments will be entered into with the Group, the overnight investments in Reserve Accounts will continue. This will be reviewed regularly during the year.

2.7.5. The Council Strategy will be:

- a) To make Specified Investments in line with the above conditions;
- b) To make Non Specified Investments which satisfy all of the above with the exception of a) which is extended to a period of less than 5 years;

It is suggested that the following investment vehicles should be made available to the authority:

Investment	Reason	Risk
Term deposits made with banks and building societies as listed in annexe B4, following the investment criteria as listed in annexe B5. Nat West also acceptable on an overnight basis. Can also deposit with Local Authorities.	Certainty of rate of return and repayment of capital	Liquid, with potential for deterioration in credit risk. Local Authorities not credit rated.
Supra-national bonds	Greater levels of security of investment. A fairly liquid investment, though not as liquid as Gilts	High credit rating as placed with EIB and World Bank (AAA rated). Bond price may vary if sold early
Money Market Fund (MMF)	Similar or better rate than bank deposits, with no penalty charge for early redemption. Same day liquidity	High credit rating via the International Money Market Fund Association or IMMFA (AAA rated)
Gilts	Liquid and very secure.	High credit rating as

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	Interest paid every six months	Government backed (AAA rated). Bond price may vary if sold early
Treasury Bills	Liquid and very secure. Duration of < 1year	No interest paid – they are zero- coupon rated.
Debt Management Agency Account Deposit Facility (DMADF)	Secure investment	High credit rating as Government backed (AAA rated). Interest earned low. Investment cannot be repaid early

It is NOT proposed that the Council will be making any Non Specified Investments in 2009/2010 that do not comply with the above, however, should the situation change, the Finance Director will report to Cabinet requesting appropriate approval to amend the Strategy before any such investments are made.

2.7.6. The Bank of England Base Rate in December 2007 was 5.5%. The rate has reduced significantly since that date, particularly in the latter half of 2008 and the first quarter of 2009. The current Base Rate currently stands at 1.0%. Sector's projections expect the rate to stabilise at 0.5% until starting to rise gradually with the first increase in Q2 2010 and then to be back up to 4.00% during Q1 2012. Sector's current interest rate view is outlined at **Annex B2**. Given the volatility of the market, the forecasts can only be used as a general guide to the future position. Consequently for 2009/10, the Authority has taken a prudent view and budgeted for an investment return of 0.5% on investments placed during 2009/10.

2.7.7. In order to pursue the strategy of maximising returns from surplus funds at minimum risk, the following Brokers as suggested by Sector will be utilised for investments of over one month:

- i) Sterling International Brokers Limited;
- ii) Tradition UK Limited;
- iii) Tullet Prebon Limited.

2.7.8. Virtually any investment involves risk. The Council will consider the credit ratings supplied by a variety of recognised money market organisations, as part of the process to determine the list of Banks where the level of risk is acceptable. As a means of clarifying the level of acceptable risk, the Risk Matrix at **Annex B3** will be used. The Council will only invest in Banks that have a Risk Matrix scoring of F1+, AA- and Buildings Societies with a score of F1 (i.e. low risk) using the Fitch scoring methodology. The current list of Banks at **Annex B4** has been produced for information; this takes account of the most up-to-date credit ratings available in respect of the Banks and Building Societies named. It has also been rationalised to only include institutions that are backed by a sovereign rating of AAA, which implies that national Governments would support the Banks if they were facing financial difficulties. The organisations listed will be monitored daily with the assistance of Sector to ensure they continue to meet the requirements outlined at **Annex B5**. In the event of a change in credit rating or outlook, the Council, with advice from Sector, will evaluate its significance and determine whether to

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include (subject to Cabinet approval) or remove the organisation from the approval list.

2.7.9. **Nationalised banks** are now recipients of an F1+ short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1. Hence on both counts they have the highest ratings possible.

2.7.10. **UK banking system support package.** Please note that the UK Government has NOT given a blanket guarantee on all deposits but has underlined its determination to ensure the security of the UK banking system by supporting eight named banks with a £500bn support package.

2.8. If any of the Council's investments appear at risk of loss due to default (ie this is a credit related loss, and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

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ANNEX B2

SECTOR INTEREST

RATE FORECAST

Sector's Interest Forecast as at 12 February 2009

	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011	Q/E3 2011	Q/E4 2011	Q/E1 2012
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.75%	2.50%	3.25%	3.75%	4.00%
5yr PWLB rate	2.60%	2.45%	2.30%	2.30%	2.30%	2.50%	2.85%	3.15%	3.65%	3.95%	4.20%	4.45%	4.60%
10yr PWLB rate	3.60%	3.35%	3.20%	3.20%	3.25%	3.35%	3.60%	3.95%	4.30%	4.55%	4.80%	4.85%	4.90%
25yr PWLB rate	4.15%	4.05%	4.00%	4.00%	4.10%	4.15%	4.35%	4.45%	4.60%	4.85%	4.95%	5.05%	5.10%
50yr PWLB rate	4.10%	3.95%	3.90%	3.90%	3.95%	4.00%	4.05%	4.25%	4.45%	4.70%	4.85%	4.95%	5.05%

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ANNEX B4

COUNTER PARTY LISTING (@ 16 February 2009)

BANKING INSTITUTIONS / BUILDING SOCIETIES

RATING	INDIVIDUAL RATING	SUPPORT RATING	INVESTMENT
F1+ / AAA	A	1	
Bank Nederlandse Gemeenten			
F1+ / AA+	A	1	
Rabobank International			
F1+ / AA	A/B	1	
Wachovia Wells Fargo HSBC * BNP Paribas			
Banco Santander			
F1+ / AA	B	1	
Barclays * ING Bank			
F1+ / AA-	A/B	1	
Banco Bilboa			
F1+ / AA-	A/B	2	
Bank of NY Mellon			
F1+ / AA-	B	1	
Abbey National AIB * Lloyds TSB Bank of Montreal Bank of Nova Scotia Canadian Bank of Commerce *			

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FITCH RATING EXPLANATION

Short term rating

This places greater emphasis on the liquidity necessary to meet financial commitments.

F1 – highest credit quality - + denotes exceptionally strong

F2 – good credit quality

F3 – fair credit quality

Long term rating

AAA – highest credit quality – lowest expectation of credit risk and exceptionally strong capacity to pay financial commitments

AA – very high credit quality – very low credit risk and very strong capacity to pay financial commitments

A – high credit quality – low credit risk and considered to have strong capacity to pay financial commitments, but may be vulnerable

Individual rating

This assesses how a bank would be viewed if it were entirely independent and could not rely on external support.

A – very strong bank – outstanding profitability and balance sheet integrity

B – strong bank – no major concerns regarding the bank

C – adequate bank – may have one or two troublesome characteristics

D – weak

E – serious problems

F – defaulted

Support rating

Judgement of a potential supporter's (either sovereign state of parent) propensity to support the bank and its ability to support it.

1 – extremely high probability of external support

2 – extremely high probability of external support

3 – moderate probability

4 – limited probability

5 – cannot rely on support

Rating watch

This suggests that there is likely to be a rating change of any of the above four ratings.

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Investments with UK and International Banks (including the Nationwide Building Society) are limited by the Finance Director to a maximum principal sum of £15m with any of the institutions listed above. A group limit of £15m will also be applied to institutions that are part of a group.

Investments with Building Societies (excluding Nationwide) listed above are limited to a maximum principal sum of £7.5m. With the exception of the Nationwide Building Society, investments in Building Societies of 1 year and over are not permitted. A group limit of £7.5m also applies as noted above.

Investment with the Government's Debt Management Account Deposit Facility (DMADF), local authorities or any AAA MR1 + rated or equivalent Money Market Fund (with a maximum 60 day weighted average maturity) will be limited to a maximum principal sum of £15m.

SEFTON COUNCIL

STANDARD LENDING LIST CRITERIA – INTERNALLY MANAGED FUNDS

The Standard Lending list is drawn from the largest UK banks, building societies and major international banks. All banks are authorised institutions within the meaning of the Financial Services and Markets Act 2000.

The criteria used in compiling the Standard Lending list are as follows:

UK Banks and International Banks (including Nationwide Building Society)

1. Only institutions with the following Fitch ratings appear on the lending list:

Sovereign rating	AAA
Short term	F1+
Long term	AA-
Individual rating	C
Support rating	2

2. Activity in Sterling Markets

Only institutions that are active in the sterling money markets appear on the lending list.

Building Societies

1. Rating

Only institutions within the following ratings appear on the lending list:

Short term: F1 (Fitch) or P-1 (Moody's)

Investments are limited to 3 months in duration.

1. Activity In Sterling Markets

Only institutions that are active in the sterling money markets appear on the lending list.

2. Size

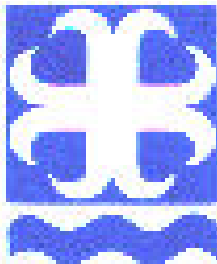
Building Societies – minimum total assets £2,000 million.

ANNEX C

SEFTON COUNCIL

MONEY LAUNDERING

POLICY



FINANCE DEPARTMENT

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1. Introduction

- 1.1. This document sets out the Council's policy in relation to money laundering. The aim of the policy is to outline the approach the Council will adopt complying with its legal and professional obligations in relation to money laundering. The policy applies to all employees of the Council and aims to maintain the high standards of conduct that currently exist within the Council by preventing criminal activity through money laundering.

2. What is Money Laundering?

- 2.1. Money laundering is defined within Part 7 of the Proceeds of Crime Act (POCA) 2002 and Section 18 of the Terrorism Act 2000.

- 2.2. Money laundering is defined as:

- a) Concealing, disguising, converting, transferring criminal property or removing it from the UK (s327 of the POCA 2002); or
- b) Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (s328 of the POCA 2002); or
- a) Acquiring, using or possessing criminal property (s329 of the POCA 2002); or
- b) Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (s18 of the Terrorism Act 2000).

- 2.3. The above are the primary money laundering offences and thus prohibited acts under the legislation.

- 2.4. Potentially, any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it and/or do nothing about it. This policy outlines the approach to be taken in raising any concerns about money laundering.

- 2.5. It is recognised that the risk to the Council of contravening the legislation is low. However, it is extremely important that all employees are familiar with the legal responsibilities, as serious criminal penalties can be imposed for breaches of the legislation.

3. Obligations on the Council

- 3.1. The Council is required to undertake the following:

- a) Appoint a Money Laundering Reporting officer ("MLRO") to receive disclosures from employees concerning suspicions of money laundering activity;
- b) Implement disclosure procedures to enable the reporting of suspicions of money laundering by all staff;
- c) Provide training to those staff considered to be most likely to encounter money laundering.

4. The Money Laundering Reporting Officer

- 4.1. The officer nominated to receive disclosures about money laundering activity within the Council is John Farrell, Assistant Finance and Information Services Director, Revenues & Benefits, who can be contacted as follows:

Address: 3rd Floor, Merton House, Stanley Road, Bootle, L20 3FD
Telephone No: 0151 934 4339.

- 4.2. The officer nominated to act as deputy in the absence of the MLRO is Lynton Green, Senior Assistant Finance and Information Services Director, who can be contacted as follows:

Address: 3rd Floor, Merton House, Stanley Road, Bootle, L20 3FD
Telephone No: 0151 934 4096.

5. Disclosure Procedure

- 5.1. Following approval of the policy, guidelines will be separately produced by the MLRO and made available to all staff detailing the action that should be taken in the event of suspicions of money laundering. They will include a value limit for cash transactions above which staff must report the transaction to the MLRO. The value of this transaction limit has been set at £10,000.

- 5.2. The Guidelines will be drafted in a manner that ensures the Council and its staff act in a manner which complies with the relevant money laundering legislation. The guidelines will detail:

- a) How staff should report their suspicions to the MLRO;
- b) Action to be taken by staff once the report has been made to the MLRO;
- c) Evaluation action to be taken by the MLRO on receipt of a report;
- d) Action to be taken by the MLRO following evaluation of the report.

6. Training and Awareness

- 6.1. The success of the Council's actions in seeking to prevent money laundering will depend largely on the communication of the policy and guidelines to staff, particularly those staff more involved in the handling of cash transactions which could be significant and exceed the transaction limit noted at Para 5.1. In respect of current staff, communication of the money laundering policy and guidelines will be carried out as part of the normal cascading of information by senior management within the Council and by publishing the documents on the intranet.

- 6.2. Communication of the policy and guidelines will also be achieved as part of induction training of relevant new employees of the Council.

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7. Summary

- 7.1. The Council is determined to ensure that it has robust procedures in order to prevent money laundering as a result of criminal activity. This Policy has been written in order to ensure that the Council establishes procedures that will ensure that it meets its legal and professional requirements in relation to money laundering but in a way that reflects the low risk to the Council of contravening the legislation.

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REPORT TO: Cabinet
Council

DATE: 26 February 2009

SUBJECT: The Prudential Code for Capital Finance in Local
Authorities – Prudential Indicators

WARDS AFFECTED: All

REPORT OF: Paul Edwards
Finance Director
0151 934 4082

CONTACT OFFICER: L Green
0151 934 4096

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To establish the Prudential Indicators for Sefton required under the Prudential Code for Capital Finance in Local Authorities.

REASON WHY DECISION REQUIRED:

To enable the Council to effectively manage its Capital Financing activities, and comply with the CIPFA Prudential Code for Capital Finance in Local Authorities.

RECOMMENDATION(S):

Cabinet is recommended to:

- a) Approve the Prudential Indicators detailed in the report, and summarised in Annex A, as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- b) Approve the amendments of relevant Prudential Indicators in the event that any unsupported borrowing is approved as part of the 2009/2010 Revenue Budget;
- c) Delegate authority to the Finance and Information Services Director to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 5 of the report; and
- d) Refer the report to Council for approval.

KEY DECISION:

No, this report does not represent a key decision in itself but is critical in the delivery of the 2009/2010 Budget, which is a key decision for the Council.

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FORWARD PLAN: No – see above.

IMPLEMENTATION DATE: With effect from 1 April 2009.

ALTERNATIVE OPTIONS:

There are no alternative options. Under The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 the Council must have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities.

IMPLICATIONS:

Budget/Policy Framework: The establishment and monitoring of Prudential Indicators will ensure that the financial implications of capital investment will be contained within approved revenue budgets.

Financial: See above.

<u>CAPITAL EXPENDITURE</u>	2008/ 2009 £	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: To comply with The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

Risk Assessment: Operation within the Prudential Indicators will minimise the risk of any additional revenue budget pressures resulting from capital financing decisions.

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Asset Management: None.

CONSULTATION UNDERTAKEN/VIEWS:

None.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT:

The CIPFA Prudential Code for Capital Finance in Local Authorities.

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BACKGROUND:

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. It details a number of measures/limits/parameters (Prudential Indicators) that are required to be set each financial year. The approval of these limits will ensure that the Council complies with the relevant legislation and is acting prudently and that its capital expenditure proposals are affordable. This report presents for approval the Prudential Indicators required to be set by the Council in 2008/2009 to comply with the code.
- 1.2. The Council is 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 5-6);
 - (v) Impact on Council Tax (Section 7);
 - (vi) Treasury Management Indicators (Section 8).

These indicators are presented in the following paragraphs and summarised at Annex A.

2. Prudential Indicator – Capital Expenditure

- 2.1. This indicator details the overall total planned capital expenditure of the Council and therefore reflects the Council's Capital Programme. This is the subject of a separate report elsewhere on today's agenda.
- 2.2. The actual capital expenditure that was incurred in 2007/2008 and the estimates for the current and future years capital programme recommended for approval are:-

	<u>2007/2008</u> <u>Actual</u> <u>£m</u>	<u>2008/2009</u> <u>Estimate</u> <u>£m</u>	<u>2009/2010</u> <u>Estimate</u> <u>£m</u>	<u>2010/2011</u> <u>Estimate</u> <u>£m</u>	<u>2011/2012</u> <u>Estimate</u> <u>£m</u>
Childrens Services	13.052	25.502	21.197	19.160	0.000
Housing – General Fund	13.309	19.679	18.928	15.912	1.257
Technical Services	6.822	7.595	7.831	7.347	1.597
Other Services	38.993	31.004	21.673	2.312	1.250
Total non-HRA	72.176	83.780	69.629	44.731	4.104
HRA	0.121	0.000	0.000	0.000	0.000
Total	72.297	83.780	69.629	44.731	4.104

- 2.3. At this time, the Council has only received provisional indications as to the capital resources it may be given in 2010/2011 and 2011/2012 and this is reflected in the current levels of planned expenditure.

3. Prudential Indicator – Financing Costs/Net Revenue Stream

- 3.1. This indicator measures the total capital financing costs of capital expenditure as a proportion of the total level of income from Government grants and local Council Taxpayers. From 2008/09 Net Revenue Stream includes Area Based Grant.
- 3.2. Estimates of the ratio for the current and future years and the actual figures for 2007/2008 are:

Financing Costs/Net Revenue Stream					
	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
General Fund	4.0%	3.6%	5.3%	5.6%	5.2%

- 3.3. The estimates of financing costs include current commitments and proposals contained in the capital programme. The increasing figure reflects the cessation of the Commutation Adjustment which has previously helped reduce financing costs, and costs relating to the size of the new starts Capital Programme financed from borrowing. The 2008/09 figure has fallen due to the inclusion of Area Based Grant in the Net Revenue Stream figure (this was previously categorised as income for individual services). Whilst this continues into following years, the significant reduction in investment income has increased the Net Financing Costs and thereby negated the impact of the ABG inclusion.

4. Prudential Indicator – Capital Finance Requirement

- 4.1. The Capital Financing Requirement indicator reflects the Authority's underlying need to borrow for a capital purpose. This is based on historic capital financing decisions and a calculation of future years planned capital expenditure requirements.
- 4.2. Estimates of the end of year Capital Financing Requirement for the current and future years are set out in the table below:

Capital Financing Requirement					
	<u>31/03/08</u>	<u>31/03/09</u>	<u>31/03/10</u>	<u>31/03/11</u>	<u>31/03/12</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
General Fund	149.500	170.200	190.000	195.000	194.000

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- 4.3. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key indicator of prudence:

"In order to ensure that the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short-term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

- 4.4. The Authority will comply with this requirement in 2009/10, 2010/11 and 2011/12.

5. **Prudential Indicator – Borrowing Limits**

- 5.1. External borrowing undertaken by the Council arises as a consequence of all the financial transactions of the Authority, both capital and revenue, and not simply those arising from capital spending. The Council manages its Treasury Management position in terms of its external borrowings and investments in accordance with its approved Treasury Management Strategy and Policy Statements. These documents are presented for approval elsewhere on today's agenda.

5.2. The Operational Boundary

- 5.2.1. The Operational Boundary sets a limit on the total amount of long-term borrowing that the Council can undertake. It reflects the Authority's current commitments, existing capital expenditure plans, and is consistent with its approved Treasury Management Policy Statement and practices. The figures are based on prudent estimates.

- 5.2.2. In respect of the Operational Boundary it is recommended that the Council approves the following limits for the next three financial years. These limits separately identify borrowing from other long-term liabilities.

Operational Boundary				
	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Borrowing (long-term)	154.000	173.000	183.000	188.000
Other long term liabilities	7.500	7.500	7.500	6.500
Total	161.500	180.500	190.500	194.500

- 5.2.3. The Council is asked to approve these limits and to delegate authority to the Finance Director to manage the movement between the separately agreed limits for borrowing and other long-term liabilities within the total limit for any individual year. Any such changes made will be reported to Members at the earliest opportunity.

5.3. The Authorised Limit

- 5.3.1. The Authorised Limit sets a limit on the amount of borrowing (both short and long-term) that the Council undertakes. It uses the Operational Boundary as its base but also includes additional headroom to allow, for example, for exceptional cash movements. Under the terms of section 3 (1) of the Local Government Act 2003, the Council is legally obliged to determine and review how much it can afford to borrow i.e. the authorised limit. The authorised limit determined for 2009/10 will be the statutory limit determined under section 3 (1).
- 5.3.2. The Council is asked to delegate authority to the Finance Director to effect movement between the separately agreed figures for borrowing and other long-term liabilities within the total authorised limit for any year. Any such changes will be reported to the Council at the earliest opportunity. The Authorised Limit for external debt are:

Authorised Limit				
	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Borrowing (short & long-term)	169.000	188.000	198.000	203.000
Other long term liabilities	7.500	7.500	7.500	6.500
Total	176.500	195.500	205.500	209.500

6. Prudential Indicator – Actual External Debt

- 6.1. The Prudential Code requires that in setting indicators for 2009/10, the Council reports its actual levels of external debt as at 31 March 2008. The Council's actual external debt at 31 March 2008 was £131.883, comprising £124.007m borrowing and £7.876m other long-term liabilities.
- 6.2. The estimated external debt at 31 March 2009 is equal to the Operational Boundary for 2008/09 of £161.500m (see Para 5.2.2 above). The increase in external debt reflects the borrowing required in 2008/09 to meet expenditure within the Capital Programme.

7. Prudential Indicator – Impact on Council Tax

- 7.1. Under the Prudential Code, Local Authorities are able to decide the level of borrowing required to meet the demands of the capital programme. The Authority is given revenue support for borrowing up to a limit determined by Central Government, and this will therefore have no effect on the Council Tax. However, any unsupported borrowing will have to be funded by Council

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Taxpayers. As such, these indicators are a key measure of affordability of unsupported borrowing undertaken to support capital investment decisions.

- 7.2. The indicators for the impact on Council Tax of unsupported borrowing are to reflect any ADDITIONAL/NEW unsupported borrowing approval.
- 7.3. The level of any unsupported borrowing is subject to the consideration of the New Starts Capital Programme, which is contained elsewhere on the agenda. If Members were to approve all of the New Starts Capital Programme presented, the impact on Council Taxpayers would be as highlighted below. It should be noted that where external funding for a proportion of the expenditure is to be received, this has reduced the gross additional cost and therefore the impact on Council Tax.

Impact on Band D Council Tax		
<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>
£	£	£
0.94	3.37	3.37

- 7.4. In the event that any amendments are made to the New Starts Capital Programme considered on today's agenda, the actual indicator will be recalculated accordingly.

8. Prudential Indicator – Treasury Management

- 8.1. The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The annual Policy and Strategy Documents establish the following limits/controls for interest rate exposure, debt maturity profiles and an upper limit for investments made by the Council for more than 364 days.

8.1.1. Interest Rate Exposure

- i) An upper limit on its fixed interest rate exposures for 2009/2010 – 2011/2012 of 160% of its net outstanding principal sums;
- ii) An upper limit on its variable interest rate exposures for 2009/2010 – 2011/2012 of 15% of its net outstanding principal sums.

8.1.2. Debt Maturity Profile

A debt maturity profile is detailed in the following table i.e. the amount of borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Debt Maturity Profile	<u>Upper limit</u>	<u>Lower limit</u>
Under 12 months	35%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	90%	25%

8.1.3. Investments Over 1 Year

An upper limit on the value of non-specified investments over 1 year, but less than 5 years with Banks/Building Societies (as approved in the annual Policy and Strategy Documents) of 40% of Total Investments. This limit will be kept under review to take advantage of any opportunities in the current money market. Members will be advised of any change.

9. Monitoring Prudential Indicators

9.1. Having established the Prudential Indicators the Finance Director will monitor them during the year and report on actual performance as part of the Council's Annual Accounts. In the event of any variations during a financial year reports will be presented to Cabinet highlighting the variation, the reason and the corrective action to be taken.

10. Recommendations

10.1. Cabinet is recommended to:

- a) Approve the Prudential Indicators detailed in the report, and summarised in Annex A to be used as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- b) Approve the amendments of relevant Prudential Indicators in the event that any unsupported borrowing is approved as part of the 2009/2010 Revenue Budget;
- c) Delegate authority to the Finance Director to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 5 of the report; and
- d) Refer the report to Council for approval.

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Summary of Prudential Indicators.

ANNEX A

Capital Expenditure - 2006/2007 to 2010/2011 (Para 2)					
	2007/2008 £'000 Actual	2008/2009 £'000 Estimate	2009/2010 £'000 Estimate	2010/2011 £'000 Estimate	2011/2012 £'000 Estimate
Education	13,052	25,502	21,197	19,160	0
Housing – General Fund	13,309	19,679	18,928	15,912	1,257
Technical Services	6,822	7,595	7,831	7,347	1,597
Other Services	38,993	31,004	21,673	2,312	1,250
Total non-HRA	72,176	83,780	69,629	44,731	4,104
HRA	121	0	0	0	0
TOTAL	72,297	83,780	69,629	44,731	4,104

Financing Costs/Net Revenue Stream (Para 3)					
	2007/2008 Actual	2008/2009 Estimate	2009/2010 Estimate	2010/2011 Estimate	2011/2012 Estimate
Non HRA	4.0%	3.6%	5.3%	5.6%	5.2%
HRA	-1.9%	0.0%	0.0%	0.0%	0.0%

Capital Financing Requirement (Para 4)					
	31/03/2008 £'000 Actual	31/03/2009 £'000 Estimate	31/03/2010 £'000 Estimate	31/03/2011 £'000 Estimate	31/03/2012 £'000 Estimate
Non HRA	149,500	170,200	190,000	195,000	194,000

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HRA	0	0	0	0	0
Total	149,500	170,200	190,000	195,000	194,000

Operational Boundary (Para 5)				
	2008/2009 £m	2009/2010 £m	2010/2011 £m	2011/2012 £m
Borrowing	154.000	173.000	183.000	188.000
Other long term liabilities	7.500	7.500	7.500	6.500
Total	161.500	180.500	190.500	194.500

Authorised Limit (Para 5)				
	2008/2009 £m	2009/2010 £m	2010/2011 £m	2011/2012 £m
Borrowing	169.000	188.000	198.000	203.000
Other long term liabilities	7.500	7.500	7.500	6.500
Total	176.500	195.500	205.500	209.500

Unsupported Borrowing (Para 7)			
	2009/2010 £m	2010/2011 £m	2011/2012 £m
General Fund	3.485	0.000	0.200

Impact on the Band D Council Tax (Para 7)			
	2009/2010 £	2010/2011 £	2011/2012 £
	0.94	3.37	3.37

Limit on Interest Rate Exposure (Para 8)		
	Upper Limit	Lower Limit
Fixed Borrowing/ Investment	160%	85%
Variable Borrowing/ Investment	15%	-60%

Fixed Rate Debt Maturity (Para 8)		
	Upper Limit	Lower Limit

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Under 12 months	35%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	90%	25%

Investments over 1 Year (Para 8)

Non-Specified Investments over)
1 year but less than 5 years with) 40% of Total
approved Banks/Building) Investments
Societies)

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REPORT TO: Cabinet
Council

DATE: 26 February 2009
26 February 2009

SUBJECT: 2009/2010 – 2011/2012 Capital Programme

WARDS AFFECTED: All

REPORT OF: Paul Edwards - Finance & IS Director
Alan Moore - Strategic Director Regeneration
& Deputy Chief Executive
Charlie Barker - Director of Adults Social Care
Bryn Marsh - Strategic Director Of Children's
Services

CONTACT OFFICER: Lynton Green – Senior Assistant Finance
& IS Director - 0151 934 4096

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To consider the formulation of the 2009/2010– 2011/2012 Capital Programme.

REASON WHY DECISION REQUIRED:

To approve the Capital Programme at **Annex A** which will facilitate delivery of capital projects.

RECOMMENDATION(S):

Cabinet is requested to:-

- a) Note the report;
- b) Approve the 2009/2010 – 2011/2012 Capital Programme (**Annex A**);
- c) Note the intention of SAMG to review the programme, with particular attention to dormant schemes, with the possibility that resources may be made available for other schemes.
- d) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in **Annex A**;
- e) Approve the use of lease facilities in 2009/2010 provided that any revenue consequences can be accommodated within appropriate budgets;
- f) Request that SAMG review the New Starts Programme in light of emerging issues; and
- g) Refer the report to Council for approval.

KEY DECISION:

Yes Page 55

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FORWARD PLAN: Yes

IMPLEMENTATION DATE: Following Council on 26 February 2009

ALTERNATIVE OPTIONS:

To not approve the capital programme which will prevent progress of capital schemes.

IMPLICATIONS:

Budget/Policy Framework: The revenue implications of the ongoing and new starts capital programme presented in this report can be contained in the draft Base Budget for 2009/2010, which is the subject of a separate report on the agenda.

Financial: See above

Legal: None

Risk Assessment: Delivery of certain schemes in the programme, for example those of a Health & Safety nature, will reduce the level of risk to which the Council is exposed.

Asset Management: Approval of the capital programme will enable the delivery of the Council's Asset Management Plan.

CONSULTATION UNDERTAKEN/VIEWS

Strategic Asset Management Group have been consulted.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Department for Children Schools and Families Website - Schools Capital Allocations 2008/09 – 2010/11 – 7th. November 2007; LAC(1810070005) – Local Authority Children’s Services Funding 2008/09 – 2010/11 – 6th. December 2007. Letters from Department of Health: Adults’ Personal Social Services: Distribution of Single Capital Pot and Specific Capital Allocations in 2009-10 & 2010-11 – 26th November 2008; Adults’ Personal Social Services (PSS): Specific Revenue and Capital Grant Allocations and Contributions to Area Based Grant for 2009-10 & 2010-11 – 26th November 2008.

Department of Health Local Authority Circular – 22 August 2008.

Letter from Government Office for the North West: Three Year Local Transport Capital Settlement (2008/09 – 2010/11) – 27 November 2007.

Letter from Government Office for the North West: Local Authority Housing Capital Allocations – 10th.December 2008.

www.communities.gov.uk - Local Authority Disabled Facilities Grant Allocations for 2009/10 – 10th. December 2008.

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BACKGROUND:

1. Introduction

- 1.1. This report considers the latest position in respect of 2008/2009 and development of the 2009/2010 – 2011/2012 Capital Programme in the light of recent resource notifications received from Central Government and the formulation of the Revenue Budget.

2. Capital Programme 2008/2009

- 2.1. All existing approved and ongoing schemes have been completely reviewed and this is reflected in the Capital Programme attached at **Annex A**. Members may wish to request a further review of the programme, which may result in the amendment of certain schemes. Furthermore, the examination of dormant schemes, that is those schemes where there has been little or no expenditure in the recent past, may allow resources to be made available for other schemes.
- 2.2. Members will recall that at the Cabinet meeting on 2 October 2008, approval was given to the extension of the freeze on certain capital schemes, outlined in the report, until 1 April 2009. The freezing/delaying of these schemes was estimated to generate a saving of £0.051m in financing charges within the council's revenue budget. These schemes, incorporated at Annex A, are shown with all expenditure now phased in 2009/2010.

3. Capital Resources 2009/2010

- 3.1. The capital expenditure within the capital programme is financed from a number of sources, including:-
- a) Government Supported Borrowing;
 - b) Government Funded Grants;
 - c) Council Supported Borrowing – “Prudential borrowing”;
 - d) Specific capital receipts;
 - e) Miscellaneous Contributions/External Grants;
 - f) Direct Revenue Funding.
- 3.2. Last year, the government issued Supported Capital Expenditure (SCE) notifications for certain services in line with the Comprehensive Spending Review Period of 2008 – 11. In addition, annual allocations are made that indicate the Government's proposals for supporting capital expenditure for the forthcoming financial year within each service area through either supported borrowing or grants. Each of these components is dealt with in the following paragraphs.

3.3. Government Supported Borrowing 2009/2010

3.3.1. Although resources are allocated by individual Government Departments for specific services, the borrowing can be utilised on any service in accordance with the principles of the Single Capital Pot. However, diverting resources between services can have an effect on the allocations from Government Departments in subsequent years.

3.3.2. The Government's revenue support for this borrowing is provided through Formula Grant as determined by the Capital Financing element of the Relative Needs Formula (RNF).

3.3.3. The SCE notifications which allow amounts to be funded from borrowing are presented in the table below:-

SCE – Supported Borrowing 2009/10

	2008/09 £'000	2009/10 £'000	Variation £'000
Children's Services - Education	3,467	2,974	-493
Children's Services – Personal Social Services	46	46	0
Transportation	1,914	2,105	+191
Total Supported Borrowing	5,427	5,125	-302

3.3.4. Under the Prudential Code, the Council can supplement Government supported borrowing by further "Prudential borrowing" funded exclusively from Council resources. Such borrowing must be affordable and within authorised limits approved by the Council.

3.4. Government Capital Grant Allocations 2009/2010

3.4.1. Unlike Revenue Support Grant, which is fixed by Government before the start of the financial year, capital grants can be increased as additional schemes are approved or Government allocates additional resources. The indicative SCE allocations relating to Capital Grants for 2009/2010 are:-

SCE – Capital Grant 2009/10

	2008/09 £'000	2009/10 £'000	Variation £'000
Children's Services - Devolved Formula Capital	3,241	3,191	-50
Children's Services - Targeted Capital Fund	816	2,000	+1,184
Children's Services – Extended Schools	433	459	+26
Children's Services - Youth Capital Fund	150	150	0
Housing – Disabled Facilities Grants	964	1,157	+193
Social Services – Social Care	147	147	0
Social Services - Mental Health	151	150	-1
Social Services – Adult Social Care IT Infrastructure	100	106	+6
Transportation	4,380	3,561	-819
Total Capital Grant	10,382	10,921	+539
Allocation not yet known:- Housing	4,985	-	-

3.4.2. The significant increase of in excess of £1m, in respect of Children's Services – Targeted Capital Fund, related to funding provided by the DCSF to support the provision of facilities for 14 –19 diplomas and/or to improve facilities for pupils with special educational needs and disabilities.

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This funding has been granted to those local authorities not currently in the Building School for the Future (BSF) programme as an additional resource.

3.5. **Former Housing Revenue Account (HRA)**

Following stock transfer, any outstanding capital liabilities relating to the former HRA Capital Programme not spent in 2008/09, which form a commitment in future years, will be met from retained former Major Repairs Allowance. As a result, there will be no call on the Council's general capital resources.

3.6. **Housing Market Renewal Initiative**

The Housing Market Renewal Initiative (HMRI) will receive Government support for 2009/10 via the three-year allocation for the period 2008/09 - 2010/11. When the Council was informed of this allocation, only 2008/09 was given as an actual allocation with both 2009/10 and 2010/11 given as indicative allocations. At the time of writing this report, the exact allocation for 2009/10 is still awaited. In respect of **Annex A** attached, the proposed HMRI expenditure, net of any Council contribution, has been included for 2009/10 – 2010/11. As and when the exact allocation for 2009/10 is known, this will be reported to the appropriate Cabinet Member together with the 2009/10 – 2010/11 HMRI programme for approval.

3.7. Traditionally, the Cabinet has allocated all SCE resources – from both supported borrowing and capital grants – to the appropriate service. This policy has been reflected in the Capital Programme MTFP for the period 2009/2010 to 2011/2012 attached at **Annex A**.

3.8. The detailed items presented in **Annex A** include all schemes approved by the Cabinet to date plus general uncommitted provisions to reflect the new allocations detailed in section 3 of this report. The identification of specific schemes against these unallocated resources has traditionally been the subject of further reports to the relevant Cabinet Members and Cabinet are requested to confirm the continuation of this practice.

3.9. The revenue budget assumes the capitalisation of £1.0m of maintenance projects to be funded from prudential borrowing.

4. New Starts Capital Programme 2009/2010- 2011/2012

- 4.1. Cabinet, at its meeting on 8 January 2009, resolved that the items contained within the New Start Capital Programme 2009/10 to 2011/12 and previously examined by SAMG, be noted and considered further as part of the budget process.
- 4.2. A provision has been made within the Revenue Budget; reflected elsewhere on today's agenda; to enable the Council to meet the revenue costs of a Capital New Starts Programme. However, since the decision taken on 8 January a number of other schemes/issues have been highlighted necessitating a further detailed review. It is proposed that SAMG revisit the New Starts alongside these emerging issues and report back to Cabinet in March.

5. Recommendations

5.1 Cabinet are requested to:-

- a) Note the report;
- b) Approve the 2009/2010 – 2011/2012 Capital Programme (**Annex A**);
- c) Note the intention of SAMG to review the programme, with particular attention to dormant schemes, with the possibility that resources may be made available for other schemes.
- d) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in **Annex A**;
- e) Approve the use of lease facilities in 2009/2010 provided that any revenue consequences can be accommodated within appropriate budgets;
- f) Request that SAMG review the New Starts Programme in light of emerging issues; and
- g) Refer the report to Council for approval.

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METROPOLITAN BOROUGH OF SEFTON

ANNEX A

CAPITAL PROGRAMME 2008/09 - 2011/12

Committee Summary

1	2	3	4	5	6	7
COMMITTEE	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Services						
Children's Services	95,921.30	30,062.35	25,501.91	21,196.90	19,160.14	0.00
Corporate Services	15,785.40	10,209.71	1,907.77	3,667.92	0.00	0.00
Environmental	6,643.07	3,629.51	1,604.11	806.65	602.80	0.00
Health & Social Care	18,364.08	8,622.62	3,930.64	2,938.06	1,715.76	1,157.00
Leisure and Tourism	42,333.60	18,433.16	13,142.27	10,508.17	200.00	50.00
Regeneration	45,502.46	17,159.93	17,798.35	5,144.18	5,300.00	100.00
Technical Services	43,353.80	16,968.93	7,594.83	7,830.99	7,347.05	3,612.00
Capitalisation - Maintenance Projects	4,000.00	0.00	1,000.00	1,000.00	1,000.00	1,000.00
Total General Fund Services	271,903.71	105,086.21	72,479.88	53,092.87	35,325.75	5,919.00
Former Housing Revenue Account (includes post transfer commitments)	4,117.71	3,863.52	254.19	0.00	0.00	0.00
Total All Sefton Services	276,021.42	108,949.73	72,734.07	53,092.87	35,325.75	5,919.00
FOR INFO ONLY						
Government Funded Programmes						
Housing Market Renewal (net of council contribution)	33,524.00	0.00	10,946.00	13,173.00	9,405.00	0.00
Safer, Stronger Communities Fund	79.71	0.00	79.71	0.00	0.00	0.00
Business Neighbourhood Grant	198.00	0.00	20.00	178.00	0.00	0.00
Total Government Funded Programmes	33,801.71	0.00	11,045.71	13,351.00	9,405.00	0.00
TOTAL ALL SCHEMES	309,823.13	108,949.73	83,779.78	66,443.87	44,730.75	5,919.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
General							
1	City Learning Centre - Savio High School	2,080.00	1,914.29	165.71	0.00	0.00	0.00
2	Schools Access Initiative 2002/04	53.98	14.56	39.42	0.00	0.00	0.00
3	City Learning Centre - Ainsdale HS	1,961.77	1,779.77	182.00	0.00	0.00	0.00
4	Great Crosby RC PS - Single Siting	327.83	309.84	17.99	0.00	0.00	0.00
5	CSF IT Strategy	1,250.00	1,087.22	132.78	30.00	0.00	0.00
6	St Andrews - Larger Classrooms	1,808.85	1,777.28	31.57	0.00	0.00	0.00
7	Forefield Juniors-Alteration and Extension	222.88	209.02	0.00	13.86	0.00	0.00
8	Hillside High School - Specialist Science Status	665.00	642.97	22.03	0.00	0.00	0.00
9	Capitalised Maintenance	820.06	0.00	720.06	100.00	0.00	0.00
10	Improving Information Management	287.78	270.40	5.38	12.00	0.00	0.00
11	Merefield-New Classrooms	1,446.86	1,409.03	25.62	12.21	0.00	0.00
12	School Travel Plans 2004/05 - 2008/09	273.96	133.68	140.28	0.00	0.00	0.00
13	Litherland Sports Park	5,551.35	5,294.41	256.94	0.00	0.00	0.00
14	Hillside High School - Sports Hall	1,700.00	1,672.91	27.09	0.00	0.00	0.00
15	Devolved Formula Capital	8,602.43	0.00	2,022.33	3,389.05	3,191.05	0.00
16	Integrated Children's System	344.00	248.24	95.76	0.00	0.00	0.00
17	Birkdale High School-Media Hall	1,338.52	1,201.84	136.68	0.00	0.00	0.00
18	Range HS - Specialist Accommodation	2,755.00	2,707.48	47.52	0.00	0.00	0.00
19	Rimrose Hope Primary School-Targeted Capital	6,314.75	467.79	3,396.96	2,300.00	150.00	0.00
20	Youth Capital Fund	734.29	285.19	149.70	149.70	149.70	0.00
21	Shoreside Primary - Window/ Kitchen Replacement	185.92	147.72	38.20	0.00	0.00	0.00
22	CS IT (Single Child Record)	540.00	0.00	4.65	535.35	0.00	0.00
23	Catholic Repl. School (St James/St Joan of Arc)	586.12	0.00	586.12	0.00	0.00	0.00
24	Computers for Pupils	945.80	419.62	526.18	0.00	0.00	0.00
25	Greenbank HS - Changing Rooms	158.40	145.64	12.76	0.00	0.00	0.00
26	Thomas Gray PS - Single Siting	3,150.00	318.69	1,681.31	1,150.00	0.00	0.00
27	South Sefton Sixth Form Centre	12,018.98	726.52	8,725.04	2,450.13	117.29	0.00
28	Churchtown CP School - SEN Facilities	144.19	134.80	9.39	0.00	0.00	0.00
29	Crosby High School - Specialist School Status	126.00	20.92	105.08	0.00	0.00	0.00
30	Primary Capital Strategy External Consultancy	65.00	10.56	54.44	0.00	0.00	0.00
31	Mobile Technology Children's Social Workers	107.06	55.02	52.04	0.00	0.00	0.00
32	Children's Centres Ph 1 - Residual Costs	344.92	315.17	29.75	0.00	0.00	0.00
33	Framework Contracting - external consulting	60.00	0.00	60.00	0.00	0.00	0.00
34	Maximum Contribution to OSP	5,000.00	0.00	0.00	0.00	5,000.00	0.00
35	Newfield School - Specialist College Status	159.82	0.00	40.00	110.00	9.82	0.00
36	ICT Capital Funding	434.59	0.00	434.59	0.00	0.00	0.00
37	Playing For Success - Aintree Racecourse	45.00	0.00	45.00	0.00	0.00	0.00
38	Fair Play Playbuilder Programme	1,117.44	0.00	297.98	409.73	409.73	0.00
39	Information System for Parents and Providers	24.04	0.00	24.04	0.00	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
40	Forefield Juniors - Outdoor Facilities	300.27	0.00	25.00	265.00	10.27	0.00
41	Primary Capital Programme	3,618.03	0.00	0.00	3,618.03	0.00	0.00
42	TCF 14 - 19 Diplomas	8,000.00	0.00	0.00	2,000.00	6,000.00	0.00
43	Old Schemes	113.51	19.97	93.54	0.00	0.00	0.00
Total General		75,784.40	23,740.55	20,460.93	16,545.06	15,037.86	0.00

Modernisation

44	Maghull High School - Maths/ Music Rooms	1,110.00	746.89	338.11	25.00	0.00	0.00
45	Litherland High School Set Up Costs	500.00	357.85	142.15	0.00	0.00	0.00
46	Crossens Nursery Relocation to Larkfield CP School	692.25	469.89	207.36	15.00	0.00	0.00
47	Farnborough Road School Kitchen / Dining Imps.	2,063.87	0.00	106.95	800.75	1,156.17	0.00
48	Other NDS Modernisation Schemes	1,167.10	0.00	0.00	767.03	400.07	0.00
Total Modernisation		5,533.22	1,574.63	794.57	1,607.78	1,556.24	0.00

School Access Initiative

49	Litherland HS - Hygiene Area/ Lift	277.78	267.34	10.44	0.00	0.00	0.00
50	Primary School Schemes	105.15	90.33	14.82	0.00	0.00	0.00
51	Summerhill Primary - Hygiene Room / SEN	162.99	149.76	13.23	0.00	0.00	0.00
52	Improved Access to the National Curriculum 07/08	34.00	28.62	5.38	0.00	0.00	0.00
53	Hillside High School Courtyard Extension	748.76	155.51	556.25	37.00	0.00	0.00
54	General Access Works at various schools	50.00	0.00	50.00	0.00	0.00	0.00
55	Summerhill Primary - Ramps, doors & reception imp	16.97	0.00	16.97	0.00	0.00	0.00
56	Maghull HS - Ramps, doors, handrails & paving	17.61	0.00	17.61	0.00	0.00	0.00
57	Stanley HS - Entrance & reception areas	43.53	0.00	43.53	0.00	0.00	0.00
58	Lander Road PS Changing Room	19.74	0.00	19.74	0.00	0.00	0.00
59	Meols Cop HS Ramps	12.00	0.00	12.00	0.00	0.00	0.00
60	Other School Access Initiative Schemes	821.55	0.00	19.97	400.79	400.79	0.00
Total Schools Access Initiative		2,310.08	691.56	779.94	437.79	400.79	0.00

New Pupil Places

61	Chesterfield High School-Roof Replacement	253.80	241.74	12.06	0.00	0.00	0.00
62	Hatton Hill Primary-Boiler Replacement	101.26	67.78	33.48	0.00	0.00	0.00
63	Daleacre (IMPACT) - Window Replacement	45.00	24.63	20.37	0.00	0.00	0.00
64	Lydiate Primary - Concrete Repairs	55.00	38.63	16.37	0.00	0.00	0.00
65	Formby High - Mains Distribution Upgrade	56.00	33.28	22.72	0.00	0.00	0.00
66	Farnborough Rd Infants - Electrical Rewire	120.00	110.75	9.25	0.00	0.00	0.00
67	Farnborough Rd Juniors - Lighting Upgrade	60.00	49.50	10.50	0.00	0.00	0.00
68	Meols Cop High School - Resourced Area	67.86	58.76	9.10	0.00	0.00	0.00
69	Deyes High School - Repl. rotted windows	61.22	0.00	61.22	0.00	0.00	0.00
70	Oakfield PRU - Boiler Repl.	106.88	25.56	81.32	0.00	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
71	Crosby High - Boiler Repl.	116.77	13.77	103.00	0.00	0.00	0.00
72	Lander Rd. PS - Kitchen Refurbishment	107.18	100.02	7.16	0.00	0.00	0.00
73	Northway PS - Repl.pipework & install boiler plant	146.00	101.01	44.99	0.00	0.00	0.00
74	Birkdale High School Boiler Repl.	98.29	0.00	98.29	0.00	0.00	0.00
75	Churchtown Primary School Boiler Repl.	66.10	0.00	66.10	0.00	0.00	0.00
76	Shoreside Primary School Boiler Repl.	89.52	0.00	89.52	0.00	0.00	0.00
77	Daleacre Campus Window Repl.	50.00	0.00	50.00	0.00	0.00	0.00
78	Stanley High School Window Repl.	100.00	0.00	100.00	0.00	0.00	0.00
79	Linaker Primary School Windows & Roof Repairs	104.02	0.00	104.02	0.00	0.00	0.00
80	Meols Cop High School Imps to CDT Block	49.76	0.00	49.76	0.00	0.00	0.00
81	Northway Primary Repl. of fire alarm	30.36	0.00	30.36	0.00	0.00	0.00
82	Bedford Primary Staffroom Enlargement	95.22	0.00	95.22	0.00	0.00	0.00
83	Maghull High School Dining Room Enlargement	130.12	0.00	130.12	0.00	0.00	0.00
84	Crosby High School Car Park Imps.	30.00	0.00	30.00	0.00	0.00	0.00
85	Woodlands PS Kitchen Refurbishment	149.67	0.00	149.67	0.00	0.00	0.00
86	Other New Pupil Places Schemes	1,159.22	0.00	0.00	504.61	654.61	0.00
Total New Pupil Places		3,449.25	865.43	1,424.60	504.61	654.61	0.00
<u>New Opportunities Fund for PE and Sport</u>							
87	Multi Use Games Area-Formby High School	54.94	39.10	15.84	0.00	0.00	0.00
Total New Opportunities Fund for PE and Sport		54.94	39.10	15.84	0.00	0.00	0.00
<u>Surestart Grant Schemes</u>							
88	Litherland Moss-Extended School	122.00	119.42	2.58	0.00	0.00	0.00
89	Thornton Primary School-Children's Centre	252.85	247.30	5.55	0.00	0.00	0.00
90	Grange Primary-Children's Centre	176.48	172.18	4.30	0.00	0.00	0.00
91	Waterloo Primary-Children's Centre	158.21	141.44	16.77	0.00	0.00	0.00
92	Bishop David Sheppard-Children's Centre	310.15	295.09	15.06	0.00	0.00	0.00
93	Kings Meadow Primary-Children's Centre	143.65	136.90	6.75	0.00	0.00	0.00
94	Bootle All Saints-Children's Centre	246.45	0.00	246.45	0.00	0.00	0.00
95	Hatton Hill -Children's Centre	103.50	97.88	5.62	0.00	0.00	0.00
96	Unallocated Contingency	56.03	6.48	49.55	0.00	0.00	0.00
97	Extended Schools & Sustainability Programmes	1,869.05	1,764.84	104.21	0.00	0.00	0.00
98	Extended Schools 2008/09 - 2010/11	1,128.42	0.00	432.82	458.58	237.02	0.00
99	Early Years & Childcare 2008/09	2,882.88	0.00	960.96	960.96	960.96	0.00
100	Ph 1 & 2 Children's Centres Maintenance	230.91	0.00	50.81	87.76	92.34	0.00
101	Ph 3 Children's Centres	818.74	0.00	50.00	548.42	220.32	0.00
Total Surestart Capital Grant		8,499.32	2,981.53	1,951.43	2,055.72	1,510.64	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Children's Personal Social Services</u>							
102	Children's PSS - 2004/05-2007/08	198.00	169.55	28.45	0.00	0.00	0.00
103	Children's PSS - 2008/09	46.15	0.00	46.15	0.00	0.00	0.00
104	Children's PSS - 2009/10	45.94	0.00	0.00	45.94	0.00	0.00
Total Children's Personal Social Services		290.09	169.55	74.60	45.94	0.00	0.00
TOTAL CHILDREN'S SERVICES SCHEMES		95,921.30	30,062.35	25,501.91	21,196.90	19,160.14	0.00

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CAPITAL PROGRAMME 2008/09 - 2011/12

CORPORATE SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Admin Buildings</u>							
1	Old & Completing Schemes	212.33	183.28	29.05	0.00	0.00	0.00
2	Safety Glazing	420.00	410.08	9.92	0.00	0.00	0.00
3	Disabled Facilities	450.00	358.89	71.11	20.00	0.00	0.00
4	Asbestos Management Plan	150.00	125.62	24.38	0.00	0.00	0.00
5	Southport One Stop Shop	500.00	422.86	77.14	0.00	0.00	0.00
6	Contact Centre	250.00	237.61	12.39	0.00	0.00	0.00
7	Accommodation Strategy	2,500.80	3,089.67	-588.87	0.00	0.00	0.00
<u>Health and Safety Initiatives</u>							
8	2007/08 Programme	250.00	177.33	72.67	0.00	0.00	0.00
9	2008/09 Programme	250.00	0.00	250.00	0.00	0.00	0.00
10	Depot Improvements	70.00	0.00	70.00	0.00	0.00	0.00
11	Pleasureland Clearance / Demolition	400.00	312.95	27.05	60.00	0.00	0.00
12	Z Blocks Demolition	646.45	586.57	44.88	15.00	0.00	0.00
13	Demolition Fund	250.00	0.00	30.00	220.00	0.00	0.00
14	Display Cases for Mayoral Arts & Artifacts	40.00	0.00	0.00	40.00	0.00	0.00
15	Refurbishment of St. Peter's House (subject to call-in)	3,000.00	0.00	0.00	3,000.00	0.00	0.00
Total Admin Buildings		9,389.58	5,904.86	129.72	3,355.00	0.00	0.00
<u>Vehicles, Plant, Equipment</u>							
16	Replacement P.C.s	176.00	161.31	14.69	0.00	0.00	0.00
17	e-Government 2004/06	500.00	405.15	94.85	0.00	0.00	0.00
18	Councillors-Rollout of I.T	97.42	87.69	9.73	0.00	0.00	0.00
19	Technical Infrastructure	146.00	132.59	13.41	0.00	0.00	0.00
20	Legal Dept ICT Replacement Programme	94.57	38.01	56.56	0.00	0.00	0.00
21	IT Equipment - Server Replacement	90.00	41.69	48.31	0.00	0.00	0.00
22	E Government Priority Service Outcomes	400.00	227.42	0.00	172.58	0.00	0.00
23	E-government Geographical Information Service	165.00	108.84	56.16	0.00	0.00	0.00
24	Disaster Recovery, Business Continuity & Civil Contingencies	450.00	368.45	0.00	81.55	0.00	0.00
25	I.T. Firewall Replacement	25.00	17.45	7.55	0.00	0.00	0.00
26	I.T. Members ICT & Mobile Technology	90.00	41.43	28.57	20.00	0.00	0.00
27	I.P. Storage Area Network	50.00	11.21	0.00	38.79	0.00	0.00
28	Vehicle Replacement - Specialist Cleansing Vehicles	3,041.83	2,550.30	491.53	0.00	0.00	0.00
29	Vehicle Replacement - Cleansing	83.86	0.00	83.86	0.00	0.00	0.00
30	Vehicle Replacement - Leisure Services	223.26	28.42	194.84	0.00	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

CORPORATE SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
31	Vehicle Replacement - Specialist Transport	639.53	0.00	639.53	0.00	0.00	0.00
32	Vehicle Replacement - Education	24.82	0.00	24.82	0.00	0.00	0.00
33	Vehicle Replacement - New Directions	88.92	84.89	4.03	0.00	0.00	0.00
34	Vehicle Replacement - Technical Services	9.61	0.00	9.61	0.00	0.00	0.00
	Total Vehicles,Plant,Equipment	6,395.82	4,304.85	1,778.05	312.92	0.00	0.00
	TOTAL CORPORATE SERVICES SCHEMES	15,785.40	10,209.71	1,907.77	3,667.92	0.00	0.00

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CAPITAL PROGRAMME 2008/09 - 2011/12

ENVIRONMENTAL

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Sefton Coastline Sea Defence Work</u>							
1	Crosby Park to Formby Point Strategic Study	206.00	173.84	32.16	0.00	0.00	0.00
2	Coastal Monitoring	209.29	199.93	9.36	0.00	0.00	0.00
3	CERMS - 2007/08 - 2010/11	230.00	45.65	62.25	74.30	47.80	0.00
Total Sefton Coastline Sea Defence Work		645.29	419.42	103.77	74.30	47.80	0.00
<u>Environmental</u>							
4	Public Convenience Modernisation	900.00	681.69	120.96	97.35	0.00	0.00
5	Merseyside Biobank	171.40	160.27	11.13	0.00	0.00	0.00
6	Alternating Weekly Refuse & Recycling	3,500.00	2,352.38	1,067.62	80.00	0.00	0.00
7	Air Pollution Monitoring Equipment	46.30	15.75	30.55	0.00	0.00	0.00
8	Gypsy and Traveller Sites	219.90	0.00	219.90	0.00	0.00	0.00
9	Waste Infrastructure	1,160.18	0.00	50.18	555.00	555.00	0.00
Total Environmental		5,997.78	3,210.09	1,500.34	732.35	555.00	0.00
TOTAL ENVIRONMENTAL SCHEMES		6,643.07	3,629.51	1,604.11	806.65	602.80	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

HEALTH & SOCIAL CARE

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
GENERAL							
1	I.I.M Leasing 2003/2004	44.36	30.40	13.96	0.00	0.00	0.00
2	I.I.M Cap Grant 2006/07 - 07/08	172.78	153.69	19.09	0.00	0.00	0.00
3	Disability Discrimination Act	406.69	331.37	55.32	20.00	0.00	0.00
4	Mental Health SCE (R) - Ringfenced 05/06	130.70	127.53	3.17	0.00	0.00	0.00
5	Mental Health SCE (R) - Ringfenced 06/07	136.10	43.82	92.28	0.00	0.00	0.00
6	Mental Health SCE (R) - Ringfenced 07/08	140.48	40.07	80.41	20.00	0.00	0.00
7	IT Strategy	488.00	226.06	11.94	150.00	100.00	0.00
8	Improving the Care Home Environment	550.00	365.32	184.68	0.00	0.00	0.00
9	Old & Completing Schemes	10.69	0.90	9.79	0.00	0.00	0.00
Total General		2,079.80	1,319.16	470.64	190.00	100.00	0.00
Provision for New Starts - Subject to report							
10	Mental Health SCP (C) 2008/09 - 10/11	451.00	0.00	0.00	301.00	150.00	0.00
11	Social Care SCP (C) 2008/09 - 10/11	441.00	0.00	30.00	264.00	147.00	0.00
12	Adult Social Care IT Infrastructure 2008/09-10/11	317.06	0.00	0.00	205.30	111.76	0.00
Total Provn. for new starts subj. to report		1,209.06	0.00	30.00	770.30	408.76	0.00
Housing Schemes							
Disabled Facilities Grants							
13	Previous Years' Approvals	6,800.81	6,716.04	84.77	0.00	0.00	0.00
14	2007/08 Approvals	1,380.41	587.42	742.99	50.00	0.00	0.00
15	2008/09 Approvals	2,300.00	0.00	1,272.24	977.76	50.00	0.00
16	2009/10 Approvals	1,800.00	0.00	0.00	900.00	850.00	50.00
Total Disabled Facilities Grants		12,281.22	7,303.46	2,100.00	1,927.76	900.00	50.00
General							
17	Piper Solo	150.00	0.00	50.00	50.00	50.00	0.00
18	Drug Rehabilitation / Boscoe Hostel	1,280.00	0.00	1,280.00	0.00	0.00	0.00
Total General		1,430.00	0.00	1,330.00	50.00	50.00	0.00
Provn. for new starts - subj. to report							
19	DFG (SCG)	1,364.00	0.00	0.00	0.00	257.00	1,107.00
TOTAL HEALTH & SOCIAL CARE SCHEMES		18,364.08	8,622.62	3,930.64	2,938.06	1,715.76	1,157.00

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METROPOLITAN BOROUGH OF SEFTON
CAPITAL PROGRAMME 2008/09 - 2011/12

LEISURE AND TOURISM

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Leisure - General</u>							
1	Old and Completing Schemes	2,944.67	2,873.52	71.15	0.00	0.00	0.00
2	Chaffers Playing Field Pavilion	164.95	18.53	0.00	146.42	0.00	0.00
3	Potters Barn Local Heritage Museum	90.00	2.27	3.70	84.03	0.00	0.00
4	Hesketh Park	2,239.05	1,820.75	395.45	22.85	0.00	0.00
5	Maghull Leisure Facility	73.91	29.63	44.28	0.00	0.00	0.00
6	Maghull Leisure Centre	8,346.09	204.87	4,366.22	3,625.00	150.00	0.00
7	Adaptations to Library Buildings	80.00	55.60	24.40	0.00	0.00	0.00
8	Southport Leisure Pool Visitor Attraction	9,135.00	8,949.49	185.51	0.00	0.00	0.00
9	Provision of Skate Parks						
	- Marian Park, Netherton	100.00	0.00	0.00	100.00	0.00	0.00
	- Formby	100.00	0.00	0.00	100.00	0.00	0.00
	- Maghull	100.00	0.00	0.00	100.00	0.00	0.00
10	Derby Park Refurbishment	929.65	646.01	227.76	55.88	0.00	0.00
11	Roof repairs to libraries	100.00	0.00	12.60	87.40	0.00	0.00
12	Fernery (Botanic Gardens)	300.00	154.42	145.58	0.00	0.00	0.00
13	Repairs / refurbishment of park lodges	75.00	0.00	0.00	75.00	0.00	0.00
14	Hesketh Park Office / visitor centre	50.00	0.00	0.00	50.00	0.00	0.00
15	Crosby Coastal Park	500.00	0.00	0.00	500.00	0.00	0.00
16	Waterloo Judo Club	553.65	113.57	415.74	24.34	0.00	0.00
17	Netherton Activity Centre Contribution	3,600.00	20.00	300.00	3,280.00	0.00	0.00
18	Southport Sports Park Contribution	382.00	0.00	0.00	382.00	0.00	0.00
19	Botanic Gardens Museum, Roof and Lift	425.00	0.00	0.00	425.00	0.00	0.00
20	Improvements to Bedford Park	90.00	0.00	90.00	0.00	0.00	0.00
21	Improvements to Liverpool Rd Recreation Ground	65.00	0.00	65.00	0.00	0.00	0.00
22	Improvements to Play Facilities	60.00	0.00	60.00	0.00	0.00	0.00
23	Flue Gas Filtration Work at Southport Crematorium	999.78	0.00	0.00	999.78	0.00	0.00
24	Purchase of Arts Centre Lease	300.00	0.00	0.00	300.00	0.00	0.00
	Total General	31,803.75	14,888.66	6,407.39	10,357.70	150.00	0.00
<u>Tourism</u>							
25	Southport Pier - Programmed Maintenance	200.00	0.00	50.00	50.00	50.00	50.00
26	Southport Pier repair / decoration	132.07	0.00	122.07	10.00	0.00	0.00
27	Another Place - relocation of statues	194.00	97.71	5.82	90.47	0.00	0.00
28	Floral Hall Improvement Project	7,669.04	1,924.93	5,744.11	0.00	0.00	0.00
29	Southport T I C relocation	59.14	0.00	59.14	0.00	0.00	0.00
	Total Tourism	8,254.25	2,022.64	5,981.14	150.47	50.00	50.00

Agenda Item 9

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

LEISURE AND TOURISM

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Southport Action Plan</u>							
30	Southport Marine Lake Improvements Zone 1	1,400.00	1,347.16	52.84	0.00	0.00	0.00
31	Southport T.C. Townscape Heritage Initiative Grants	875.60	174.70	700.90	0.00	0.00	0.00
	Total Southport Action Plan	2,275.60	1,521.86	753.74	0.00	0.00	0.00
TOTAL LEISURE & TOURISM SCHEMES		42,333.60	18,433.16	13,142.27	10,508.17	200.00	50.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

REGENERATION

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
General							
1	Development Fund	521.00	475.43	45.57	0.00	0.00	0.00
2	Development Fund 2008/09: Cultural quarter Other projects	100.00 150.00	3.30 0.00	96.70 150.00	0.00 0.00	0.00 0.00	0.00 0.00
3	S.I.A Pump Priming - Feasibility Works	200.00	191.71	8.29	0.00	0.00	0.00
4	Leeds/Liverpool Canal	1,132.55	377.23	755.32	0.00	0.00	0.00
5	Lord Street Phase 2	3,664.07	1,777.90	1,886.17	0.00	0.00	0.00
6	Netherton Park Neighbourhood Centre	2,063.92	2,024.46	39.46	0.00	0.00	0.00
7	South Sefton Investment Centre	6,864.18	4,713.82	2,071.80	78.56	0.00	0.00
8	Water Centre Crosby	7,704.20	684.91	7,019.29	0.00	0.00	0.00
9	Crosby Marine Lake - Water Quality Imprvmt.	700.00	5.70	550.58	143.72	0.00	0.00
10	SLEGI early spend - FAB Pilot project	106.00	88.57	17.43	0.00	0.00	0.00
11	SLEGI early spend - P.R. Consultants	125.00	115.55	9.45	0.00	0.00	0.00
12	Southport Commerce Pk. - 3rd phase Devel.	1,000.00	0.00	0.00	1,000.00	0.00	0.00
13	Southport Commerce Pk. - Primary Sub Station	15.00	0.00	15.00	0.00	0.00	0.00
14	Old Schemes	804.36	719.94	84.42	0.00	0.00	0.00
Total General		25,150.28	11,178.52	12,749.48	1,222.28	0.00	0.00
Section 106 Agreements							
15	Chaffers & Brookvale-96/0734/S	26.00	0.00	0.00	26.00	0.00	0.00
16	Brookvale Children's Playspace-96/0734/S	46.87	0.00	0.00	46.87	0.00	0.00
17	Waddicar Ln - Application No.2000/774 Traffic Calming Off St. cycle route	18.00 24.00	0.00 0.00	0.00 0.00	18.00 24.00	0.00 0.00	0.00 0.00
18	26 - 30 Westcliffe Rd - S'brook Pk. Rec. Grnd.	30.16	0.00	0.00	30.16	0.00	0.00
Total Section 106 Agreements		145.03	0.00	0.00	145.03	0.00	0.00
Housing Regeneration Schemes							
Home Improvement Grants							
19	Previous Years' Approvals	4,807.94	4,553.00	254.94	0.00	0.00	0.00
20	2007/08 Approvals	747.87	425.02	322.85	0.00	0.00	0.00
21	2008/09 Approvals	700.00	0.00	337.50	262.50	100.00	0.00
22	2009/10 Approvals	700.00	0.00	0.00	400.00	200.00	100.00
23	Grant Administration Fees	297.60	176.80	70.00	50.80	0.00	0.00
Total Home Improvement Grants		7,253.41	5,154.82	985.29	713.30	300.00	100.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

REGENERATION

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
General							
24	Energy Efficiency Grants	337.53	260.53	77.00	0.00	0.00	0.00
25	Landlord Accreditation / HMO's	35.00	29.78	5.22	0.00	0.00	0.00
26	Green Business Project	252.89	199.50	53.39	0.00	0.00	0.00
27	Neighbourhood Renewal Assessment, S'port	65.00	1.43	0.00	63.57	0.00	0.00
28	Empty Homes Strategy	290.00	276.49	13.51	0.00	0.00	0.00
29	Private Sector Stock Condition Survey	43.08	38.21	4.87	0.00	0.00	0.00
30	Strategic Housing Market Assessment	50.00	20.65	29.35	0.00	0.00	0.00
31	Housing Act - Works in Default	35.00	0.00	35.00	0.00	0.00	0.00
32	Older Persons Hsg Strat.- extra care provn.	3,000.00	0.00	0.00	500.00	2,500.00	0.00
33	Contribution to HMRI re demolition	1,300.00	0.00	1,300.00	0.00	0.00	0.00
34	Contribution to HMRI 2008/09	7,500.00	0.00	2,500.00	2,500.00	2,500.00	0.00
35	Unallocated - Housing Requirement	25.00	0.00	25.00	0.00	0.00	0.00
36	Old Schemes	20.24	0.00	20.24	0.00	0.00	0.00
Total General (Housing)		12,953.74	826.59	4,063.58	3,063.57	5,000.00	0.00
TOTAL REGENERATION SCHEMES		45,502.46	17,159.93	17,798.35	5,144.18	5,300.00	100.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>New Construction</u>							
1	Thornton Switch Island Link Scheme (Council Contribution)	5,912.00	0.00	110.00	1,678.00	512.00	3,612.00
<u>Carriageways / Priority Maintenance</u>							
2	A5090 Hawthorne Rd	3,352.44	1,154.13	396.48	256.78	1,545.05	0.00
3	Old & Completing Schemes	2.30	0.00	2.30	0.00	0.00	0.00
<u>Carriageway Resurfacing</u>							
4	Boundary St Southport	58.00	0.00	58.00	0.00	0.00	0.00
5	Mostyn Avenue Aintree	68.07	0.00	68.07	0.00	0.00	0.00
6	Kirklake Road Formby	44.00	0.00	44.00	0.00	0.00	0.00
7	Asland Gardens Southport	22.00	0.00	22.00	0.00	0.00	0.00
8	Rathbone Road Hightown	14.00	0.00	14.00	0.00	0.00	0.00
9	Balliol Road Bootle	123.00	0.00	123.00	0.00	0.00	0.00
10	Peach Grove Melling	14.00	0.00	14.00	0.00	0.00	0.00
11	Kilburn Street Bootle	45.00	0.00	45.00	0.00	0.00	0.00
12	Liverpool Rd North Maghull	108.00	0.00	108.00	0.00	0.00	0.00
13	Brasenose Road Bootle	41.00	0.00	41.00	0.00	0.00	0.00
14	Trinity Road Bootle	59.00	0.00	59.00	0.00	0.00	0.00
15	Liverpool Rd South Maghull	86.00	0.00	86.00	0.00	0.00	0.00
16	Oxford Road Waterloo	81.00	0.00	81.00	0.00	0.00	0.00
17	Back Dover Road Maghull	26.00	0.00	26.00	0.00	0.00	0.00
18	Downside Close Netherton	26.00	0.00	26.00	0.00	0.00	0.00
19	Kendal Drive Aintree	77.00	0.00	77.00	0.00	0.00	0.00
20	Southport Road Bootle - Northbound	84.00	0.00	84.00	0.00	0.00	0.00
21	Southport Road Bootle - Southbound	140.00	0.00	140.00	0.00	0.00	0.00
<u>De Trunking</u>							
22	A565 Detrunked Derby Rd	34.00	0.00	34.00	0.00	0.00	0.00
23	A565 Crosby Rd South Seaforth	101.00	0.00	101.00	0.00	0.00	0.00
24	A565 Water Lane Southport	70.00	0.00	70.00	0.00	0.00	0.00
25	A59 Northway - Maghull Phases 1-4	261.00	0.00	261.00	0.00	0.00	0.00
26	A565 Liverpool Road - Crosby	155.00	0.00	155.00	0.00	0.00	0.00
27	A565 The Bypass - Crosby	76.00	0.00	76.00	0.00	0.00	0.00
28	A565 Crosby Road North - Crosby	221.00	0.00	221.00	0.00	0.00	0.00
29	A565 Rimrose Road - Seaforth	106.00	0.00	106.00	0.00	0.00	0.00
30	A565 Formby Bypass Tesco	45.00	0.00	45.00	0.00	0.00	0.00
31	A565 Scaffold Lane/Northern Lane/Lady Green Lane	90.00	0.00	90.00	0.00	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
32	A565 Rimrose Road/St Joan of Arc/Marsh Lane	85.00	0.00	85.00	0.00	0.00	0.00
	Street Lighting						
33	Park Crescent	78.00	0.00	78.00	0.00	0.00	0.00
	Drainage						
34	Investigations	50.00	0.00	50.00	0.00	0.00	0.00
35	Scarbrick New Rd Southport	50.00	0.00	50.00	0.00	0.00	0.00
	Total Carriageways / Priority Maintenance	5,892.81	1,154.13	2,936.85	256.78	1,545.05	0.00
	Bridges and Structures						
	Assessment of Bridges						
36	Assessment (Retaining Walls)	20.00	0.00	20.00	0.00	0.00	0.00
37	Forward Planning & Co-ordination	160.00	0.00	60.00	50.00	50.00	0.00
	Bridge Strengthening						
38	Principle Inspection Works	140.00	0.00	60.00	80.00	0.00	0.00
39	Network Rail Structures	75.00	0.00	75.00	0.00	0.00	0.00
40	Parapet Strengthening	25.00	0.00	25.00	0.00	0.00	0.00
41	A565 Crosby Rd Flyover CP Scheme	174.42	170.92	3.50	0.00	0.00	0.00
42	Mersey Road	358.55	268.55	90.00	0.00	0.00	0.00
43	Bedford Road	196.97	79.81	117.16	0.00	0.00	0.00
44	South Road	124.25	14.25	110.00	0.00	0.00	0.00
45	Waterloo Railway - 5 Lamps	168.36	18.36	150.00	0.00	0.00	0.00
46	Bull Bridge	53.53	30.53	23.00	0.00	0.00	0.00
47	Everton View	144.43	0.00	144.43	0.00	0.00	0.00
48	Dunnings Centre	65.00	0.00	65.00	0.00	0.00	0.00
49	Little Altcar	2.00	0.00	2.00	0.00	0.00	0.00
50	Canal Bridge Painting	16.00	0.00	16.00	0.00	0.00	0.00
51	Hillside Station Bridge Painting	88.00	0.00	88.00	0.00	0.00	0.00
52	Poverty Lane	20.00	0.00	20.00	0.00	0.00	0.00
53	Old and Completing Schemes	5.68	0.00	5.68	0.00	0.00	0.00
	Total Bridges and Structures	1,837.19	582.42	1,074.77	130.00	50.00	0.00
	Integrated Transport Programme						
54	Current Schemes	23,467.40	15,232.38	3,215.21	2,754.81	2,265.00	0.00
	Other Schemes						
55	Southport Cycle Town	258.00	0.00	258.00	0.00	0.00	0.00
56	Old and Completing Schemes	6.66	0.00	0.00	6.66	0.00	0.00
	Total Other Technical Services Schemes	264.66	0.00	258.00	6.66	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Provision for New Starts - Subject to Report</u>							
57	Block Allocations	4,960.74	0.00	0.00	2,211.74	2,749.00	0.00
58	Detrunking Grant Allocation 2009/10 & 2010/11	1,019.00	0.00	0.00	793.00	226.00	0.00
TOTAL TECHNICAL SERVICES SCHEMES		43,353.80	16,968.93	7,594.83	7,830.99	7,347.05	3,612.00

Agenda Item 9

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2008/09 - 2011/12

FORMER HOUSING REVENUE ACCOUNT

1	2	3	4	5	6	7	8
REF NO	PROJECT DESCRIPTION	TOTAL COST	EXPEND. TO 31.3.2008	2008/09	2009/10	2010/11	2011/12 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
	<u>Committed Schemes</u>						
1	<u>Bootle Village SRB Scheme</u>	3,777.71	3,742.78	34.93	0.00	0.00	0.00
2	<u>Lonsdale Road Homeless Hostel</u>	40.00	2.24	37.76	0.00	0.00	0.00
3	<u>Retained Contracts - Outstanding Liabilities</u>	300.00	118.50	181.50	0.00	0.00	0.00
	TOTAL FORMER HRA SCHEMES	4,117.71	3,863.52	254.19	0.00	0.00	0.00

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REPORT TO: Cabinet
Council

DATE: 26 February 2009
26 February 2009

SUBJECT: Revenue Budget 2009/2010 – Budget Update

WARDS AFFECTED: All

REPORT OF: **Paul Edwards**
Finance and Information Services Director
0151 934 4082

CONTACT OFFICER: **Lynton Green**
Senior Assistant Finance & IS Director
0151 934 4096

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To advise Cabinet of current issues relating to the completion of the 2009/2010 budget process.

REASON WHY DECISION REQUIRED:

The Council must set a budget and a Council Tax by 10 March 2009 at the latest.

The Council's Constitution, in accordance with Statute, requires the Cabinet to propose a budget to Budget Council.

RECOMMENDATION(S):

Cabinet is recommended to:

1. Note the confirmed impact of external levies on the Council Tax;
2. Note the Finance and Information Services Director's assessment on the robustness of the each of the three Party Group Proposals;
3. Consider any comments from the Overview and Scrutiny Committee;
4. Recommend a Budget to Council for 2009/2010;
5. Note the intention to provide a verbal update on the precepts from the Police and Fire Authorities; and
6. Note the final Parish Precepts for 2009/2010.

KEY DECISION:

No, this report does not represent a key decision in itself but it does form an integral part of the Budget process for 2009/2010, which is a key decision for the Council.

FORWARD PLAN:

No – see above

Agenda Item 10b

IMPLEMENTATION DATE: Following the expiry of the call-in period for this meeting.

ALTERNATIVE OPTIONS: There are no alternatives. The Council must set a budget and a Council Tax by 10 March 2009 at the latest.

IMPLICATIONS:

Budget/Policy Framework: Decisions taken as a consequence of this report will influence the Council's Revenue Budget and Council Tax for 2009/2010 and thereby shape the Council's financial plans for that year.

Financial: See above

<u>CAPITAL EXPENDITURE</u>	2008/ 2009 £	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: The Council is required to set a Budget and Council Tax level by 10 March 2009.

Risk Assessment: None

Asset Management: None

CONSULTATION UNDERTAKEN/VIEWS

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Agenda Item 10b

1 Introduction

- 1.1 The Council is legally required to fix its budget and set a Council Tax for 2009/2010 by 10 March 2009. A special budget Council has been arranged for 26 February 2009.
- 1.2 Cabinet on 5 February 2009 referred the Liberal Democrat Party Group proposed budget for 2009/2010 to the Overview and Scrutiny (O&S) Committee (Performance and Corporate Services) for its consideration and requested comments on the proposed budget. The proposed budgets from the Labour and Conservative Party Groups have since been agreed and they were also forwarded to O&S Committee for consideration. This report asks Members to consider the comments received from the O&S Committee, note the amendments to the overall budget due to the confirmed levies, and to recommend a budget to this evening's Special Budget Meeting of the Council.

2 Current Position

- 2.1 Since the last report, the relevant authorities have now approved all levies and the additional impact on Sefton's Council Tax of 0.70% has been confirmed. The final levies are shown in the table below.

Levying Body	Levy	Final	Net	Increase
	2008/2009 £	Levy 2009/2010 £	Increase £	%
Merseyside Passenger Transport Authority	22,562,000	23,422,000	860,000	3.81
Waste Disposal Authority	12,285,393	12,809,122	523,729	4.26
Environment Agency	141,324	145,827	4,503	3.19
Sea Fisheries	43,540	44,802	1,262	2.90
Port Health Authority	95,700	99,500	3,800	3.97
	35,127,957	36,521,251	1,393,294	3.97

Recommendation 1:

Note the confirmed impact of external levies on the Council Tax.

3 Finance and Information Services Director's Assessment of the 2009/2010 Party Group Proposals

- 3.1 In accordance with the Local Government Act 2003, the Council's Section 151 Officer, the Finance and Information Services Director is required to provide a statement on the proposed Revenue Budget in relation to the Robustness of Budgets and Adequacy of Reserves. Cabinet on 5 February 2009 referred the draft budget of the Liberal Democrat Group to Overview and Scrutiny Committee for consideration. Subsequent to that meeting the Labour and Conservative Groups have finalised their budget proposals. Each of these budgets are attached at **Annexes A1 – 3** respectively.

3.2 Having reviewed the three budget proposals, the Finance and Information Services Director considers that the key elements of each budget are not materially different. There are some minor variations in the provisions for certain costs and alternative growth proposals in each of the Groups' budgets but the below assessment is equally valid for all budgets.

3.3 **Level of Balances** - The Finance and Information Services Director has recommended a minimum annual increase in unallocated general balances of £0.500m. The draft budget provides for this minimum amount in 2009/2010, taking general balances to £3.860m at 31 March 2010.

This continues the recent progress towards a more appropriate level of unallocated balances for an authority of Sefton's type and size.

Notwithstanding these comments, it is essential that balances at the end of 2009/2010 are as budgeted and expenditure is managed within approved budgets.

In addition to these unallocated balances, the proposed budget incorporates a number of reserves earmarked for specific liabilities. The most significant of these reserves, the Modernisation Reserve, holds £2.5m of uncommitted resources to meet one-off expenditure costs in 2009/2010 and future years. It is anticipated that this Fund will be increased by a one-off contribution of £1.5m from the Insurance Fund.

Furthermore, Cabinet on 5 February 2009 agreed to establish a Budget Pressures Reserve to address unpredictable and non-absorbable costs due to increasing demand, excess inflationary costs and the impact of the current economic situation. It is anticipated that this Reserve will be established by an initial one-off contribution of around £1.5m from the Insurance Fund, topped up by an additional figure in each of the party proposals.

The process for Service Directors to access this Reserve is currently in development and will be presented to Cabinet as part of the MTFP Update report on 19 March 2009. The availability and controls around these resources will improve the stability and financial standing of the proposed budget.

3.4 **Robustness of Budgets** - The key areas of budgetary risk for the Council in 2009/2010 relate to known areas of demand led pressures, the outcome of the Pay and Grading exercise, the National Pay Award and inflation, together with the impact of the current economic situation. Each of the issues are, to a certain extent, externally driven and the Authority has limited opportunity to eliminate any additional costs.

- i. **Demand Led costs** – These services have been considered separately from all other services and special provision has been made in the draft budget to address the following anticipated pressures:
 - Agency services on health and social care;
 - Children's agency budgets; and
 - Associated increases in the cost of transporting clients.

The 2009/2010 MTFP originally allocated £1m additional funding for these priority services, however each of the draft party budgets propose to increase these resources to more than £3m in accordance with the advice of the Finance and Information Services Director.

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Despite this there remains uncertainty around these costs, in particular in relation to the impact of the forthcoming enquiries into the recent Haringey/Baby P case. However, the existence of the Budget Pressures Reserve will support the Council's overall financial standing.

- ii. **Job evaluation / Equal Value costs** – the Council is currently finalising its job evaluation exercise to introduce a new pay structure. The final cost of this exercise will be determined by a number of factors yet to be agreed. The Council's Modernisation Reserve is considered adequate to meet the anticipated costs of this review.
- iii. **National Pay Award and Inflation** – all three budget proposals exclude any provision for the impact of any inflationary pressures on departmental budgets, with the exception of Priority Services for which 2% has been provided. This is a unique decision for the Authority and clearly will not be realistic or appropriate for all types of expenditure in all services. However, it is based on the recent and forecast movements in the Consumer Price Index (CPI), and is in the context of additional contributions to the Budget Pressures Reserve to meet any unavailable **and** non-absorbable price rises.

Similarly, the individual budget proposals include provision for the 2009 Pay Award at between 1.75% and 1.9%. In the context that the 2008 Pay Award remains unconfirmed at the current offer of 2.47% there is a case that the proposals are too low. However, given the forecast level of inflation and general economic situation it is not considered that there is a significant risk of a **substantial** shortfall in funding for the budget.

- iv. **Current Economic Situation** – Members will be fully aware of the downturn in the worldwide economic climate. Whilst the implications of this situation have been reflected in a revision in the forecast return on investments there are likely to be other less predictable variations.

Generally, the draft base budget rolls forward existing income levels for all services but there is already a downturn in income for Planning, Building Control and Land Charge services. Service Directors will be expected to review their existing service **costs** if income levels fall although the Budget Pressures Reserve will be available to avoid any unavoidable increased costs.

- 3.5 **Implications on Future Years** – As in previous years the position presented within the MTFP has already highlighted a budget gap in future years. Unlike previous years however, the budget proposals have not been balanced by the use of one-off efficiencies. It is anticipated that this development should minimise the increase in the budget gap in future years. The MTFP for 2010/2011 – 2012/2013 will be presented to Cabinet in March 2009. Following the introduction of three-year settlements there will be less uncertainty for future years but the following factors will influence the actual budget position:

- i. Capital Programme New Starts
- ii. Pay and Grading Review
- iii. Government Spending Review 2009

3.6 **Summary of the Finance and Information Services Director's Assessment**

The above statement identifies the key risks that the Council faces financially over the next financial year and, whilst there are certainly areas of risk and unpredictable challenges, all three budget proposals are acceptable. However, the final Council budget has yet to be prepared and relevant Members will need to take account of the issues set out in this report in finalising the 2009/2010 budget.

Recommendation 2:

Note the Finance and Information Services Director's assessment on the robustness of the each of the three Party Group Proposals.

4 Comments from Overview & Scrutiny Committee

- 4.1 As part of the ongoing process of involving Overview & Scrutiny Committees in the budget setting process, Members have been kept informed through regular updates. The budget report to Cabinet on 5 February 2009 has been passed to the Overview & Scrutiny (Performance and Corporate Services) Committee for consideration.
- 4.2 Overview & Scrutiny (Performance and Corporate Services) Committee considered the report at their meeting on 17 February 2009. Any comments from the Committee will be circulated separately prior to the meeting.

Recommendation 3:

Consider any comments from the Overview & Scrutiny Committee.

5 Budget Recommendation to Council

- 5.1 Having considered comments from the Overview & Scrutiny Committee, Cabinet is requested to recommend a Budget for consideration at tonight's Council meeting.

Recommendation 4:

Recommend a Budget to Council for 2009/2010.

6 Joint Authority Precepts

- 6.1 The Police Authority are due to approve their budget / precept for 2009/2010 on 19 February, with the Fire and Civil Defence Authority meeting on the afternoon of 26 February 2009. The decisions from these meetings will be verbally reported to Cabinet.
- 6.2 It should be noted that any Government capping intervention in relation to these precepts will be issued directly to the Joint Authorities.

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7 Parish Precepts

7.1 All Parish Precepts have now been set for 2009/2010; they are set out below for information: -

Parish	2008/2009		2009/2010		
	Precept	Addition to Council Tax	Precept	Addition to Council Tax	Change in Band D
	£	(Band D) £ p	£	(Band D) £ p	%
Aintree	125,000	54.63	125,000	54.67	0.08
Formby	35,000	3.68	35,000	3.69	0.24
Hightown	3,750	4.22	3,750	4.19	-0.63
Ince Blundell	1,375	7.13	1,450	7.59	6.46
Little Altcar	2,500	8.57	2,500	8.70	1.49
Lydiate	129,862	57.86	149,862	66.64	15.17
Maghull	627,912	87.20	636,678	88.84	1.88
Melling	18,000	16.41	18,000	16.50	0.55
Sefton	3,500	14.80	3,500	14.95	1.03
Thornton	4,000	4.87	4,500	5.52	13.39
	950,899		980,240		

Recommendation 5:

Note the intention to provide a verbal update on the precepts from the Police and Fire Authorities.

Recommendation 6:

Note the final Parish Precepts for 2009/2010.

8 Recommendations:

Cabinet is recommended to:

1. Note the confirmed impact of external levies on the Council Tax;
2. Note the Finance and Information Services Director's assessment on the robustness of the each of the three Party Group Proposals;
3. Consider any comments from the Overview & Scrutiny Committee;
4. Recommend a Budget to Council for 2009/2010;
5. Note the intention to provide a verbal update on the precepts from the Police and Fire Authorities; and
6. Note the final Parish Precepts for 2009/2010.

Annex A1

Budget Proposal of the Liberal Democrat Group

	£m	£m
1 Base Budget as at 22 January 2009		235.880
2 Less Use of ABG for Key Priorities		-2.306
3 Less Reduction in Pension Fund Provision		-0.200
4 Less Reduction in Pay award Provision to 1.8%		-0.193
		<u>233.181</u>
Plus Priority Service Growth:		
5 Adult Social Care	1.750	
6 Children's Services - Looked After Children	0.750	
7 Specialist Transport Unit	0.750	
	<u>3.250</u>	
8 Less Existing MTFP Provision	-1.000	
9 Additional Provision for Priority Services Growth		2.250
Plus Other Service Growth		
10 Provision for Capital Financing Costs for new capital schemes	0.067	
11 Graffiti - 1 additional team	0.080	
12 Hillsborough Memorial refurbishment	0.002	
13 Scrutiny Function - Research/Support Costs	0.015	
14 Review of Electoral / Scrutiny Staffing	0.015	
15 Double rating	0.085	
16 Shop Mobility	0.025	
17 Other Growth Previously Agreed	0.111	
18 Tree Planting / Arboricultural Services	0.020	
	<u>0.420</u>	
19 Less Existing MTFP Provision	-0.500	
20 Reduced Provision for Other Services Growth		-0.080
Less Other Savings Proposals		
21 Introduction of additional green bins	-0.080	
22 Restructure of Arts Development	-0.018	
		-0.098
23 Additional Contribution to Budget Pressures Reserve		0.300
24 Draft Base Budget 2009/10		<u>235.553</u>

	%	
Sefton Services Council Tax Increase	2.18	
Plus Levies Services Council Tax Increase	<u>0.70</u>	
Overall Sefton Council Tax Increase	<u>2.88</u>	*
* Police, Fire and Parish Precepts are in addition to this total		

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Annex A2

Budget Proposal of the Labour Group

	£m	£m
1 Base Budget as at 22 January 2009		235.880
2 Plus Delete Leisure Savings - Leisure Centres Review		0.102
3 Plus Delete Leisure Savings - Arts Development		0.030
4 Plus Delete Environmental Protection - Dog Warden		0.030
5 Less Use of ABG for Key Priorities		-2.306
6 Less Reduction in Pension Fund Provision		-0.200
7 Less Improved Efficiencies in Procurement		-0.200
8 Less Reductions in Advertising/Marketing		-0.050
9 Less Reductions in Use of Consultants		-0.050
10 Less Reduction in Provision for Pay Award to 1.9%		-0.097
		<u>233.139</u>
Plus Priority Service Growth:		
11 Adult Social Care	1.850	
12 Children's Services - Looked After Children	0.750	
13 Specialist Transport Unit	<u>0.750</u>	
	3.350	
14 Less Existing MTFP Provision	<u>-1.000</u>	
15 Additional Provision for Priority Services Growth		2.350
Plus Other Service Growth		
16 Provision for Capital Financing Costs for new capital schemes	0.068	
17 Land Drainage Emergency Pressures	0.010	
18 Stray Dogs - Out of Hours Service	0.015	
19 Hillsborough Memorial Refurbishment	0.002	
20 Other Growth Previously Agreed	0.111	
21 Unallocated Growth	<u>0.044</u>	
	0.250	
22 Less Existing MTFP Provision	<u>-0.500</u>	
23 Reduced Provision for Other Services Growth		-0.250
24 Additional Contribution to Budget Pressures Reserve		<u>0.200</u>
25 Draft Base Budget 2009/10		<u>235.439</u>

	%
Sefton Services Council Tax Increase	2.08
Plus Levies Services Council Tax Increase	<u>0.70</u>
Overall Sefton Council Tax Increase	<u>2.78</u> *
* Police, Fire and Parish Precepts are in addition to this total	

Notes:

1. This budget represents the lowest ever Council Tax increase in Sefton since the introduction of Council Tax in 1992/93.

2. The Area Based Grant residual funding of £24.2m must be reviewed to ensure that it is applied to support the achievement of LAA targets.

Annex A3

Budget Proposal of the Conservative Group

	£m	£m
1 Base Budget as at 22 January 2009		235.880
2 Less Reduced provision for Pay Award to 1.75%		-0.241
3 Less Use of ABG for Key Priorities		-2.306
4 Less Staffing review following downturn in economy		-0.100
5 Less Reduction in Pension Fund Provision		-0.200
		233.033
Plus Priority Service Growth:		
6 Health and Social Care	1.750	
7 Children's Services - Looked After Children	0.750	
8 Specialist Transport Unit	0.750	
	3.250	
9 Less Existing MTFP Provision	-1.000	
10 Additional Provision for Priority Services Growth		2.250
Plus Other Service Growth		
11 Provision for Capital Programme New Starts	0.068	
12 Land Drainage Emergency Pressures	0.010	
13 Street Name Plates	0.030	
14 Hillsborough Memorial Refurbishment	0.002	
15 Other Growth Previously Agreed	0.111	
16 Review of Electoral Staffing	0.006	
17 Tree Planting / Arboricultural Services	0.020	
	0.247	
18 Less Existing MTFP Provision	-0.500	
19 Additional Provision for Other Services Growth		-0.253
20 Additional Contribution to Budget Pressures Reserve		0.300
21 Draft Base Budget 2009/10		235.330

	%	
Sefton Services Council Tax Increase	1.99	
Plus Levies Services Council Tax Increase	0.70	
Overall Sefton Council Tax Increase	2.69	*
* Police, Fire and Parish Precepts are in addition to this total		

The Conservative Group recognise that Council Tax increases should be kept to a minimum, particularly in the current economic climate. We must, however, protect core budgets like Care for the Elderly and protection for the vulnerable. Over the next year staffing levels should be reviewed and, where appropriate, streamlined to reflect the present economic climate and help limit the Council Tax rises for 2010/11 and beyond.

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COUNCIL - 26 FEBRUARY 2009

REPORT OF THE LEADER OF THE COUNCIL - MATTERS DEALT WITH IN ACCORDANCE WITH RULE 16 OF THE ACCESS TO INFORMATION PROCEDURE RULES (SPECIAL URGENCY)

I wish to report that the Chair of the Relevant Overview and Scrutiny Committee has given his consent, under Rule 16 of the Access to Information Procedure Rules, to the following issue being dealt with, on the basis that the decisions could not be reasonably deferred.

CABINET - 22 JANUARY 2009

246. CHANGE OF DESIGNATION OF SPECIAL EDUCATIONAL NEEDS PROVISION

Further to Minute No. 58 of the meeting of the Overview and Scrutiny Committee (Children's Services) held on 6 January 2009 and Minute No. 121 of the meeting of the Cabinet Member - Children's Services held on 20 January 2009, the Cabinet considered the report of the Strategic Director of Children's Services on proposals which could present significant and substantial change to Local Authority provision for pupils with Special Educational Needs.

RESOLVED: That

- (1) the recommendations for changes to the provision for pupils with Special Educational Needs (SEN), as detailed in the report be approved for consultation; and
- (2) it be noted that the Chair of the Overview and Scrutiny Committee (Children's Services) had given his consent under Rule 16 of the Access to Information Procedure Rules for this decision to be treated as urgent on the basis that it cannot be reasonably deferred because the delay would cause uncertainty to parents of children with SEN or Learning Difficulties and Disabilities and may result in placement in out of Borough provision. This would create a significant delay in making savings for the Authority.

Councillor Tony Robertson
Leader of the Council

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COUNCIL - 26 FEBRUARY 2009

REPORT OF THE LEGAL DIRECTOR - MATTERS DEALT WITH IN ACCORDANCE WITH RULE 17 OF THE SCRUTINY PROCEDURE RULES (CALL-IN AND URGENCY)

I wish to report that the Chair of the Relevant Overview and Scrutiny Committee has given his consent, under Rule 17 of the Scrutiny Procedure Rules, to the following issue being dealt with, on the basis that the decisions could not be reasonably deferred and therefore not subject to call-in.

CABINET - 22 JANUARY 2009

247. CONNOLLY HOUSE/CENTENARY GARDENS, BOOTLE

Further to Minute No. 98 of the Cabinet meeting held on 7 August 2008, the Cabinet considered the report of the Strategic Director of Regeneration and Environmental Services on the proposed disposal of the Connolly House site and Centenary Gardens to Hugh Baird College, Bootle. The report also gave details of one objection received to the sale of Centenary Gardens following public advertisement and the detailed response to the issues raised in the objection.

RESOLVED: That

- (1) having noted and considered the formal objection to the disposal of the Public Open Space at Centenary Gardens, it is formally agreed to dispose of the land in accordance with the provisions of Section 123 of the Local Government Act 1972;
- (2) the terms and conditions set out in the report be approved and the Strategic Director of Regeneration and Environmental Services be instructed to agree any revised terms and conditions;
- (3) the Legal Director be requested to complete the Legal Documentation;
- (4) it be noted that the Chair of the Scrutiny and Review (Performance and Corporate Services) has given consent, under Rule 17 of the Scrutiny Procedure Rules, to the call in period being waived in respect of this matter, because Hugh Baird College have to submit the agreed terms for the sale to the Learning and Skills Council by 27 January 2009 in order that their grant funding application can be considered.

C. J. Elwood
Legal Director

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