

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 4th March, 2010 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

24 February 2010

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 - 10)

Minutes of the meeting held on 14 January 2010

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 Committee 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. Governance Review – Workstreams on the Sefton Borough Partnership and Area Management

(Pages 11 - 22)

Report of the Chief Executive

8. Proper Officer Functions

(Pages 23 - 28)

Report of the Chief Executive

9. **Treasury Management Policy and Strategy 2010/11** (Pages 29 - 64)
Report of the Acting Finance and Information Services Director
10. **The Prudential Code for Capital Finance in Local Authorities - Prudential Indicators** (Pages 65 - 76)
Report of the Acting Finance and Information Services Director
11. **Capital Programme 2010/11 - 2012/13** (Pages 77 - 102)
Joint report of the Acting Finance and Information Services Director and the Strategic Directors – Children, Schools and Families; Communities; and Social Care and Well-Being
12. **Council Tax for 2010/11**
- a) Local Government Act 2003 - Chief Financial Officer's Requirements (Pages 103 - 114)
Report of the Chief Executive and Section 151 Officer
- b) Statements by Party Group Leaders
To receive statements by the three Party Group Leaders on the Revenue Budget for 2010/11
- c) Revenue Budget 2010/11 and Medium Term Financial Plan (Pages 115 - 134)
To consider the report of the Chief Executive on the Revenue Budget 2010/11 together with any recommendations from the meeting of the Cabinet on 4 March 2010 **(to be circulated at the Council meeting)**
- d) Council Tax 2010/11
To determine the level of Council Tax to apply for Sefton Council for the financial year 2010/11 and the level of consolidated tax (including precepts) to apply in Sefton for 2010/11
- A copy of the draft Budget Resolution will be circulated at the Council meeting**
13. **Membership of Committees 2009/10**
To consider any changes to the Membership of any committees etc.

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

COUNCIL

MEETING HELD AT THE TOWN HALL, BOOTLE ON THURSDAY 14TH JANUARY, 2010

PRESENT: The Mayor (Councillor Doran) (in the Chair)
The Deputy Mayor (Councillor M Fearn) (Vice Chair)

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

64. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Brennan, Byrom, Colbert, Fenton, McGinnity, Mahon, Papworth, Pearson, Platt, Preston and Sir Ron Watson.

65. DECLARATIONS OF INTEREST

No declarations of interest were received.

66. MINUTES

RESOLVED:

That the Minutes of the Extraordinary and Ordinary Meetings of the Council held on 17 December 2009 be confirmed as a correct record.

67. MAYOR'S COMMUNICATIONS

New Year Wishes

The Mayor extended belated best wishes to Members of the Council and Council Officers for a happy and successful New Year.

Sefton Council's Response to Extreme Weather Conditions

The Mayor expressed thanks on behalf of the Council for the manner in which Sefton Council staff had responded to the recent severe weather

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conditions. Weather of such severity will always cause disruption and it is to the credit of the staff that this disruption to Council services was kept to a minimum.

Mayor's Charity Event 2010

The Mayor reminded Members of the Council that the Mayor of Sefton's Annual Charity Night would be held on 12 February 2010 at the Floral Hall, Southport and he requested Members to contact the Head of Civic and Mayoral Services as soon as possible to reserve a table as tickets were already selling steadily.

PUBLIC SESSION

68. MATTERS RAISED BY THE PUBLIC

The Mayor reported that Mr. Ian Hamilton Fazey, Chairman of the Waterloo Residents' Association had submitted a petition signed by 1,015 residents of the Borough, requesting the Licensing and Regulatory Committee to accept a number of recommendations in the Guidelines to the Licensing Act 2003, as set out in the agenda and in accordance with Rule 11.2 of the Council and Committee Procedure Rules, Mr. Fazey gave a brief statement on the content of the petition.

RESOLVED:

That the petition be referred without debate to the next meeting of the Licensing and Regulatory Committee to be held on 22 February 2010.

COUNCIL SESSION

69. QUESTIONS RAISED BY MEMBERS OF THE COUNCIL

The Council considered a written question from Councillor Shaw to the Cabinet Member - Communities together with a written response from the Cabinet Member.

70. STRATEGIC BUDGET REVIEW - FURTHER OPTIONS

Further to Minute No. 251 of the Cabinet meeting held on 17 December 2009, the Council considered the report of the Chief Executive which sought approval to the implementation of Strategic Budget Review Options to achieve budgeting savings.

It was moved by Councillor Robertson, seconded by Councillor Brodie-Browne.

"That approval be given to the implementation of the savings items detailed at Annex A of the report and Officers be authorised to implement them with immediate effect."

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An amendment was then moved by Councillor P. Dowd, seconded by Councillor Maher that the motion be amended by the deletion of all the words of the motion and the substitution of the following text:

"That subject to the deletion of Options 36 (Leisure GP Referral Scheme) and 55 (Health and Social Care Meal Charges), approval be given to the implementation of the savings items detailed at Annex A of the report and Officers be authorised to implement them with immediate effect."

The requisite number of Members having signified their wish that the voting on the amendment should be recorded in accordance with Rule 18.4 of the Council and Committee Procedure Rules, the voting was duly recorded and the Members of the Council present at the time, voted as follows:-

FOR THE MOTION:

Councillors Bradshaw, Brady, Cluskey, Cummins, M. Dowd, P. Dowd, Fairclough, Friel, Gustafson, D. Hardy, P. Hardy, Kerrigan, Maher, Moncur, Tweed, Veidman, and Webster.

AGAINST THE MOTION

Councillors Barber, Bigley, Blackburn, Booth, Brodie-Browne, Byrne, Connell, Cutherbertson, Dodd, M. Fearn, Lord Fearn, Gibson, Glover, Griffiths, Hands, Hill, Hough, Howe, Ibbs, D. Jones, T. Jones, Larkin, McGuire, C. Mainey, S. Mainey, Parry, Porter, B. Rimmer, D. Rimmer, Roberts, Robertson, Shaw, Storey, Sumner, Tattersall, Tonkiss and Weavers.

ABSTENTION:

Councillor Doran.

The amendment was lost by 37 votes to 17 with one abstention.

Following further debate, on a show of hands, the Mayor declared that the substantive motion was carried by 37 votes to 17 with one abstention and it was

RESOLVED:

That approval be given to the implementation of the savings items detailed at Annex A of the report and Officers be authorised to implement them with immediate effect.

71. JOINT WASTE DEVELOPMENT PLAN - CONSULTATION ON PREFERRED OPTIONS

The Mayor reported that this item had been withdrawn from the agenda as the Overview and Scrutiny Committee (Regeneration and Environmental

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Services) have not had the opportunity to consider the report following the cancellation of its meeting on 5 January 2010 due to the extreme weather conditions.

The item would be brought back to a future Council meeting following consideration by the Overview and Scrutiny Committee, Planning Committee and the Cabinet.

72. ARTICLE 4(2) DIRECTION FOR MOOR PARK CONSERVATION AREA

Further to Minute No. 263 of the Cabinet meeting held on 14 January 2010, the Council considered the report of the Planning and Economic Regeneration Director which sought approval to make an Article 4(2) Direction within Moor Park Conservation Area so that planning permission will be required for a greater range of alterations to properties, helping to ensure that the character of the Conservation Area is maintained.

It was moved by Councillor Robertson, seconded by Councillor Brodie-Browne and

RESOLVED:

That authority be given to the making of a Direction under Article 4(2) of the Town and Country Planning (General Permitted Development) Order 1995 (as amended) in respect of the Moor Park Conservation Area.

73. MEMBERSHIP OF COMMITTEES 2009/10

Councillor Griffiths proposed the following changes in respect of the Membership of the Overview and Scrutiny Committee (Regeneration and Environmental Services):

- Councillor Papworth to be re-appointed as a Member in place of Councillor Bigley and re-appointed as the Chair of the Committee and that Councillor Sir Ron Watson be his Substitute
- Councillor Pearson to be re-appointed as the Vice-Chair and Councillor Roberts to be his Substitute
- Councillor Barber to be appointed on to the Committee in place of Councillor Roberts and Councillor Cuthbertson to be his Substitute.

Councillor Blackburn proposed the following change in respect of the Standards Committee:

- Councillor Sumner to be appointed as the Substitute Member for Councillor M. Fearn in place of Councillor Booth.

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RESOLVED:

That the proposed changes detailed above be approved.

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

The Council received 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).

75. NOTICE OF MOTION BY COUNCILLOR MCGUIRE

It was moved by Councillor McGuire and seconded by Councillor Tattersall:

"This Council notes that:

- 1. Climate change predictions show that without severe cuts in greenhouse gas emissions, the world will be hit by drought, flooding and famine affecting all of us, and poorest countries in particular. Some of these countries are already suffering from the effects of climate change. This is an issue of social justice as well as a call to take environmental action.*
- 2. Under the UK Climate Change Act 2008, the UK is due to cut its emissions by 34% by 2020, but according to climate change scientists, a cut of 10% in 2010 is in line with what is now needed to avert runaway climate change.*
- 3. Increasing numbers of Councils are signing up to the "10:10 Campaign" which seeks to persuade individuals, businesses, organisations and the UK government to reduce their CO2 emissions by 10% in 2010.*

This Council supports the aims and ambitions of the 10:10 Campaign and therefore resolves to sign up to the campaign as part of Sefton's commitment to tackling climate change."

It was then moved by Councillor Maher and seconded by Councillor P. Dowd that the motion be amended by the deletion of the text in the final paragraph and the substitution of the following text:

"This Council is of a mind to support the aims and ambitions of the 10:10 Campaign and requests the Overview and Scrutiny Committee (Regeneration and Environmental Services) to examine the feasibility of the Council signing up to the Campaign as part of Sefton's commitment to tackling climate change."

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Councillor McGuire accepted the amendment and requested that the Overview and Scrutiny Committee consider this issue at the earliest opportunity.

The Mayor advised the Council that in accordance with Rule 15.14 of the Council and Committee Procedure Rules, the motion would be referred to the Cabinet following consideration by the Overview and Scrutiny Committee for formal consideration of the financial implications, in advance of any budgetary commitment and prior to any action being taken to implement the decision.

Following further debate, the substantive motion was put to the vote and on a show of hands, it was

RESOLVED:

This Council notes that:

- (1) Climate change predictions show that without severe cuts in greenhouse gas emissions, the world will be hit by drought, flooding and famine affecting all of us, and poorest countries in particular. Some of these countries are already suffering from the effects of climate change. This is an issue of social justice as well as a call to take environmental action.
- (2) Under the UK Climate Change Act 2008, the UK is due to cut its emissions by 34% by 2020, but according to climate change scientists, a cut of 10% in 2010 is in line with what is now needed to avert runaway climate change.
- (3) Increasing numbers of Councils are signing up to the "10:10 Campaign" which seeks to persuade individuals, businesses, organisations and the UK government to reduce their CO2 emissions by 10% in 2010.

This Council is of a mind to support the aims and ambitions of the 10:10 Campaign and requests the Overview and Scrutiny Committee (Regeneration and Environmental Services) to examine the feasibility of the Council signing up to the campaign as part of Sefton's commitment to tackling climate change.

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REPORT TO: Cabinet Member - Performance and Governance
Cabinet
Council

DATE: 17th February 2010
4th March
4th March

SUBJECT: Governance Review – Workstreams on the
Sefton Borough Partnership and Area
Management

WARDS AFFECTED: All

REPORT OF: Chief Executive

CONTACT OFFICER: Samantha Tunney, Assistant Chief Executive
Steph Prewett, Ass Director Neighbourhoods

EXEMPT/ CONFIDENTIAL: No

PURPOSE/SUMMARY:

For the Cabinet Member for Performance and Governance to recommend to Cabinet the proposed structure and membership of the Sefton Borough Partnership and a number of principles relating to the partnership and area management development, with a view to making recommendations thereon to Council.

REASON WHY DECISION REQUIRED:

The Governance Review determined that most decisions should be implemented in the Municipal Year 2010/11, this decision on the structure, membership and principles governing the area management development and partnership development will allow a new structure to start in the new Municipal Year.

RECOMMENDATION (S):

The Cabinet Member Performance and Governance is requested to recommend to Cabinet, that Council:

- i) Approve the broad principles of area management as set out in paragraph 3.5
- ii) Approve the timescale for development of area management and the related area based thematic groups in the next municipal year (May 2010 to April 2011)
- iii) Approve the broad areas for development of area management as in paragraphs 3.6 and 3.7.
- iv) Approve the proposed roles and membership of the SBP Board and Operations Board, as set out in paragraphs 4.2-4.5
- v) Approve the approach to membership and structure outlined in paragraphs 4.6-4.11
- vi) Note the intention that quarterly reports from the Assistant chief Executive and Assistant Director Neighbourhoods will be submitted throughout the Municipal Year which will incorporate changes to membership and development of area management and area based thematic groups;
- vii) Give delegated authority to the Cabinet Member for Performance and Governance to approve any in year changes to the principles agreed in this report, but where the development relates to Area Management, that any proposals be approved by Cabinet.

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KEY DECISION: Yes

FORWARD PLAN: On appropriate forward plan for decision of Cabinet and Council 4th March

IMPLEMENTATION DATE: Following expiry of the call in of the minutes of this meeting.

ALTERNATIVE OPTIONS:

Continuation of the current structure, though a number of issues and inefficiencies have been raised through the consultation of the governance review.

IMPLICATIONS:

Budget/Policy Framework: .

Financial: There are no direct financial implications arising from this report, as these have all been considered and taken account of in the Council's overall budget.

<u>CAPITAL EXPENDITURE</u>	2006/ 2007 £	2007/ 2008 £	2008/ 2009 £	2009/ 2010 £
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?				

Legal: There are a number of statutory functions held by thematic groups which will continue to be undertaken by the respective thematics, but changes will be considered in the new structure and a definitive answer on accountabilities will be taken before May 2011

Risk Assessment: None.

Asset Management: None

CONSULTATION UNDERTAKEN/VIEWS:

Full Partnership Day December 2008
 Thematic Workshops November and December 2008
 Specific governance workshops March 2009
 A number of reports to SBP Board and Executive in 2009
 Regular reporting to the Governance Review Working Group
 Full Council Briefing on Area Management
 SBP Board meeting 2nd December
 Small Review Group meetings between July and November
 Informal meetings with Area Committees November and December 2009
 Full Council Briefing 14th January 2010
 SBP Executive 18th January 2010
 Governance Review Working Group 4th February 2010

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

Statutory Guidance, The Roles and Responsibilities of the Lead Member for Children's Services and the Director of Children's Services, Department of Children, Schools and Families (July 2009)
 Section 15 of the Local Government & Housing Act 1989

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1. **Background**

- 1.1 This report provides the Cabinet Member for Performance and Governance with a final report on the Governance Review workstream relating to the Sefton Borough Partnership and Area Management.
- 1.2 The governance review identified both these workstreams in a baseline document published in December 2008.
- 1.3 Sefton Borough Partnership has a long history of partnership working, externally recognised as good practice, and current strong delivery on the Local Area Agreement.
- 1.4 The partnership has been identified nationally as best practice. Government Office North West have consistently recognised the strengths of the partnership, including the engagement process for the development of the round 3 Local Area Agreement and the continuing achievement of outcomes. However, in the last update from Government Office North West reflected that LSP's had to change to become more strategic and to have a recognised part of the structure, which considered resources, shared services and organisational change.
- 1.5 Throughout the 13 months of the governance review, and for some months preceding, governance has been considered in a number of specific and routine meetings. This extensive consultation and engagement has led to a number of proposed reforms.

2. **The drivers for change for Sefton Borough Partnership**

- 2.1 The Governance Review baseline statement (December 2008) identified 4 issues for Sefton Borough Partnership:
 - The SBP needs to develop effective, and shared, risk management systems and agree a 'base template' to enable a risk register to supplement Sefton's Corporate Risk Register to be developed which can also slot neatly into key partners risk registers.
 - Elected Members involvement / 'buy in' to the Partnership and its Thematic Groups – comments have been made by some Members to the effect that they feel remote and are not involved in the process that delivers the Vision for Sefton. A key priority for the Overview and Scrutiny Committee (Performance and Corporate Services) will be the continued review of the LAA delivery outcomes, which should be used to build strong links between non-executive Members and the SBP.
 - There needs to be a mechanism for effective membership review, with clarity around the procedures for appointments / election to the Partnership.
 - The role of the Executive in relation to performance management needs to be developed so that the Executive defines, for the Thematic Groups, what it expects in terms of outcomes
- 2.2 Part of the early work for the governance review was undertaken through the CAA workshops held in November and December 2008. This provided an overview of where thematic groups placed the partnership, compared to their groups. In all four thematic groups the overall partnership (Board and Executive) was not thought to be as strong on delivery and function as the thematic groups.

2.3 This view was supported by the comments captured at the workshops.

Extracts from Comments from the workshops

Aims and objectives

- No input from governing bodies, no links between Theme and Board
- LSP does not hold theme groups to account
- Insufficient transparency

Structure and membership

- Question about the role of the LSP Board
- Need to prove LSP effectiveness and additionality
- How do people get onto the LSP?

Decision making and reporting

- Does the Board ever say 'No'?
- What is the accountability split between Board and Executive?
- Indicators need to be used to inform debate and decisions

2.4 The governance workshop, which was held on March 10th 2009, revisited some of these concerns articulated by the governance review and the CAA workshops. This workshop included members both of the partnership and those not on the partnership.

2.5 Some of the relevant issues are outlined below.

- Workshop participants reflected on the value of the SBP and the positive impact that partnership working was having in Sefton. Some participants explained that Councillors could feel isolated from the process and this was compounded by the representation of some groups on the SBP Board not having clarity. There was an in-depth discussion on the advantages and disadvantages of the Local Area Agreement (LAA) process which had enhanced priority setting in the partnership but had also dominated the agenda and was hard to engage with. It was agreed that in framing and refreshing the terms of reference the balance should be right so that the LAA was only one part of the focus of the SBP.
- There was discussion on the basis of the Executive, all of the workshop participants felt that the Executive should be different from the Board and that the Executive should be actively involved in delivering the Vision determined by the Board. There was some discussion about the individual participants of the Board and recognition that clarity had to be an aim of the review.
- The code of conduct, political balance on the partnership were not considered in detail but there was general agreement to these elements being considered if the SBP Executive were charged with updated and reviewing membership.
- It was agreed that the SBP Executive should be asked to consider reviewing the membership of the SBP Executive and Board to better reflect the improvement discussed.

2.6 A small review group was established which consisted of a number of members of the SBP Board. They met four times between July and November and their agreed fundamental principles are summarised below:

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- **On what being a Strategic Board means:** Strategy is the overall process of deciding the 'where' and the 'how', It does not need to deliver that strategic direction, but will need to be assured that it is being followed.
- **On what a vision for Sefton should be:** Identifiable as Sefton, and specific to Sefton's unique set of circumstances. Not necessarily everything the Council or other organisations are doing.
- On what should underpin the membership of the Board:
 - Leadership
 - Leaders of organisations, the non-executive
 - Strong links to the governing bodies
 - Smaller more focused membership
 - No duplication

3. The drivers for change for Area management

- 3.1 The Council's Decentralisation Agenda / Area Management was covered in the original Governance Review stage 1 document (December 2008) key points are replicated here.

The corporate commitment to the sign up and introduction of area management was agreed by the Council. The two key reasons for its introduction into Sefton are firstly, to enable the Council to have greater engagement with residents at a local level and further strengthen the role of ward members. Secondly, it provided an opportunity to co-ordinate, influence and deliver effective services at a local level.

The Area Committees will be the lead and key decision makers for area management and will be supported by area focused teams to deliver improvements to their neighbourhoods.

It is proposed that over the coming months, Officers will explore with Political Groups, how the Area Committees (supported by the Area Management teams) can take on the following key responsibilities:

- Engaging with the relevant parts of the Council and Sefton Borough Partnership structures to look at how services and priorities can be delivered at a local level.
- Monitoring the performance of targets and services that can be measured at an area level, this includes the Neighbourhood Charters.
- Feeding up local concerns and issues back into Council, other key partner organisations and Sefton Borough Partnership structures.
- Development of plans that set out local priorities, targets and actions.
- Influencing mainstream service outcomes.
- Consulting and engaging with local residents on all issues that affect local areas.
- Being the key conduit for consultation on large scale developments of strategies that impact on the area.
- Commissioning services, where appropriate and where resources permit.

- 3.2 Work has been undertaken to evidence how services are delivered at an area level. This has reviewed:

- How services are currently delivered
- What information is used to inform delivery and planning – existing data
- How are decisions taken and who is involved
- Where improvements can be made

- 3.3 The key findings from this piece of work were:

- Standard services delivered across the Borough – little evidence of local tailoring

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- Willingness from those providing services to work closer with partners at an area level
 - Varying degrees to which members are involved in existing area based arrangements
 - Members want increased powers, budgets and influence at an area level
- 3.4 The sessions held in November and December 2009, through informal meetings of the Area Committees raised the following issues
- Equal service will not tackle inequality; the inequality in areas has been there for generations
 - The links between the different areas of inequality should be more specific, is it family and/or area based
 - Area Committees need to be made more useful to residents and Members
 - Engagement by partners is very important
 - Need for services to know and understand their areas
 - A recognition that the evidence needs to be enhanced and can be better interpreted by using local knowledge
 - Data at Area Committee level masks issues
 - Interested in decentralisation to a manageable level
 - Recognition that there is some overlap on issues and there are some benefits e.g. working together on joint priorities / bigger budgets.
 - Need a mechanism to be able to manage issues around disparate priorities between the Area Committees
 - General consensus that the Area Committee needs more power, more resources and to bring people to the table (partners)
 - Recognition that partners will need to discuss how best to meet need, and have greater understanding of what resources are being spent in areas
 - Strong links needed to local geographically based partnerships (such as Southport Partnership).
- 3.5 These issues have been incorporated into the area management approach, and also the full briefing session held with Council in November 2009 about Area Management and potential models. The consistent principles from all of these consultations are clear requests from members for increased powers, budget and influence at an area level.
- 3.6 The development, over the next few months, for the emerging area management model will be
- Complete the resource mapping exercise
 - Continue the agreed interim arrangements
 - Work with services to get them to think and act on an area basis, rather than Sefton and their own service (recognition that this will not apply to all services)
 - Strengthen the Area Committees and give them more influence
 - Strengthening links with developing Customer Relationship Management to ensure Members are fully updated on issues being raised in their areas
- 3.7 All the consultation has led to a strong need for the following areas to be incorporated into area management with a timescale of the next municipal year (May 2010 – March 2011)
- Priority Setting
 - Local Plan Development
 - Monitoring of service delivery by areas
 - Influencing service delivery within the area
 - Consultation and information mechanism for things that impact on an area
 - Management of locally based projects
 - Devolution of Council functions, where appropriate

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- Involvement of partners
- Areas having a direct link to deliver partners and having a more explicit link to Sefton Borough Partnership

4. The proposed structure combining Area Committees and the Sefton Borough Partnership

- 4.1 The structure is outlined in the attached diagram (Appendix A). This shows a stronger link between areas and the Sefton Borough Partnership and a new top-level structure of the SBP, comprising of a Sefton Borough Partnership Board, and the Sefton Borough Partnership Operations Board.
- 4.2 The revised role of the Sefton Borough Partnership Board is to provide:
- Strategic vision
 - Leadership
 - Opportunities for governing bodies of key Sefton agencies to have consensus on priorities and direction that can then be enabled through their own organisations
- 4.3 The proposed membership of the Sefton Borough Partnership is based on the governing representatives of key Sefton Agencies:

Core members

- Sefton Council Leader and Leaders of the other Political Groups
- Chamber of Commerce
- Primary Care Trust Board
- Merseyside Police Authority (Councillor from Sefton)
- Merseyside Fire and Civil Defence Authority (Councillor from Sefton)
- Merseyside Probation Board
- Chair of Community Empowerment Network (CEN)
- Sefton Council for Voluntary Service (CVS)

Advisory members (to be called upon when their expertise or agreement is necessary)

- Merseyside Waste Disposal Authority (Councillor from Sefton)
- Merseyside Passenger Transport Authority (Councillor from Sefton)
- Registered Social Landlord representative
- College representative (from their governing bodies)
- Parish Council representative
- Representatives from the agreed geographical areas, to be determined by the area management development (May 2010 to March 2011)
- Government Office North West (Observer)

- 4.4 The proposed role of the SBP Operations Board is to:
- Deliver the Strategic Vision (of the Board)
 - Manage all resources, including all public sector resource (finance assets and staff) and as appropriate third sector resource
 - Performance understanding and direction, of Sefton as a whole and particularly on the priorities agreed by the SBP Board
- 4.5 The proposed membership of the SBP Operations Board is the senior managers of key Sefton Agencies, comprising of:
- Chief Executive, Sefton Borough Council
 - Chief Executive, NHS Sefton
 - Chief Superintendent Sefton Area, Merseyside Police
 - Area Commander, Merseyside Fire and Rescue Service
 - Senior Manager, Sefton Area, JobCentre Plus

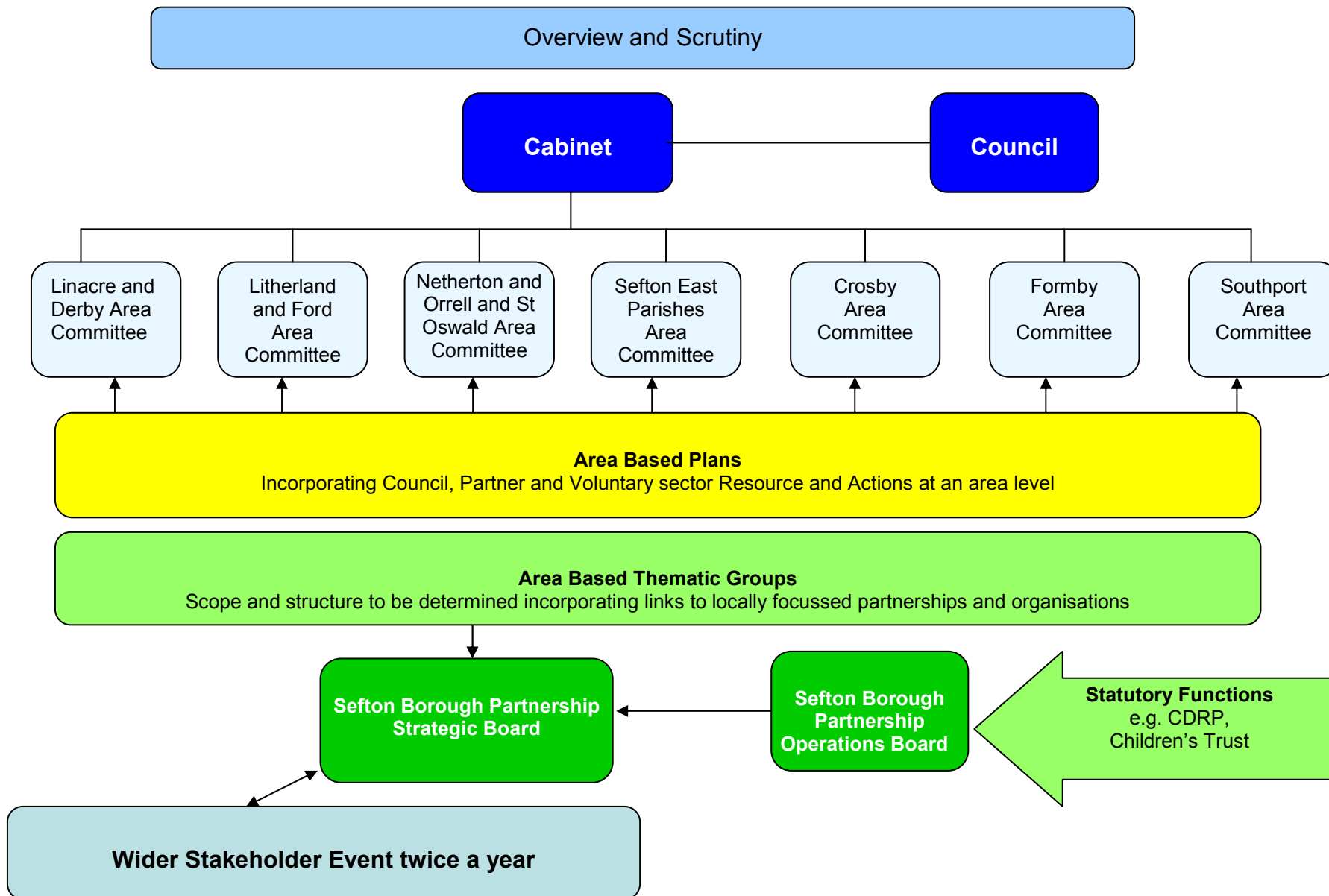
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- Chief Executive, Sefton CVS
 - Senior Manager, Sefton Area, Probation
 - Representative from Registered Social Landlords (currently nominated through the Housing Partnership)
 - Senior Manager, Sefton Area, Merseytravel
 - Strategic Director, Children, Schools and Families (statutory responsibility within the role to provide a leadership role within the Children's Trust, as well as working with the LSP as explained in the Statutory Guidance on the Roles and Responsibilities of the Lead Member for Children's Services and Director of Children's Services)
 - Director of Public Health, joint Sefton Borough Council and NHS Sefton
 - Representative from Further Education (Principal of one of the three Colleges)
- 4.6 The SBP Board and SBP Operations Board will continue to review their membership, with quarterly reports to Performance and Governance Cabinet Member. It is suggested that proposed changes to membership will be reported to the Cabinet Member, and that he be given delegated authority by Council to approve changes that fit with the role of both groups.
- 4.7 The need to adequately provide the links between the statutory responsibilities of the Children's Trust and the Crime and Disorder Reduction Partnership will be an issue that may inform membership amendments. Additional key agencies could be determined to have influence and there will be the option for a reduction in membership if agencies are not able to influence adequately at a Sefton level.
- 4.8 The proposed new structure incorporates a wider engagement event. This will be timetabled to allow this engagement to influence future priorities (this will happen in February or March each year) and to consider yearly performance (this will happen in August or September). The rationale is to allow wider engagement and influence than the current structure gives, potentially allowing young advisors, school governors and others to attend an event where the SBP is actively stating its aims and whether it has met its agreed aims.
- 4.9 The Area Based Thematic Groups are also shown on the proposed structure. The rationale for this development are the principles of influence of partners through area committees, the need for services and delivery targeted by geographical area in Sefton and the need to engage with other partnership structures which are geographically based (through the linked workstream of partnership mapping). The recommendation in this report are that development of the thematic area based groups are reported to Cabinet Member for Performance and Governance in line with the developments of area management, and following the same timescale of May 2010 to April 2011. Reports on changes to area management will need to be reported to Cabinet Member for Communities, but approved by Cabinet.
- 4.10 It should be noted that the final role of area committees and potential area based thematic groups is still subject to further consultation with Leaders Group, political groups and all members. The intention is to develop a simplified structure with less bureaucracy and duplication. There will be the potential in this development to have a combination of members and partners meeting at an area level as this could be the most productive approach for Sefton or for individual areas, there could also potentially be the option of specific task and finish groups to deliver on thematic issues in areas or for smaller geographical areas. The structure remains fluid at the present time with the guiding principles and local circumstances determining the eventual approach.
- 4.11 The principle of political balance will broadly relate to the SBP Board and will be determined by the nominations to Outside Bodies as currently happens at the start of

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each Municipal Year. The approach to political balance will use Section 15 of the Local Government and Housing Act 1989 that sets out the process for the allocation of seats based on the political balance of the Council. If members of the authority are divided into political groups there is a duty to allocate seats on specified bodies to the political groups in accordance with the Act, though the SBP is not a specified body it is proposed it will follow these principles. Whilst the above Act does not refer to appointments to outside bodies / partnerships where less than 3 appointments are made, the principle of proportionality on the overall representation on such bodies is applied as far as possible.

Appendix A: Proposed Governance Structures



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REPORT TO	Cabinet Council
DATE	4 th March 2010 4 th March 2010
SUBJECT	Proper Officer Functions
WARDS AFFECTED	All
REPORT OF	Chief Executive
CONTACT OFFICER	Mr M Fogg Director of Corporate Services
EXEMPT/ CONFIDENTIAL	No

PURPOSE/SUMMARY:

To report a proposal that the statutory duties in relation to Electoral Administration and of the Acting/Returning Officer in relation to Parliamentary, Local, Parish and European Elections, be attached to the post of Assistant Chief Executive, with effect from 1st April 2010.

To propose that the Assistant Legal Director shall assume the role of Monitoring Officer for the Council from 1st April, 2010 until his departure in July 2010, and that the Assistant Director (Democratic Services) shall be appointed as Deputy Monitoring Officer and Proper Officer in relation to the registration of Births, Marriages and Deaths with effect from 1st April, 2010.

REASON WHY DECISION REQUIRED:

The Council must have a Returning Officer for the purposes of elections and electoral registration matters and as a result of structural changes in the Council, it is deemed that these Proper Officer functions should be attached to the post of Assistant Chief Executive.

The Council must have a Monitoring Officer, and following the departure of the Legal Director on 31st March, it is proposed that a review be undertaken to ascertain which post shall assume this role. It is proposed that the Assistant Legal Director shall assume this role from 1st April until he leaves the Council, or until a decision is made regarding this position. Further it is proposed to add resilience, that a Deputy Monitoring Officer be appointed.

The Council must also have an officer responsible for all functions in relation to the

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registration of Births, Marriages and Deaths. The Assistant Director (Democratic Services) currently has experience of and line management responsibility for this function.

RECOMMENDATION(S):

That Council be recommended to approve the proposal that the Electoral Registration Officer Functions for the registration of Parliamentary and Local Government Electors and Acting Returning Officer / Returning Officer Functions for Parliamentary, Local, Parish and European Elections under the relevant provisions of the Representation of the People Act 1983 and European Parliamentary Elections Act 2002 be attached to the post of Assistant Chief Executive and the current postholder be appointed to act as the Proper Officer for all related functions and relevant legislation with effect from 1st April, 2010.

That Council be recommended to appoint the Assistant Legal Director as the Monitoring Officer for the Council with effect from 1st April 2010, until he leaves the Council or a decision is made regarding which post shall perform this function: this will allow a review to be undertaken as to which post shall in future perform the role of Monitoring Officer.

That Council be recommended to appoint the Assistant Director (Democratic Services) as the Deputy Monitoring Officer for the Council with effect from 1st April 2010, in order to provide greater resilience to this function: it being noted that the title of this post is likely to change as a result of restructuring, and that this title reflects the current post title.

The Council be recommended to appoint the Assistant Director (Democratic Services) as the Proper Officer for the registration of Births, Marriages and Deaths under the provision of the Local Government Act 1972 and Registration Services Act 1953 and the regulations made thereunder.

KEY DECISION: Not applicable

FORWARD PLAN: Not applicable

IMPLEMENTATION DATE: Following consideration by Full Council

ALTERNATIVE OPTIONS:

That another appropriate person be designated.

IMPLICATIONS:

Budget/Policy Framework: No additional financial implications.

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Financial:

The position of Acting/Returning Officer is remunerated. The fee for Parliamentary and European Elections is set by the relevant legislation at the time and the fee in terms of the local election is set in accordance with a Fees and Charges Order approved by the Council. It is intended that there shall be a review of the Fees and Charges Order following the appointment of a new Proper Officer.

There are no direct financial implications associated with the appointment of Monitoring Officer or Deputy Monitoring Officer or the Proper Officer for Births, Marriages and Deaths, as it is assumed this responsibility is within their current grade.

<u>CAPITAL EXPENDITURE</u>	2006/ 2007 £	2007/ 2008 £	2008/ 2009 £	2009/ 2010 £
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?				

Legal:

The appointment as proper officer under the Representation of the People Act 1983 and European Parliamentary Act 2002 requires the approval of Full Council under the Council's Constitution.

The Council must have a Monitoring Officer and a Proper Officer for Births, Marriages and Deaths.

Risk Assessment:

The Democratic Services Function currently sits within the Legal Department. It is proposed that the organisational structure be amended to provide that the function transfer to the post of Assistant Chief Executive, to ensure that the postholder is able to discharge the responsibilities of that post in the most effective and appropriate way. The current postholder has relevant experience and expertise to lead this function and to perform the role, as she has acted in the capacity of Deputy Returning Officer for the Council at all elections for a number of years and has experience in other authorities of the function.

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It is felt that the appointment of a Deputy Monitoring Officer will provide greater resilience.

Asset Management: Not applicable

CONSULTATION UNDERTAKEN / VIEWS

Chief Executive, Legal Director, Assistant Directors and Assistant Chief Executive.

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

None

BACKGROUND:

1.0

1.1 In 2007 the Legal Director assumed responsibility for the Returning Officer's various statutory duties to allow the former Chief Executive to concentrate on other functions. Members will be aware that the Electoral Administration Act 2006 brought in a range of new measures designed to improve public access, engagement and confidence in Local Elections including specific requirements to try and prevent abuse of the postal voting system. The requirements of the Act are ongoing and in particular new regulations now require the Authority to keep polling places and districts under review.

1.2 The Legal Director is taking voluntary early retirement at the end of March and the department is being restructured. It is recommended that the Proper Officer Functions for Elections and Electoral Registration should be attached to the post of Assistant Chief Executive and that the current postholder should assume responsibility for electoral administration and the appropriate Acting Returning Officer / Returning Officer duties for Parliamentary, Local, Parish and European Elections. The current ACE has considerable experience of running elections and electoral administration matters as she has for a number of years, prior to being appointed as ACE (Management) acted as Deputy Returning Officer and managed that function since she joined the Council in 2002.

1.3 It is proposed that Democratic Services (Electoral Services and Committee and Members Services) will transfer to the Assistant Chief Executive, to enable the Proper Officer Functions to be discharged. The appointment as Proper Officer does require approval of Full Council under the Council's Constitution.

1.4 It is proposed that in order to provide greater flexibility with regards to the recruitment to the post of Legal Director, that a review of the Monitoring Officer role be undertaken. It is proposed that the Assistant Legal Director be appointed Monitoring Officer for the Council with effect from 1st April 2010, until his departure or until a decision is made regarding which post should hold the position within the Council. In addition, in order to provide greater resilience, it is proposed that the Assistant Director (Democratic Services) be appointed as Deputy Monitoring Officer from 1st April 2010. The title of this post is likely to change, with the proposed organisational structure changes identified in 1.2 above.

1.5 The Legal Director is in addition currently the Proper Officer for the registration of Births, Marriages and Deaths under the provisions of S112 of the Local Government Act 1972 and the Registration Services' Act 1953 and appropriate regulations. It is proposed that the Assistant Director (Democratic Services) be appointed the Proper Officer upon the retirement of the Legal Director. The postholder is currently the line manager for the service and has considerable experience of this function having also managed the service in her previous Authority.

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REPORT TO: Cabinet
Council

DATE: 4 March 2010

SUBJECT: Treasury Management Policy & Strategy
2010/2011

WARDS AFFECTED: All

REPORT OF: Lynton Green
Acting Finance & IS Director
0151 934 4096

CONTACT OFFICER: Jeff Kenah
Corporate Finance Manager
0151 934 4104

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To advise Cabinet of the proposed procedures and strategy to be adopted in undertaking the Treasury Management Function in 2010/2011.

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 2010/2011 (Annex A);
- b) Agree the Treasury Management Strategy Document for 2010/2011 (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 2010/2011 (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 2010/2011 Budget, which is a key decision for the Council.

FORWARD PLAN: No – see above.

IMPLEMENTATION DATE: With effect from 1 April 2010.

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>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:	N/a	N/a	N/a	N/a
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:	N/a	N/a	N/a	N/a
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?				

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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. The Code was revised in 2009 following the Icelandic bank collapse, and is recommended for adoption 4 March 2010.
- 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 policies, objectives and approach to risk management of its treasury management activities;
 - b) A Treasury Management Strategy Document – This sets out specific treasury activities which will be undertaken in compliance with the Policy in 2010/2011; and
 - c) Suitable treasury management practices, setting out the manner in which the organisation will seek to achieve these policies and objectives, prescribing how it will manage and control those activities.

The content of the policy statement and the treasury management practices will follow the recommendations contained in sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Codes key principles.

- 2.2. The proposed Policy and Strategy Documents are attached at **Annex A and B** respectively.
- 2.3. Economic conditions have been difficult since the onset of the credit crunch in August 2007. This caused all major economies to enter into recession caused by a reduction in lending as banks attempted to repair their balance sheets, with concerns being raised over the financial health of many institutions. **The wider economic position has meant that a continuing 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 2010/2011 include modifications to the process of assessing where temporarily surplus resources

should be invested both in the medium and short term, which has included the opening of a small number of Money Market Funds (MMFs). The Council has also adopted the revised methodology for the use of credit rating agency data as prescribed by our treasury management consultants, SECTOR, as part of the Council's counterparty adoption procedure (Treasury Management Strategy, section 2.8.9).

- 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, with security being assessed over liquidity, and liquidity being assessed over return.
- 2.6. 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. A treasury management training session was recently delivered, by Sector, to Audit and Governance and Corporate Service Members. More regular reports have 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 and Information Services 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 and Information Services 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 and Information Services Director. A maximum overdraft shall be fixed from time to time by the Council following recommendations by the Finance and information Services Director”

4. Money Laundering Policy Document

- 4.1. 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 asset life method. This links the charges to revenue more closely to the life of the asset. The Council's Revenue Budget for 2009/10 and 2010/11 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.

6. Recommendations

Cabinet is recommended to:

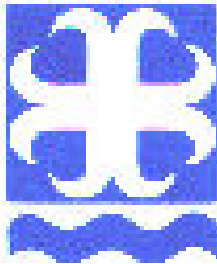
- a) Agree the Treasury Management Policy Document for 2010/2011 (**Annex A**);
- b) Agree the Treasury Management Strategy Document for 2010/2011 (**Annex B**);
- c) Approve the amendment to Banking Arrangements contained within the Financial procedures Rules of the Constitution (Para 3);
- d) Agree 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 2010/11 (Para 5);
- f) Refer the report to Council for approval.

SEFTON COUNCIL

TREASURY MANAGEMENT

POLICY

2010/2011



FINANCE AND INFORMATION SERVICES DEPARTMENT

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1. Treasury Management Policy

1.1. The Council defines Treasury Management as:

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

1.2. 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 2010/2011 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, and will also receive a mid-year review, as well as receiving an annual outturn report on Treasury Management activity before 30 June following the end of the previous financial year, which reports actual treasury activity in the year.

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;
- c) Receive an annual outturn report on Treasury Management activity prior to the 30th June following each financial year; and
- d) Receive a quarterly update of the treasury management activity.

4.3. Audit and Governance Committee

Audit and Governance Committee will

- a) Monitor these Documents on at least a quarterly basis necessary to facilitate continued effective Treasury Management;
- b) Receive an annual outturn report on Treasury Management activity prior to the 30 June following each financial year; and
- c) Will be responsible for ensuring effective scrutiny of the treasury management and policies.

4.4. Finance and Information Services Director

The Finance and Information Services 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 Council, Cabinet, and Audit & Geovernance by the 30 June following each financial year-end;

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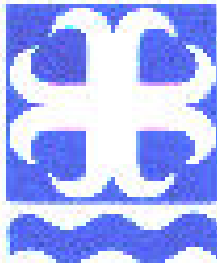
- d) Maintain suitable Treasury Management Practices (TMP), setting out the manner in which the Council will seek to achieve its objectives. The TMP's will also prescribe how the treasury activities will be managed and controlled;
- e) Be responsible for the execution and administration of treasury management decisions; and
- f) Act in accordance with the Council's policy statement and treasury management practices, and also in accordance with CIPFA's Standard of Professional Practice on Treasury Management.

SEFTON COUNCIL

TREASURY MANAGEMENT

STRATEGY

2010/2011



FINANCE AND INFORMATION SERVICES DEPARTMENT

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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.
- 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, and the revised Treasury Management in the Public Services code of Practice and Cross-Sectoral Guidance Notes (2009).

Economic Background

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

Economic conditions have been difficult since the onset of the credit crunch in August 2007. This caused all major economies to enter into deep recessions caused by a reduction in lending as banks attempted to repair their balance sheets, with many governments, such as that in the UK, being forced to recapitalise and rescue their major banks. Central banks such as the Bank of England also cut base rates to historic lows. Economic growth began in quarter 3 of 2009 for most of the worlds' major economies, with the UK entering growth in Q4 2009.

The reduction in the base rate to 0.5% in March 2009 has caused investment income to be severely reduced in 2009/10, compared to the levels earned in 2008/09.

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2. Treasury Management Strategy 2010/2011

2.1. The Strategy for 2010/2011 covers:

- a) Treasury Limits in force which will limit the borrowing activity of the Council (2.2);
- b) Prudential Indicators 2010/2011 to 2012/2013 (2.3);
- c) Interest Rates (2.4);
- d) Capital Borrowing (2.5);
- e) Debt Rescheduling opportunities (2.6);
- f) Investment Strategy (2.8).

2.2. Treasury Limits for 2010/2011

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

The overall or Affordable Borrowing Limit.	Maximum	£205.500m
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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 2010/2011, 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%
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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.

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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	2010/11 %	2011/12 %	2012/13 %
Upper limit for fixed interest rate exposure expressed as a percentage of net outstanding principal sum	200	200	200
Upper limit for variable interest rate exposure expressed as a percentage of net outstanding principal sum	-20	-20	-20

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	2010/11 %	2011/12 %	2012/13 %
Upper limit on the value of non-specified investments as a percentage of total investments	40	40	40

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 2010/2011	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%

Policy on the use of external service providers

The Council employs SECTOR as its treasury consultants. The Council recognises that responsibility for treasury management decisions rests with the Council at all times. It also recognises that there is value in such arrangements in order to acquire access to specialist skills and knowledge. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly documented, and subjected to regular review.

It should be noted that SECTOR, although regulated by the FSA, are unregulated in terms of the investment advice that they give to local authorities, because as an organisation it does not give advice in respect of *investments*, which is covered by the FSA, but it gives advice in respect of *deposits*. Under FSA regulations local authority cash balances placed with institutions are classed as deposits.

2.4. Interest Rates

2.4.1. 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 (2.8).

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2.4.2. **Annex B2** gives details of Sector's central view regarding Public Works Loan Board (PWLB) interest rate forecasts.

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 take account of the advice of Sector.

2.5. Capital Borrowings

2.5.1. The Council's debt portfolio as at 31st January 2010 is as set out below:

Debt Portfolio	
Average Interest Rate	4.91%
<u>Debt Outstanding – Fixed Rate</u>	£m
PWLB	112.114
Other Borrowing	0.024
Other Long Term Liabilities	<u>7.220</u>
Total Debt	119.360

The category of other borrowing (£0.024m) represents counter bonds and mortgages.

Other long term liabilities (£7.220m) represent transferred debt from the Merseyside Residuary Body.

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 2010/2011 is as follows:

Borrowing Requirement	Estimate £m
New Borrowing	<u>17.953</u>
Replacement Borrowing	<u>13.702</u>
Total Borrowing	31.655

2.5.3. The Sector forecast for PWLB interest rates (as set out at **Annex B2**). This would suggest that the following strategy is followed:

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- Rates are expected to gradually increase during the year, so it should therefore be advantageous to time new long term borrowing for the start of the year (2010/11) when 25 year PWLB rates fall back to or below the central forecast rate of about 4.65%, a suitable trigger point for considering new fixed rate long term borrowing.
- Variable rate borrowing is expected to be cheaper than long term borrowing and will therefore be attractive throughout the financial year compared to taking long term fixed rate borrowing.
- PWLB rates on loans of less than ten years duration are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt.
- There is expected to be little difference between 25 year and 50 year rates thus loans in the 25-30 year periods could be seen as being more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This would maximise the potential for debt rescheduling and allow the Council to rebalance its debt maturity profile.

2.5.4. The authority is currently internally borrowed, with total PWLB borrowings of £112.114m, as against a CFR of £188.600m for 2010/11, which does have the advantage of reducing exposure to interest rate and credit risk. To be internally borrowed is a conscious decision to use cash balances to fund capital expenditure, rather than borrow from the PWLB. This position can be reversed at any time by borrowing from the PWLB.

2.5.5. Next year is expected to be one of an historically low bank rate. Hence, internal borrowing is a sensible option where interest rates on deposits are much lower than the current PWLB borrowing rates.

2.5.6. However, savings have to be weighed against the potential for incurring long term extra costs by delaying unavoidable new borrowing until later years when PWLB rates are forecast to be higher.

2.5.7. Against this background, caution will be adopted in undertaking borrowing in 2010/2011. The Finance and Information Services 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 the new PWLB rates on 1 November 2007 introduced a spread between the rates applied to new borrowing and repayment of debt, which has meant that restructuring with the PWLB is now much less attractive than before.

As short term borrowing rates are likely to be cheaper than long term rates, saving could be made by changing to short term debt. However, this must be considered in the light of the likely financing costs once these loans mature.

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2.7 Borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely to profit from the investment income made on the extra sums borrowed. However should a decision to borrow in advance of need will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether to borrow in advance of need the Council will:

- Ensure that there is a direct link between the capital programme and maturity profile of the existing debt portfolio which supports the need to borrow in advance of need;
- Ensure that the revenue implications of such borrowing have been considered in respect of future plans and budgets; and
- Consider the merits of other forms of funding.

2.8. Investment Strategy

2.8.1. 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 (2001).

2.8.2 The Council's investment priorities are, in order of priority:

- The security of capital
- The liquidity of capital
- Yield

2.8.3. 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.

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

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2.8.4 The Council's investment portfolio as at 31st January 2010 is set out below:

Investments Portfolio	£m
Specified Investments	48.510
Non-Specified Investments	<u>5.000</u>
Total	53.510

The non-specified investment is a 2 year deposit with the Skipton Building Society.

2.8.5 The Council banks with National Westminster, which is part of the Royal Bank of Scotland Group. It is classed as a part nationalised institution.

2.8.6 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 2.8.6 a) which is extended to a period of less than 2 years;

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

Investment	Reason	Risk
Term deposits made with banks as listed in annexe B5, following the investment criteria as listed in annexe B4. Deposits also acceptable on an overnight call 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. Interest paid every six months	High credit rating as Government backed (AAA rated). Bond price may vary if sold early
Treasury Bills	Liquid and very secure.	No interest paid – they

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	Duration of < 1year	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

The maximum that can be invested in any of the above vehicles is £25m, except for term deposits for which no limit is set. The maximum maturity period in any of the above is 1 year, apart from suitably creditworthy banks which can be invested in for up to 2 years, in line with advice from SECTOR.

It is NOT proposed that the Council will be making any Non Specified Investments in 2010/2011 that do not comply with the above, however, should the situation change, the Finance and Information Services Director will report to Cabinet requesting appropriate approval to amend the Strategy before any such investments are made.

2.8.7 The Bank of England Base Rate was reduced significantly in March 2009 to 0.5%. 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 Q2 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 2010/11, the Authority has taken a prudent view and budgeted for an investment return based upon Sector's base rate projection during 2010/11.

UBS have recently issued a revised interest rate forecast where they have delayed any rise interest rates from Q3 2010 to Q4 2010, and they have also reduced the rate of increase in interest rates, so that at the end of 2011 they predict an interest rate of 2.25% as opposed to 3.0%. In light of this SECTOR will be reviewing their own interest rate projection shortly.

2.8.8. In order to pursue the strategy of maximising returns from surplus funds at an acceptable level of security and liquidity, 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.

2.8.9 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, with security, then liquidity, being the key aims.

Given the recent turmoil in the banking sector, SECTOR has revised its methodology which we use as the basis for producing our counterparty list. It now uses a simple mathematical calculation to produce a score which is then used to categorise an institution in terms of the duration of an investment, a

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spread of scores defining each duration period. Each duration period is classified by a colour as follows

- Green 3 months
- Red 6 months
- Orange 12 months
- Purple 24 months

The calculation involves taking a simple weighted average across the main three credit ratings agencies, for the key factors of long term ratings, short term ratings, individual support, and external support rating. This gives a final score attributed to the institution. Overlaid over this are rating watches, which can either improve or worsen the score, depending upon whether the rating watch is positive or negative.

Credit default swap data (CDS) is then taken account of as part of the process. If the CDS causes the institution to be classed as being monitored, it is dropped to the next shortest duration. If it is considered to be out of range, it will no longer be considered credit worthy.

The Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthiness of counterparties, as Moody's are currently very much more aggressive in giving low ratings. This would leave the Council with few banks on the approved counterparty list. The Sector creditworthiness service does however use ratings from all three agencies, but does not give preponderance to just one agency's ratings.

However, to ensure that risk is managed to a greater extent, layered onto the new Sector methodology of selecting institutions for the Council's approved counterparty list will be the previous methodology of firstly choosing institutions that have a scoring of Fitch rating F1+/AA-, with an individual rating of minimum C, and support rating of minimum 2, i.e. excellent credit rating. This will define the first group of institutions that will be reviewed for investment purposes. However, any other available institutions that are deemed creditworthy as per the Sector methodology can be used if no suitable institutions are available from the main list.

2.8.10 Information from other sources will also be used such as

- Background research in the financial press
- Discussion with our treasury consultants
- Internal discussion with Finance and IS Director

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 Council maintains a full record of each investment decision taken, each of which is authorised by an appropriate level of signatory.

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2.8.11 It should be noted that on 11 June 2009 it was reported to Cabinet that the limit of investments that can be made to any UK or international banking institution or group was raised from £15m to £25m. This reflected the fact that our counterparty list became drastically reduced following the downgrading of many banks by the credit rating agencies following the credit crunch. However, now that some stability has now entered the banking sector, on an operational basis we are using an institutional or group limit of £15m in order to increase security of capital by spreading risk. However, the overall limit of £25m will be maintained as a maximum, should conditions change.

2.8.12 The current list of Banks at **Annex B5** 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, and utilising Sector's creditworthiness service. 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 B4**. 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 include (subject to Cabinet approval) or remove the organisation from the approval list.

2.8.13 **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.

2.8.14 **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.

2.8.15 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.

2.8.16 Performance monitoring

The performance of the Council's investment strategy will be assessed by monitoring the average interest rate earned against the average 7 day LIBID on a monthly basis. This will be reported to Cabinet on a quarterly basis.

ANNEX B2

SECTOR INTEREST

RATE FORECAST

Sector's Interest Forecast as at 23 November 2010

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank rate	0.50%	0.50%	0.75%	1.00%	1.50%	2.25%	2.75%	3.25%	3.50%	3.75%	4.25%	4.25%	4.50%
5yr PWLB rate	3.05%	3.20%	3.30%	3.40%	3.60%	3.85%	4.15%	4.55%	4.60%	4.80%	4.80%	4.85%	4.85%
10yr PWLB rate	4.00%	4.05%	4.15%	4.30%	4.45%	4.60%	4.80%	4.90%	5.00%	5.10%	5.10%	5.15%	5.15%
25yr PWLB rate	4.55%	4.65%	4.70%	4.80%	4.90%	5.00%	5.05%	5.10%	5.20%	5.30%	5.30%	5.35%	5.35%
50yr PWLB rate	4.60%	4.70%	4.75%	4.90%	5.00%	5.10%	5.15%	5.20%	5.30%	5.40%	5.40%	5.45%	5.45%

RISK ASSESSMENT MATRIX

DEFAULT	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

EXPOSURE

RISK TOLERANCE

- LOW RISK <2 24 months
- MEDIUM RISK 3-9 12 months
- HIGH RISK >9 or =9 6 months and below

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 £25m with any of the institutions listed above. A group limit of £25m 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 £25m. However, the Finance and Information Services Director can decide day to day maximum sums lower than this; an operational limit of £15m is currently in place.

SEFTON COUNCIL STANDARD LENDING LIST – main list

<u>UK and International Banks (including Nationwide Building Society)</u>	<u>RATING</u>	<u>Negative rating watch?</u>	<u>Individual rating</u>	<u>Support rating</u>	<u>CDS</u>
<u>United Kingdom AAA</u>					
Santander UK)	F1+ / AA-	Yes	B	1	Monitoring
Alliance & Leicester (part of Santander)	F1+ / AA-	Yes	B	1	In range
Barclays	F1+ / AA-	Yes	B	1	Monitoring
Clydesdale Bank	F1+ / AA-	Yes	C	1	N/A
HSBC	F1+ / AA	Yes	B	1	In range
Lloyds TSB/HBOS - nationalised	F1+ / AA-		C	1	N/A
RBS Group – nationalised	F1+ / AA-	Yes	D/E	1	N/A
Nationwide	F1+ / AA-	Yes	B	1	Monitoring
<u>Canada AAA</u>					
Bank of Montreal	F1+ / AA-		B	1	N/A
Bank of Nova Scotia	F1+ / AA-		B	1	N/A
Canadian Imperial Bank of Commerce	F1+ / AA-	Yes	B	1	N/A
Royal Bank of Canada	F1+ / AA	Yes	A/B	1	N/A
Toronto Dominion Bank	F1+ / AA-	Yes	B	1	N/A
<u>Finland AAA</u>					
Nordea Bank	F1+ / AA-		B	1	N/A
<u>France AAA</u>					
BNP Paribas	F1+ / AA	Yes	B	1	Monitoring
CNCE Calyon Corporate & Investment	F1+ / AA-	Yes	C	1	In range
Credit Industriel et	F1+ /		B/C	1	N/A

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<u>UK and International Banks (including Nationwide Building Society)</u>	RATING	Negative rating watch?	Individual rating	Support rating	CDS
Commercial	AA-				
<u>Germany AAA</u>					
Deutsche Bank	F1+ / AA-	Yes	B/C	1	In range
Landwirtschaftliche retenbank	F1+/AAA		W/D	1	N/A
<u>Netherlands AAA</u>					
Bank Nederlandse Gemeenten	F1+ / AAA		A	1	N/A
Coop Centrale Raiffeisen – Boerenleenbank BA	F1+ / AA+		A	1	In range
<u>Singapore AAA</u>					
DBS	F1+ / AA-	Yes	B	1	In range
Overseas Chinese Banking Corporation	F1+ / AA-	Yes	B	1	In range
United Overseas Bank	F1+ / AA-	Yes	B	1	In range

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<u>UK and International Banks (including Nationwide Building Society)</u>	RATING	Negative rating watch?	Individual rating	Support rating	CDS
<u>Spain AAA</u>					
Banco Santander Central Hispano (parent of Abbey National)	F1+ / AA	Yes	A/B	1	Monitoring
<u>Sweden AAA</u>					
Nordea Bank	F1+ / AA-	Yes	B	1	N/A
Svenska Handelsbanken	F1+ / AA-	Yes	B	1	In range
<u>Switzerland AAA</u>					
Credit Suisse	F1+ / AA-	Yes	B/C	1	In range
<u>USA AAA</u>					
Bank of New York Mellon	F1+ / AA-		A/B	2	N/A
Deutsche Bank Trust Company Americas	F1+ / AA-	Yes	N/R	1	N/A
HSBC Bank USA	F1+ / AA	Yes	B/C	1	N/A
JP Morgan Chase Bank	F1+ / AA-	Yes	B	1	In range
Wachovia	F1+ / AA-	Yes	B	1	N/A
Wells Fargo	F1+ / AA-	Yes	B	1	Monitoring
TOTAL					

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SEFTON COUNCIL
STANDARD LENDING LIST – additional list non F1+/AA- institutions

<u>UK and International Banks (including Nationwide Building Society)</u>	RATING	Negative rating watch?	Individual rating	Support rating	CDS
<u>United Kingdom AAA</u>					
Abbey National Treasury Services	F1+ / AA-	Yes			N/A
Bank of New York Mellon	F1+ / AA-			1	N/A
Cater Allen					
Citibank Int	F1+ / A-			1	N/A
Credit Suisse	F1+ / AA-	Yes		1	N/A
Crown Agents Bank	F1 / A		B/C	2	N/A
HFC Bank	F1+ / AA-	Yes		1	N/A
MBNA	F1+ / A+		C/D	1	N/A
Standard Chartered Bank	F1 / A+	Yes	B	1	In range
Sumitomo Corp	F1 / A		C	1	In range
UBS Ltd	F1+ / A+	Yes		1	N/A
<u>Canada AAA</u>					
National Bank Canada	F1 / A+		B	2	N/a
<u>Denmark AAA</u>					
Danske Bank	F1 / A+	Yes	B/C	1	In range
<u>Finland AAA</u>					
Nordea Bank	F1+ / AA-		B	1	N/A
<u>France AAA</u>					
Credit Agricole SA	F1+ / AA-	Yes		1	In range
Societe Generale	F1+ / A+	Yes	B/C	1	In range

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<u>UK and International Banks (including Nationwide Building Society)</u>	RATING	Negative rating watch?	Individual rating	Support rating	CDS
<u>Germany AAA</u>					
Unicredit Bank	F1+ / A+		C	1	In range
Deutsche Postbank	F1+ / A+	Yes	C/D	1	In range
Landesbank Berlin	F1+ / AA-		D	1	N/A
DZ Bank	F1+ / A+		B/C	1	N/A
Landesbank Hessen	F1+ / A+	Yes		1	N/A
<u>Luxemburg AAA</u>					
Banque et Caisse					N/A
Clearstream Bank	F1+ / AA			1	N/A
<u>Netherlands AAA</u>					
ING Bank	F1+ / A+	Yes	C	1	N/A
<u>Norway AAA</u>					
DBN NOR Bank	F1 / A+	Yes	B	1	N/A
<u>Singapore AAA</u>					
DBS	F1+ / AA-	Yes	B	1	In range
Overseas Chinese Banking Corporation	F1+ / AA-	Yes	B	1	In range
United Overseas Bank	F1+ / AA-	Yes	B	1	In range
<u>Spain AAA</u>					
Banco Santander Central Hispano (parent of Abbey National)	F1+ / AA	Yes	A/B	1	Monitoring
<u>USA AAA</u>					
Bank of America	F1+ / A+	Yes	C/D	1	N/A
Citibank	F1+ / A+	Yes	C/D	1	N/A
Northern Trust Company	F1+ / AA-	Yes	B	3	N/A

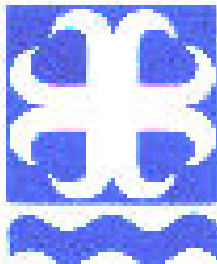
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<u>UK and International Banks (including Nationwide Building Society)</u>	RATING	Negative rating watch?	Individual rating	Support rating	CDS
State Street Bank	F1+ / A+	Yes	B/C	1	N/A

SEFTON COUNCIL

MONEY LAUNDERING

POLICY



FINANCE AND INFORMATION SERVICES 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: 4th Floor, Magdalen House, Trinity Road, Bootle, L20 3NJ
Telephone No: 0151 934 4339.

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

Address: 4th Floor, Magdalen House, Trinity Road, Bootle, L20 3NJ
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: 4 March 2010

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

WARDS AFFECTED: All

REPORT OF: Lynton Green
Acting Finance & Information Services Director
0151 934 4096

CONTACT OFFICER: Jeff Kenah
Corporate Finance Manager
0151 934 4104

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 2010/2011 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

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in itself but is critical in the delivery of the 2010/2011 Budget, which is a key decision for the Council.

FORWARD PLAN: No – see above.

IMPLEMENTATION DATE: With effect from 1 April 2010.

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>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
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

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minimise the risk of any additional revenue budget pressures resulting from capital financing decisions.

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 2010/2011 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 2008/2009 and the estimates for the current and future years capital programme recommended for approval are:-

	<u>2008/2009</u> <u>Actual</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>	<u>2012/2013</u> <u>Estimate</u> <u>£m</u>
Childrens Services	23.445	31.433	38.471	2.104	0.411
Housing – General Fund	15.231	17.904	17.319	8.692	5.900
Technical Services	6.596	8.621	7.169	2.021	2.015
Other Services	33.634	23.879	20.554	11.531	2.290
Total	78.906	81.837	83.513	24.348	10.616

- 2.3. At this time, the Council has only received provisional indications as to the capital resources it may be given in 2011/2012 and 2012/2013 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 2008/2009 are:

Financing Costs/Net Revenue Stream					
	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
General Fund	3.5	5.3	5.7	5.6	5.5

- 3.3. The estimates of financing costs include current commitments and proposals contained in the capital programme. The movement in the figure reflects the reduction in investment income earned during 2009/10 and projected in future years, as a result of the reduction in the Bank of England base rate as a consequence of the events of the recent banking crisis.

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. It should be noted that the Council's PFI scheme for Crosby Leisure Centre has now been included as part of the Capital Financing Requirement. This is due to the implementation of International Financial Reporting Standards and the anticipated need for the scheme to be brought back onto the balance sheet in 2009/10 (previously it had been accounted for "off balance sheet").
- 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>31/03/09</u>	<u>31/03/10</u>	<u>31/03/11</u>	<u>31/03/12</u>	<u>31/03/13</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	160.200	189.300	200.000	207.000	205.000

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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 2010/11, 2011/12 and 2012/13.

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>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Borrowing (long-term)	166.000	183.000	196.000	200.000
Other long term liabilities	7.500	7.500	6.500	6.500
Total	173.500	190.500	202.500	206.500

- 5.2.3. The Council is asked to approve these limits and to delegate authority to the Finance and Information Services 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 2010/11 will be the statutory limit determined under section 3 (1).

5.3.2. The Council is asked to delegate authority to the Finance and Information Services 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>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Borrowing (short & long-term)	181.000	198.000	211.000	215.000
Other long term liabilities	7.500	7.500	6.500	6.500
Total	188.500	205.500	217.500	221.500

6. Prudential Indicator – Actual External Debt

6.1. The Prudential Code requires that in setting indicators for 2010/11, the Council reports its actual levels of external debt as at 31 March 2009. The Council's actual external debt at 31 March 2009 was £134.009 comprising £126.570m borrowing and £7.439m other long-term liabilities.

6.2. The estimated external debt at 31 March 2010 is equal to the Operational Boundary for 2009/10 of £173.500m (see Para 5.2.2 above). The increase in external debt reflects the borrowing required in 2009/10, including PFI, 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 Taxpayers. As such, these indicators are a key measure of affordability of unsupported borrowing undertaken to support capital investment decisions.

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- 7.2. The indicators for the impact on Council Tax of unsupported borrowing are to reflect any ADDITIONAL/NEW unsupported borrowing approval.
- 7.3. Due to current budget constraints no new starts have been included within the 2010/11 capital programme.
- 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 2010/2011 – 2012/2013 of 200% of its net outstanding principal sums;
- ii) An upper limit on its variable interest rate exposures for 2010/2011 – 2012/2013 of -20% of its net outstanding principal sums.

This indicator calculates exposure of either fixed or variable rate borrowings, less fixed or variable rate investments, expressed as a percentage of both fixed and variable rate investments net of fixed and variable rate investments.

This is a change to last year, and is required as given current market conditions the Council has been holding a larger proportion of its' investment in overnight call deposits.

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 and Information Services 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 2010/2011 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 - 2008/2009 to 2012/2013 (Para 2)					
	2008/2009 £'000 Actual	2009/2010 £'000 Estimate	2010/2011 £'000 Estimate	2011/2012 £'000 Estimate	2012/2013 £'000 Estimate
Education	23.445	31.433	38.471	2.104	0.411
Housing – General Fund	15.231	17.904	17.319	8.692	5.900
Technical Services	6.596	8.621	7.169	2.021	2.015
Other Services	33.634	23.879	20.554	11.531	2.290
TOTAL	78.906	81.837	83.513	24.348	10.616

Financing Costs/Net Revenue Stream (Para 3)					
	2008/2009 Actual	2009/2010 Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate
	3.5%	5.3%	5.7%	5.6%	5.5%

Capital Financing Requirement (Para 4)					
	31/03/2009 £'000 Actual	31/03/2010 £'000 Estimate	31/03/2011 £'000 Estimate	31/03/2012 £'000 Estimate	31/03/2013 £'000 Estimate
	160.200	189.300	200.000	207.000	205.000

Operational Boundary (Para 5)				
	2009/2010 £m	2010/2011 £m	2011/2012 £m	2012/2013 £m
Borrowing	166.000	183.000	196.000	200.000
Other long term liabilities	7.500	7.500	6.500	6.500
Total	173.500	190.500	202.500	206.500

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Authorised Limit (Para 5)				
	2009/2010 £m	2010/2011 £m	2011/2012 £m	2012/2013 £m
Borrowing	181.000	198.000	211.000	215.000
Other long term liabilities	7.500	7.500	6.500	6.500
Total	188.500	205.500	217.500	221.500

Unsupported Borrowing (Para 7)			
	2009/2010 £m	2010/2011 £m	2011/2012 £m
General Fund	3.062	0.000	0.200

Impact on the Band D Council Tax (Para 7)			
	2009/2010 £	2010/2011 £	2011/2012 £
	0.82	2.96	2.91

Limit on Interest Rate Exposure (Para 8)		
	Upper Limit	Lower Limit
Fixed Borrowing/ Investment	200%	120%
Variable Borrowing/ Investment	-20%	-100%

Fixed Rate Debt Maturity (Para 8)		
	Upper Limit	Lower Limit
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 approved Banks/Building Societies) 40% of Total Investments)

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REPORT TO: Cabinet
Council

DATE: 4 March 2010
4 March 2010

SUBJECT: 2010/2011 – 2012/2013 Capital Programme

WARDS AFFECTED: All

REPORT OF: Lynton Green - Acting Finance & IS Director
Alan Moore - Strategic Director Communities
Charlie Barker – Strategic Director Social Care
and Wellbeing
Peter Morgan - Strategic Director Childrens
Schools and Families

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

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To consider the formulation of the 2010/2011– 2012/2013 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 2010/2011– 2012/2013 Capital Programme (Annex A);
- c) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in Annex A;
- d) Approve the use of lease facilities in 2010/2011 provided that any revenue consequences can be accommodated within appropriate budgets;
- e) Note that there is no provision for a New Starts Programme during 2010/2011.
- f) Refer the report to Council for approval.

KEY DECISION: Yes

FORWARD PLAN: Yes

IMPLEMENTATION DATE Fc Page 77
cil on 4 March 2010

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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 presented in this report can be contained in the draft Base Budget for 2010/2011, 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 - Revised Schools Capital Allocations 2008/09 – 2010/11 – 22nd. April 2009

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 Homes and Communities Agency Housing Market Renewal Grant Allocations :2010/11 – 22nd. December 2009.

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BACKGROUND:

1. Introduction

- 1.1. This report considers the latest position in respect of 2009/2010 and development of the 2010/2011 – 2012/2013 Capital Programme in the light of recent resource notifications received from Central Government and the formulation of the Revenue Budget.

2. Capital Programme 2009/2010

- 2.1. Following the deletion of reported uncommitted schemes by Cabinet on 17 December 2009, all existing approved and ongoing schemes have been completely reviewed and this is reflected in the Capital Programme attached at Annex A.

3. Capital Resources 2010/2011

- 3.1. The capital expenditure within the capital programme is financed from a number of sources, including:-

- a) Government Supported Borrowing;
- b) Government Grants;
- c) Council Supported Borrowing – “Prudential borrowing”;
- d) Specific capital receipts;
- e) Miscellaneous Contributions/External Grants;
- f) Direct Revenue Funding.

- 3.2. The Government has previously 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 2010/2011

- 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 Supported Capital Expenditure (SCE) notifications, which allow amounts to be funded from borrowing, are presented in the following table:-

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Supported Capital Expenditure	2009/10	2010/11	Variation
	£'000	£'000	£'000
Children's Services - Education	2,974	1,228	-1,746
Children's Services - Personal Social Services	46	45	-1
Transportation	2,105	2,421	+316
Total Supported Borrowing	5,125	3,694	-1,431

3.3.4. The reduction in Children's Services Supported Borrowing in 2010/11 is as a result of the Modernisation element being primarily funded from capital grant, rather than borrowing, in 2010/2011. The increase in Modernisation grant funding is reflected in the table in paragraph 3.4.1 below.

3.3.5. 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. (See separate report on Treasury Management Policy and Strategy 2010/2011 elsewhere on the agenda).

3.4. Government Capital Grant Allocations 2010/2011

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 2010/2011 are:-

	2009/10	2010/11	Variation
	£'000	£'000	£'000
Children's Services - Devolved Formula Capital	4,423	1,927	-2,496
Children's Services - Modernisation	375	1,287	+912
Children's Services - Targeted Capital Fund	3,000	5,000	+2,000
Children's Services - Extended Schools	459	237	-222
Children's Services - Youth Capital Fund	150	150	0
Social Services – Social Care	147	147	0
Social Services - Mental Health	150	150	0
Social Services – Adult Social Care	106	112	+6
IT Infrastructure			
Transportation	3,683	2,909	-774
Total Capital Grant	12,493	11,919	-574

Allocations not yet known:-

Housing	4,985	?	-
Housing – Disabled Facilities Grants	1,157	?	-

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3.4.2. The decrease in Children's Services – Devolved Formula Capital is as a result of the decision by the Government to advance 40% of the 2010/2011 funding into 2009/2010 to provide a spending impetus during the difficult economic conditions experienced during 2009/2010. Children's Services – Targeted Capital Fund, relates to funding provided by the DCSF to support the provision of facilities for the delivery of 14 –19 diplomas and/or to improve facilities for pupils with special educational needs and disabilities. This funding is a specific allocation for 2009/2010 and 2010/2011 only.

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

Following stock transfer, any outstanding capital liabilities relating to the former HRA Capital Programme not spent in 2009/2010, which form a commitment in future years, will be met from resources held by the Council. 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) has received an allocation of £9.35m for 2010/2011. In respect of Annex A attached, this level of funding has been incorporated together with a Sefton contribution of £2.654m, which was reported to Cabinet on 14 May 2009. A future report to the Cabinet will outline the 2010/2011 expenditure and resource availability for HMRI, when the Regional Housing Pot allocation for 2010/2011 is known. Cabinet approval to the 2010/2011 HMRI programme will then be sought.

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 2010/2011 to 2012/2013 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.

4. **New Starts Capital Programme 2010/11 to 2012/13**

4.1 Members should note that there is a report elsewhere on the agenda dealing with the Revenue Budget for 2010/10 and the outlook to 2012/13; however, there are no resources within the draft budget for 2010/11 to support any new capital starts in the year.

5. **Recommendations**

5.1 Cabinet are requested to:-

- a) Note the report;
- b) Approve the 2010/2011– 2012/2013 Capital Programme (Annex A);
- c) Confirm that Cabinet Members may continue to approve schemes from within their specific capital allocations included in Annex A;
- d) Approve the use of lease facilities in 2010/2011 provided that any revenue consequences can be accommodated within appropriate budgets;
- e) Note that there is no provision for a New Starts Programme during 2010/2011.
- f) Refer the report to Council for approval.

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METROPOLITAN BOROUGH OF SEFTON

ANNEX A

CAPITAL PROGRAMME 2009/10 - 2012/13

Committee Summary

1	2	3	4	5	6	7
COMMITTEE	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	113,639.59	41,220.64	31,433.35	38,470.78	2,104.31	410.51
Corporate Services	16,135.14	7,494.01	7,040.00	1,601.13	0.00	0.00
Environmental	4,336.96	1,629.96	1,032.01	1,664.99	10.00	0.00
Health & Social Care	20,199.88	11,154.22	4,317.47	3,571.19	1,157.00	0.00
Leisure and Tourism	62,030.71	28,121.37	10,907.21	11,240.84	10,471.29	1,290.00
Regeneration	47,122.40	32,370.72	6,348.64	8,353.04	50.00	0.00
Technical Services	37,518.54	17,693.06	8,620.62	7,169.09	2,020.77	2,015.00
Former Housing Revenue Account (includes post transfer commitments)	4,117.71	3,939.67	178.04	0.00	0.00	0.00
Capitalisation - Maintenance Projects	4,000.00	0.00	1,000.00	1,000.00	1,000.00	1,000.00
Total All Sefton Services	309,100.93	143,623.65	70,877.34	73,071.06	16,813.37	4,715.51

FOR INFO ONLY

Government Funded Programmes

Housing Market Renewal (net of council contribution)	34,757.00	0.00	10,880.00	10,442.00	7,535.00	5,900.00
Safer, Stronger Communities Fund	79.71	0.00	79.71	0.00	0.00	0.00
Total Government Funded Programmes	34,836.71	0.00	10,959.71	10,442.00	7,535.00	5,900.00
TOTAL ALL SCHEMES	343,937.64	143,623.65	81,837.05	83,513.06	24,348.37	10,615.51

Agenda Item 11

ANNEX A

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>General</u>							
1	Great Crosby RC PS - Single Siting	327.83	309.84	17.99	0.00	0.00	0.00
2	Forefield Juniors-Alteration and Extension	222.88	209.02	13.86	0.00	0.00	0.00
3	Capitalised Maintenance	852.25	0.00	782.25	70.00	0.00	0.00
4	Merefield-New Classrooms	1,446.86	1,438.43	0.23	8.20	0.00	0.00
5	School Travel Plans 2004/05 - 2009/10	320.07	198.36	41.71	80.00	0.00	0.00
6	Litherland Sports Park	5,551.35	5,503.41	47.94	0.00	0.00	0.00
7	Hillside High School - Sports Hall	1,700.00	1,682.74	17.26	0.00	0.00	0.00
8	Devolved Formula Capital	6,400.76	0.00	2,300.00	4,100.76	0.00	0.00
9	Birkdale High School-Media Hall	1,338.52	1,297.39	41.13	0.00	0.00	0.00
10	Range HS - Specialist Accommodation	2,781.00	2,734.99	46.01	0.00	0.00	0.00
11	Rimrose Hope Primary School-Targeted Capital	6,314.75	4,406.12	1,724.63	184.00	0.00	0.00
12	Youth Capital Fund	734.29	429.69	154.90	149.70	0.00	0.00
13	Thomas Gray PS - Single Siting	3,158.00	1,966.74	1,156.26	35.00	0.00	0.00
14	South Sefton Sixth Form Centre	12,494.98	8,905.57	3,239.41	350.00	0.00	0.00
15	Churchtown CP School - SEN Facilities	142.61	139.61	3.00	0.00	0.00	0.00
16	Primary Capital Strategy External Consultancy	65.00	10.56	54.44	0.00	0.00	0.00
17	Framework Contracting - external consulting	60.00	0.00	60.00	0.00	0.00	0.00
18	Litherland OSP	26,415.62	0.00	8,772.42	15,523.30	1,709.39	410.51
19	Newfield School - Specialist College Status	159.82	61.08	96.74	2.00	0.00	0.00
20	Playing For Success - Aintree Racecourse	45.00	43.07	1.93	0.00	0.00	0.00
21	Fair Play Playbuilder Programme	1,116.96	282.97	424.26	409.73	0.00	0.00
22	Forefield Juniors - Outdoor Facilities	335.35	25.08	275.27	35.00	0.00	0.00
23	TCF SEN	2,540.44	0.00	0.00	2,540.44	0.00	0.00
24	Forefield Infant School - external play area	40.00	0.00	40.00	0.00	0.00	0.00
25	Pinefield Formby - Additional Classroom	139.00	0.00	77.00	62.00	0.00	0.00
26	Linaker PS Southport - fire doors	17.09	0.00	17.09	0.00	0.00	0.00
27	Low and Zero Carbon Schools	250.00	0.00	250.00	0.00	0.00	0.00
28	Play Naturally	278.07	0.00	278.07	0.00	0.00	0.00
29	Extended Schools 2008/09 - 2010/11	1,021.87	386.65	398.20	237.02	0.00	0.00
30	TCF Kitchens / Dining Rooms	607.41	0.00	108.80	498.61	0.00	0.00
31	Meols Cop Specialist College for Sport	150.00	0.00	150.00	0.00	0.00	0.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
32	Aiming High for Disabled Children	158.70	0.00	0.00	158.70	0.00	0.00
33	Hillside High School Specialist College Redesignation	25.00	0.00	25.00	0.00	0.00	0.00
34	Old Schemes	113.51	59.74	53.77	0.00	0.00	0.00
Total General		77,324.99	30,091.06	20,669.57	24,444.46	1,709.39	410.51

IT Schemes

35	City Learning Centre - Savio High School	2,080.00	2,013.61	66.39	0.00	0.00	0.00
36	City Learning Centre - Ainsdale HS	1,961.77	1,943.66	18.11	0.00	0.00	0.00
37	CSF IT Strategy	1,250.00	1,145.79	104.21	0.00	0.00	0.00
38	Improving Information Management	287.78	285.17	2.61	0.00	0.00	0.00
39	CS IT (Single Child Record)	540.00	4.65	0.00	535.35	0.00	0.00
40	Computers for Pupils	945.80	850.80	95.00	0.00	0.00	0.00
41	ICT Capital Funding	434.59	280.96	153.63	0.00	0.00	0.00
42	Information System for Parents and Providers	24.04	15.70	8.34	0.00	0.00	0.00
43	Integrated Children' s System	37.23	0.00	37.23	0.00	0.00	0.00
Total IT Schemes		7,561.21	6,540.34	485.52	535.35	0.00	0.00

Primary Capital Programme

44	Aintree Davenhill PCP	2,612.00	0.00	442.00	2,125.00	45.00	0.00
45	Lander Road PCP	1,980.03	0.00	114.79	1,779.80	85.44	0.00
46	St Philips CE PS PCP	228.94	0.00	201.00	27.94	0.00	0.00
47	Christ Church CE PS PCP	374.19	0.00	265.00	108.00	1.19	0.00
48	Other Primary Capital Programme Schemes	5,193.09	0.00	1,804.62	3,259.44	129.03	0.00
Total Primary Capital Programme		10,388.25	0.00	2,827.41	7,300.18	260.66	0.00

Modernisation

49	Maghull High School - Maths/ Music Rooms	1,110.00	1,039.27	70.73	0.00	0.00	0.00
50	Crossens Nursery Relocation to Larkfield CP School	692.25	631.23	61.02	0.00	0.00	0.00
51	Farnborough Road School Kitchen / Dining Imps.	2,077.89	97.38	1,304.00	564.00	112.51	0.00
52	Other NDS Modernisation Schemes	1,139.48	0.00	0.00	1,139.48	0.00	0.00
Total Modernisation		5,019.62	1,767.88	1,435.75	1,703.48	112.51	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>School Access Initiative</u>							
53	Litherland HS - Hygiene Area/ Lift	277.78	267.88	9.90	0.00	0.00	0.00
54	Primary School Schemes	105.15	90.33	14.82	0.00	0.00	0.00
55	Hillside High School Courtyard Extension	762.98	725.98	0.37	36.63	0.00	0.00
56	General Access Works at various schools	50.00	35.89	14.11	0.00	0.00	0.00
57	Summerhill PS - appliance store and ramps	32.25	0.00	32.25	0.00	0.00	0.00
58	Stanley HS - Special needs base	72.00	0.00	72.00	0.00	0.00	0.00
59	Improved Access to the National Curriculum	42.00	0.00	42.00	0.00	0.00	0.00
60	Waterloo PS - SEN bases	201.26	0.00	201.26	0.00	0.00	0.00
61	Summerhill PS - disabled parking provision	35.00	0.00	35.00	0.00	0.00	0.00
62	Rowan Park Car Park	70.00	0.00	22.00	48.00	0.00	0.00
63	Other School Access Initiative Schemes	358.81	0.00	6.02	352.79	0.00	0.00
Total Schools Access Initiative		2,007.23	1,120.08	449.73	437.42	0.00	0.00
<u>New Pupil Places</u>							
64	Deyes High School - Repl. rotted windows	58.04	53.26	4.78	0.00	0.00	0.00
65	Oakfield PRU - Boiler Repl.	102.73	100.87	1.86	0.00	0.00	0.00
66	Birkdale High School Boiler Repl.	98.29	94.98	3.31	0.00	0.00	0.00
67	Churchtown Primary School Boiler Repl.	66.45	59.21	7.24	0.00	0.00	0.00
68	Shoreside Primary School Boiler Repl.	87.56	82.66	4.90	0.00	0.00	0.00
69	Daleacre Campus Window Repl.	50.00	1.06	48.94	0.00	0.00	0.00
70	Bedford Primary Staffroom Enlargement	96.06	93.86	2.20	0.00	0.00	0.00
71	Maghull High School Dining Room Enlargement	129.90	126.23	3.67	0.00	0.00	0.00
72	Crosby High School Car Park Imps.	30.00	1.27	28.73	0.00	0.00	0.00
73	Woodlands PS Kitchen Refurbishment	167.21	162.22	4.99	0.00	0.00	0.00
74	Northway PS Kitchen Refurbishment	103.67	0.00	103.67	0.00	0.00	0.00
75	Lydiate PS Kitchen Refurbishment	198.13	0.00	198.13	0.00	0.00	0.00
76	Hatton Hill Primary-Boiler Replacement	95.00	0.00	95.00	0.00	0.00	0.00
77	St Andrews Maghull - Repl of infant boiler	95.00	0.00	20.30	74.70	0.00	0.00
78	Northway PS - Repl wiring	100.00	0.00	100.00	0.00	0.00	0.00
79	Other New Pupil Places Schemes	963.18	0.00	0.00	963.18	0.00	0.00
Total New Pupil Places		2,441.22	775.62	627.72	1,037.88	0.00	0.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>TCF 14-19 Diplomas</u>							
80	Birkdale High School	347.53	0.00	31.40	308.90	7.23	0.00
81	Chesterfield High School	135.00	0.00	128.25	6.75	0.00	0.00
82	Deyes High School	750.00	0.00	425.29	324.71	0.00	0.00
83	Formby High School	270.86	0.00	264.50	6.36	0.00	0.00
84	Greenbank High School	315.81	0.00	309.00	6.81	0.00	0.00
85	Hillside High School	255.62	0.00	22.48	227.64	5.50	0.00
86	Maghull High School	394.72	0.00	30.60	355.10	9.02	0.00
87	Meols Cop High School	219.00	0.00	219.00	0.00	0.00	0.00
88	Range High School	357.46	0.00	348.34	9.12	0.00	0.00
89	St George of England High School	122.00	0.00	115.40	6.60	0.00	0.00
90	Stanley High School	152.00	0.00	152.00	0.00	0.00	0.00
91	Christ the King RC High School	175.75	0.00	175.75	0.00	0.00	0.00
92	Holy Family RC High School	269.93	0.00	0.00	269.93	0.00	0.00
93	Maricourt RC High School	139.50	0.00	139.50	0.00	0.00	0.00
94	Sacred Heart RC College	266.70	0.00	0.00	266.70	0.00	0.00
95	Savio Salesian RC College	108.12	0.00	108.12	0.00	0.00	0.00
96	St Michael's High School	204.52	0.00	204.52	0.00	0.00	0.00
97	St Ambrose Barlow RC High School	135.09	0.00	0.00	135.09	0.00	0.00
98	St Wilfrid's RC High School	114.46	0.00	114.46	0.00	0.00	0.00
Total TCF 14-19 Diplomas		4,734.07	0.00	2,788.61	1,923.71	21.75	0.00
<u>Surestart Grant Schemes</u>							
99	Early Years & Childcare 2008/09 - 2010/11	2,882.88	693.45	1,228.47	960.96	0.00	0.00
100	Ph 1 & 2 Children's Centres Maintenance	212.46	2.96	117.16	92.34	0.00	0.00
101	Valewood Children's Centre	397.92	23.01	357.41	17.50	0.00	0.00
102	Freshfield Children's Centre	334.92	18.56	298.86	17.50	0.00	0.00
Total Surestart Capital Grant		3,828.18	737.98	2,001.90	1,088.30	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CHILDREN'S SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Children's Personal Social Services</u>							
103	Children's PSS - 2004/05-2008/09	244.15	187.68	56.47	0.00	0.00	0.00
104	Children's PSS - 2009/10	45.94	0.00	45.94	0.00	0.00	0.00
105	Children's PSS - 2010/11	44.73	0.00	44.73	0.00	0.00	0.00
Total Children's Personal Social Services		334.82	187.68	147.14	0.00	0.00	0.00
TOTAL CHILDREN'S SERVICES SCHEMES		113,639.59	41,220.64	31,433.35	38,470.78	2,104.31	410.51

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

CORPORATE SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Admin Buildings</u>							
1	Old & Completing Schemes	869.06	839.69	29.37	0.00	0.00	0.00
2	Disabled Facilities	500.00	368.99	71.01	60.00	0.00	0.00
3	Southport One Stop Shop	500.00	428.41	71.59	0.00	0.00	0.00
4	Accommodation Strategy	2,500.80	3,389.43	-888.63	0.00	0.00	0.00
<u>Health and Safety Initiatives</u>							
5	2008/09 Programme	250.00	247.13	2.87	0.00	0.00	0.00
6	2009/10 Programme	250.00	0.00	250.00	0.00	0.00	0.00
7	Pleasureland Clearance / Demolition	400.00	331.55	0.00	68.45	0.00	0.00
8	Z Blocks Demolition	646.45	630.63	11.41	4.41	0.00	0.00
9	Demolition Fund	165.00	30.20	134.80	0.00	0.00	0.00
10	Demolition of Bootle High School	226.25	0.00	176.25	50.00	0.00	0.00
11	Energy Efficiency Measures	250.00	0.00	50.00	200.00	0.00	0.00
12	Refurbishment of St. Peter's House	3,816.11	13.64	3,502.47	300.00	0.00	0.00
13	Purchase of St. Peter's House	3,294.90	0.00	3,294.90	0.00	0.00	0.00
14	Balliol House Demolition	750.00	0.00	0.00	750.00	0.00	0.00
Total Admin Buildings		14,418.57	6,279.67	6,706.04	1,432.86	0.00	0.00
<u>Vehicles,Plant,Equipment</u>							
15	Replacement P.C.s	176.00	161.31	0.00	14.69	0.00	0.00
16	e-Government 2004/06	500.00	414.60	0.00	85.40	0.00	0.00
17	Technical Infrastructure	146.00	132.59	0.00	13.41	0.00	0.00
18	Legal Dept ICT Replacement Programme	94.57	39.80	0.00	54.77	0.00	0.00
19	IT Equipment - Server Replacement	90.00	41.69	48.31	0.00	0.00	0.00
20	E Government Priority Service Outcomes	400.00	226.86	173.14	0.00	0.00	0.00
21	E-government Geographical Information Service	165.00	137.89	27.11	0.00	0.00	0.00
22	I.T. Firewall Replacement	25.00	17.45	7.55	0.00	0.00	0.00
23	I.T. Members ICT & Mobile Technology	120.00	42.15	77.85	0.00	0.00	0.00
Total Vehicles,Plant,Equipment		1,716.57	1,214.34	333.96	168.27	0.00	0.00
TOTAL CORPORATE SERVICES SCHEMES		16,135.14	7,494.01	7,040.00	1,601.13	0.00	0.00

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METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

ENVIRONMENTAL

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
Sefton Coastline Sea Defence Work							
1	Crosby Park to Formby Point Strategic Study	245.51	218.78	26.73	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	1,032.38	226.40	485.47	320.51	0.00	0.00
4	Adaptation to Climate Change on the Sefton Coast	205.00	0.00	100.00	95.00	10.00	0.00
5	Hightown Management Project -Design/tender Prep.	70.00	0.00	15.70	54.30	0.00	0.00
6	Pathfinder Fund Programme	145.00	0.00	30.00	115.00	0.00	0.00
Total Sefton Coastline Sea Defence Work		1,907.18	645.11	667.26	584.81	10.00	0.00
Environmental							
7	Public Convenience Modernisation	900.00	791.43	108.57	0.00	0.00	0.00
8	Air Pollution monitoring Equipment	46.30	16.48	29.82	0.00	0.00	0.00
9	Gypsy and Traveller Sites	219.90	176.94	42.96	0.00	0.00	0.00
10	Waste Infrastructure	1,160.18	0.00	80.00	1,080.18	0.00	0.00
11	Inspection - Former Town Lane Landfill , Southport	103.40	0.00	103.40	0.00	0.00	0.00
Total Environmental		2,429.78	984.85	364.75	1,080.18	0.00	0.00
TOTAL ENVIRONMENTAL SCHEMES		4,336.96	1,629.96	1,032.01	1,664.99	10.00	0.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

HEALTH & SOCIAL CARE

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>COMMITTED SCHEMES</u>							
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	156.09	16.69	0.00	0.00	0.00
3	Disability Discrimination Act	406.69	343.70	62.99	0.00	0.00	0.00
4	Mental Health SCE (R) - Ringfenced 05/0€	130.70	129.06	0.00	1.64	0.00	0.00
5	Mental Health SCE (R) - Ringfenced 06/07	136.10	123.23	5.00	7.87	0.00	0.00
6	Mental Health SCE (R) - Ringfenced 07/0€	140.48	105.47	24.38	10.63	0.00	0.00
7	IT Strategy	488.00	235.84	152.16	100.00	0.00	0.00
9	Decontamination Unit	58.30	33.60	24.70	0.00	0.00	0.00
10	Independent Living Centre (Scarbrick Avenue)	1,097.00	1.41	140.00	955.59	0.00	0.00
11	DAT Facility	80.00	0.00	80.00	0.00	0.00	0.00
12	Common Financial Assessment Project	150.00	0.00	66.50	83.50	0.00	0.00
13	Old & Completing Schemes	10.69	0.92	9.77	0.00	0.00	0.00
Total General		2,915.10	1,159.72	596.15	1,159.23	0.00	0.00
<u>Provision for New Starts - Subject to report</u>							
14	Mental Health SCP (C) 2008/09 - 10/11	451.00	0.00	0.00	451.00	0.00	0.00
15	Social Care SCP (C) 2008/09 - 10/11	150.00	0.00	0.00	150.00	0.00	0.00
16	Adult Social Care IT Infrastructure 2008/09-10/11	317.06	0.00	0.00	317.06	0.00	0.00
Total Provn. for new starts subj. to report		918.06	0.00	0.00	918.06	0.00	0.00
<u>Disabled Facilities Grants</u>							
17	Previous Years' Approvals	6,795.01	6,777.40	17.61	0.00	0.00	0.00
18	2007/08 Approvals	1,283.34	1,273.62	9.72	0.00	0.00	0.00
19	2008/09 Approvals	2,651.37	1,399.31	1,202.06	50.00	0.00	0.00
20	2009/10 Approvals	3,100.00	0.00	1,656.10	1,393.90	50.00	0.00
Total Disabled Facilities Grants		13,829.72	9,450.33	2,885.49	1,443.90	50.00	0.00
<u>General</u>							
21	Piper Solo	150.00	46.43	53.57	50.00	0.00	0.00
22	Drug Rehabilitation / Boscoe Hostel	1,280.00	497.74	782.26	0.00	0.00	0.00
Total General		1,430.00	544.17	835.83	50.00	0.00	0.00
<u>Provn. for new starts - subj. to report</u>							
23	DFG (SCG)	1,107.00	0.00	0.00	0.00	1,107.00	0.00
TOTAL HEALTH & SOCIAL CARE SCHEMES		20,199.88	11,154.22	4,317.47	3,571.19	1,157.00	0.00

Agenda Item 11

ANNEX A

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

LEISURE AND TOURISM

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Leisure - General</u>							
1	Old and Completing Schemes	3,455.32	3,374.41	16.29	64.62	0.00	0.00
2	Hesketh Park	2,239.05	2,086.07	152.98	0.00	0.00	0.00
3	Maghull Leisure Facility	73.91	29.63	44.28	0.00	0.00	0.00
4	Maghull Leisure Centre	8,346.09	2,652.84	5,543.25	150.00	0.00	0.00
5	Southport Leisure Pool Visitor Attraction	9,135.00	9,002.27	132.73	0.00	0.00	0.00
6	Derby Park Refurbishment	929.65	874.77	54.88	0.00	0.00	0.00
7	Roof repairs to libraries	47.00	13.64	33.36	0.00	0.00	0.00
8	Repairs / refurbishment of park lodges	125.00	0.00	75.00	50.00	0.00	0.00
9	Hesketh Park Office / visitor centre	50.00	0.00	0.00	50.00	0.00	0.00
10	Crosby Coastal Park	226.88	0.00	226.88	0.00	0.00	0.00
11	Waterloo Judo Club	553.65	524.67	28.98	0.00	0.00	0.00
12	Netherton Activity Centre	5,600.00	176.21	174.79	2,200.00	2,900.00	149.00
13	Southport Sports Park Contribution	382.00	0.00	382.00	0.00	0.00	0.00
14	Botanic Gardens Museum, Roof and Lift	375.00	0.00	375.00	0.00	0.00	0.00
15	Flue Gas Filtration Work at Southport Crematorium	999.78	3.00	996.78	0.00	0.00	0.00
16	Southport Cultural Centre	15,300.00	0.00	1,441.00	6,722.00	6,046.00	1,091.00
17	Free Swimming Initiative	84.07	43.30	40.77	0.00	0.00	0.00
18	Duke Street Play Area, Formby	90.50	0.00	90.50	0.00	0.00	0.00
19	Sculpture at Shore Rd Traffic Island	15.00	0.00	15.00	0.00	0.00	0.00
20	Browns Lane Allotments	50.00	0.00	50.00	0.00	0.00	0.00
21	Bootle Cemetery Improvements	70.00	0.00	70.00	0.00	0.00	0.00
22	Portland Street Changing Facilities	429.50	0.00	79.00	330.00	20.50	0.00
Total General		48,577.40	18,780.81	10,023.47	9,566.62	8,966.50	1,240.00
<u>Tourism</u>							
23	Southport Pier - Programmed Maintenance	200.00	0.00	50.00	50.00	50.00	50.00
24	Southport Pier repair / decoration	132.07	114.33	17.74	0.00	0.00	0.00
25	Another Place - relocation of statues	222.00	127.13	94.87	0.00	0.00	0.00
26	Floral Hall Improvement Project	8,176.11	7,688.01	488.10	0.00	0.00	0.00
27	Southport T I C relocation	59.14	5.10	0.25	0.00	53.79	0.00
28	Ainsdale Beach Access	22.00	0.00	22.00	0.00	0.00	0.00
29	Southport Market Refurbishment	3,222.00	0.00	210.00	1,611.00	1,401.00	0.00
Total Tourism		12,033.32	7,934.57	882.96	1,661.00	1,504.79	50.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

LEISURE AND TOURISM

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Southport Action Plan</u>							
30	Southport Marine Lake Improvements Zone 1	1,419.99	1,405.99	0.78	13.22	0.00	0.00
	Total Southport Action Plan	1,419.99	1,405.99	0.78	13.22	0.00	0.00
TOTAL LEISURE & TOURISM SCHEMES		62,030.71	28,121.37	10,907.21	11,240.84	10,471.29	1,290.00

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ANNEX A

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

REGENERATION

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>General</u>							
1	Development Fund	90.00	15.79	74.21	0.00	0.00	0.00
2	Leeds/Liverpool Canal	1,020.31	916.18	16.63	87.50	0.00	0.00
3	Lord Street Phase 2	4,244.00	4,080.69	163.31	0.00	0.00	0.00
4	Netherton Park Neighbourhood Centre	2,063.92	2,062.69	1.23	0.00	0.00	0.00
5	South Sefton Investment Centre	6,934.65	6,833.62	101.03	0.00	0.00	0.00
6	Crosby Lakeside Adventure Centre	8,941.00	8,637.18	303.82	0.00	0.00	0.00
7	Crosby Lakeside Adventure Centre - Fit Out Costs	700.00	0.00	700.00	0.00	0.00	0.00
8	Crosby Marine Lake - Water Quality Imprvmt.	1,139.00	311.02	827.98	0.00	0.00	0.00
9	Southport Commerce Pk. - 3rd phase Devel.	884.00	0.00	0.00	884.00	0.00	0.00
10	Southport Commerce Pk. - Primary Sub Station	101.46	30.76	70.70	0.00	0.00	0.00
11	Stepclever Property Project	2,108.38	0.00	260.06	1,848.32	0.00	0.00
12	Sefton Narrow Boat	50.00	0.00	50.00	0.00	0.00	0.00
13	Old Schemes	0.82	0.00	0.82	0.00	0.00	0.00
TOTAL GENERAL REGENERATION SCHEMES		28,277.54	22,887.93	2,569.79	2,819.82	0.00	0.00
<u>Regeneration</u>							
<u>Home Improvement Grants</u>							
14	Previous Years' Approvals	4,809.95	4,793.33	16.62	0.00	0.00	0.00
15	2007/08 Approvals	735.54	706.18	29.36	0.00	0.00	0.00
16	2008/09 Approvals	583.96	357.54	226.42	0.00	0.00	0.00
17	2009/10 Approvals	491.00	0.00	291.00	150.00	50.00	0.00
18	Grant Administration Fees	297.60	206.49	91.11	0.00	0.00	0.00
Total Home Improvement Grants		6,918.05	6,063.54	654.51	150.00	50.00	0.00
<u>General</u>							
19	Energy Efficiency Grants	387.53	309.67	65.86	12.00	0.00	0.00
20	Landlord Accreditation / HMO's	35.00	29.78	0.00	5.22	0.00	0.00
21	Green Business Project	302.89	242.69	60.20	0.00	0.00	0.00
22	Empty Homes Strategy	290.00	282.22	7.78	0.00	0.00	0.00
23	Strategic Housing Market Assessment	51.15	47.65	3.50	0.00	0.00	0.00
24	Housing Act - Works in Default	35.00	6.40	28.60	0.00	0.00	0.00
25	Older Persons Hsg Strat.- extra care provn.	3,000.00	0.00	300.00	2,700.00	0.00	0.00
26	Contribution to HMRI 08/09 - 10/11	7,778.00	2,500.00	2,624.00	2,654.00	0.00	0.00
27	Affordable Housing Study	25.00	0.00	25.00	0.00	0.00	0.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

REGENERATION

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
28	Gypsy and Traveller Accommodation Provision	12.00	0.00	0.00	12.00	0.00	0.00
29	Old Schemes	10.24	0.84	9.40	0.00	0.00	0.00
	Total General (Housing)	11,926.81	3,419.25	3,124.34	5,383.22	0.00	0.00
	GRAND TOTAL REGENERATION SCHEMES	47,122.40	32,370.72	6,348.64	8,353.04	50.00	0.00

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ANNEX A

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>New Construction</u>							
1	Thornton Switch Island Link Scheme (Council Contribution)	5,912.00	114.11	1,121.89	712.00	1,949.00	2,015.00
2	Asset Management Development	69.10	0.00	0.00	69.10	0.00	0.00
<u>Carriageways / Priority Maintenance</u>							
3	A5090 Hawthorne Rd	1,995.58	1,446.83	206.63	342.12	0.00	0.00
4	Old & Completing Schemes	20.19	0.00	20.19	0.00	0.00	0.00
<u>Carriageway Resurfacing</u>							
5	Islington, Crosby	109.00	0.00	109.00	0.00	0.00	0.00
6	Park Lane, Netherton	30.50	0.00	30.50	0.00	0.00	0.00
7	Kirkstone Rd South, Litherland	70.50	0.00	70.50	0.00	0.00	0.00
8	Marine Drive, Southport	53.70	0.00	53.70	0.00	0.00	0.00
9	Sterrix Lane - Litherland	74.70	0.00	74.70	0.00	0.00	0.00
10	Kendal Drive - Maghull	57.40	0.00	57.40	0.00	0.00	0.00
11	Fairways - Crosby	15.20	0.00	15.20	0.00	0.00	0.00
12	Mayfair Avenue - Crosby	33.70	0.00	33.70	0.00	0.00	0.00
13	Bulwer Street - Bootle	48.60	0.00	48.60	0.00	0.00	0.00
14	Banastre Road - Southport	67.10	0.00	67.10	0.00	0.00	0.00
15	Applbey Drive - Netherton	18.90	0.00	18.90	0.00	0.00	0.00
16	Greenheys Drive - Netherton	23.20	0.00	23.20	0.00	0.00	0.00
17	Harrowby Road - Seaforth	24.20	0.00	24.20	0.00	0.00	0.00
18	Woodlands Road - Seaforth	22.60	0.00	22.60	0.00	0.00	0.00
19	St Georges Grove - Netherton	11.70	0.00	11.70	0.00	0.00	0.00
20	Altcar Lane - Formby 09/10 Schemes	64.20	0.00	64.20	0.00	0.00	0.00
21	Thackery Gardens - Litherland	39.20	0.00	39.20	0.00	0.00	0.00
22	Prescot Road - Melling	39.00	0.00	39.00	0.00	0.00	0.00
23	Parkfield Avenue - Aintree	34.40	0.00	34.40	0.00	0.00	0.00
24	Raymond Avenue - Aintree	22.50	0.00	22.50	0.00	0.00	0.00
25	Abbeystead Avenue - Aintree	29.90	0.00	29.90	0.00	0.00	0.00
26	Gately Drive - Maghull	9.90	0.00	9.90	0.00	0.00	0.00
27	Yew Tree Green - Melling	9.70	0.00	9.70	0.00	0.00	0.00
28	Gregsons Avenue - Formby	10.80	0.00	10.80	0.00	0.00	0.00
29	Ecclesall Avenue - Litherland	30.30	0.00	30.30	0.00	0.00	0.00
30	Northway - Maghull	14.30	0.00	14.30	0.00	0.00	0.00
31	Ridgeway Drive - Lydiate	19.30	0.00	19.30	0.00	0.00	0.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
32	Matlock Avenue - Southport	12.60	0.00	12.60	0.00	0.00	0.00
33	Third Avenue - Crosby	8.80	0.00	8.80	0.00	0.00	0.00
34	Shellfield Rd, Southport	80.74	29.74	51.00	0.00	0.00	0.00
	<u>UTC Maintenance</u>						
35	Manchester Rd / Queens Rd Junction	50.00	0.00	50.00	0.00	0.00	0.00
	<u>De Trunking</u>						
36	A59 Damfield Lane to Northway	128.83	0.00	128.83	0.00	0.00	0.00
37	A565 Crosby Rd Sth/Princess Way/Cambridge Rd	463.96	0.00	463.96	0.00	0.00	0.00
38	A59 Switch Island / Kenyons Lane / The Alt	125.00	0.00	125.00	0.00	0.00	0.00
39	A570 Boundary to Kew	99.00	0.00	99.00	0.00	0.00	0.00
40	Capita Fees / Client Service Costs	134.53	0.00	134.53	0.00	0.00	0.00
	<u>Street Lighting</u>						
41	Marine Terrace, Waterloo	46.00	0.00	46.00	0.00	0.00	0.00
42	Aylward Place, Bootle	41.00	0.00	41.00	0.00	0.00	0.00
	<u>Drainage</u>						
43	Scarisbrick New Rd Southport	60.00	0.00	60.00	0.00	0.00	0.00
44	A565 Liverpool Rd	218.00	0.00	218.00	0.00	0.00	0.00
45	Wango Lane	83.70	0.00	83.70	0.00	0.00	0.00
46	Capita Fees / Client Service Costs	55.00	0.00	55.00	0.00	0.00	0.00
	Total Carriageways / Priority Maintenance	4,607.43	1,476.57	2,788.74	342.12	0.00	0.00
	<u>Bridges and Structures</u>						
	<u>Bridge Strengthening</u>						
47	Principal Bridge Inspections	66.00	0.00	33.00	33.00	0.00	0.00
48	Assessment - Retaining Walls	1.00	0.00	1.00	0.00	0.00	0.00
49	Parapet Strengthening	105.00	0.00	30.00	75.00	0.00	0.00
50	Network Rail Structures	6.00	0.00	6.00	0.00	0.00	0.00
51	Poverty Lane	153.40	42.18	110.02	1.20	0.00	0.00
52	St. Lukes Rd Bridge Strengthening	1,190.44	87.55	630.00	472.89	0.00	0.00
53	Millers Bridge	24.00	0.00	24.00	0.00	0.00	0.00
54	Old and Completing Schemes	586.59	580.50	6.09	0.00	0.00	0.00
55	Capita Fees / Client Service Costs	67.48	0.00	34.48	33.00	0.00	0.00
	Total Bridges and Structures	2,199.91	710.23	874.59	615.09	0.00	0.00
	<u>Integrated Transport Programme</u>						
56	Current Schemes	21,890.13	15,205.58	2,942.31	3,670.47	71.77	0.00

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ANNEX A

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

TECHNICAL SERVICES

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & LATER YEARS
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Other Schemes</u>							
57	Southport Cycle Town	823.00	186.57	636.43	0.00	0.00	0.00
58	Southport Cycle Town - Coastal Rd to Ainsdale	250.00	0.00	250.00	0.00	0.00	0.00
59	Old and Completing Schemes	6.66	0.00	6.66	0.00	0.00	0.00
Total Other Technical Services Schemes		1,079.66	186.57	893.09	0.00	0.00	0.00
<u>Provision for New Starts - Subject to Report</u>							
60	Block Allocations	1,760.31	0.00	0.00	1,760.31	0.00	0.00
TOTAL TECHNICAL SERVICES SCHEMES		37,518.54	17,693.06	8,620.62	7,169.09	2,020.77	2,015.00

METROPOLITAN BOROUGH OF SEFTON

CAPITAL PROGRAMME 2009/10 - 2012/13

FORMER HOUSING REVENUE ACCOUNT

1	2	3	4	5	6	7	8
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	EXPEND TO 31.3.2009	2009/10	2010/11	2011/12	2012/13 & 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	31.38	8.62	0.00	0.00	0.00
3	<u>Retained Contracts - Outstanding Liabilities</u>	300.00	165.51	134.49	0.00	0.00	0.00
	TOTAL FORMER HRA SCHEMES	4,117.71	3,939.67	178.04	0.00	0.00	0.00

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Agenda Item 12a

REPORT TO: Cabinet
Council

DATE: 4 March 2010

SUBJECT: Local Government Act 2003 – Chief Financial
Officer Requirements

WARDS AFFECTED: All

REPORT OF: Margaret Carney; Chief Executive and
S151 Officer

CONTACT OFFICER: Margaret Carney
0151 934 2057

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To comply with statute the Chief Financial Officer (CFO) is required to report to Council prior to the approval of the budget and the setting of the Council Tax. This report fulfils those requirements based on the draft budget scenarios presented to Cabinet on 4 February 2010 and Overview and Scrutiny Committee on 16 February 2010. Cabinet and Council are asked to note that the budget still contains a number of options which political groups may consider before a final budget is proposed to Council on 4 March 2010. This may change the conclusions in this report.

REASON WHY DECISION REQUIRED:

The Local Government Act 2003 requires the Chief Financial Officer to report formally on the following issues:-

- a) An opinion as to the robustness of the estimates made and the tax setting calculations.
- b) The adequacy of the proposed financial reserves.
- c) The production of longer-term revenue and capital plans.

The Council is required to take account of this report when determining its budget

RECOMMENDATION(S):

Cabinet and Council are recommended to consider the report before approving a Budget and Council Tax to Council

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 2010/2011, which has been identified as a key decision for the Council.

FORWARD PLAN: No – see above.

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IMPLEMENTATION DATE: With immediate effect

ALTERNATIVE OPTIONS: This report is a statutory requirement and must be considered.

IMPLICATIONS:

Budget/Policy Framework: Decisions taken as a consequence of this report will influence the Council's Revenue Budget and Council Tax for 2010/2011 and the Medium Term Financial Plan. They therefore shape the Council's financial plans for the coming three years.

Financial: See above

Legal: The Council is required to set a Budget and Council Tax level by 10 March 2010 and must consider the comments of the CFO before that decision is taken.

Risk Assessment: Contained within the report

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

1. Background

The Local Government Act 2003 requires the Chief Financial Officer to report formally on the following issues:-

- a) An opinion as to the robustness of the estimates made and the tax setting calculations.
- b) The adequacy of the proposed financial reserves.
- c) The production of longer-term revenue and capital plans.

The Council is required to take account of this report when determining its budget. This report represents an interim assessment of the position as at this stage the budget proposals have yet to be finalised. Therefore this opinion will be kept under review and may be revised in the light of final budget proposals.

2. Summary Opinion

Having taken into account the issues detailed in the report, I am able to give a positive opinion on the robustness of the estimates and the adequacy of financial reserves. This opinion is based on the budget scenario presented to Cabinet on 4 February 2010, in particular a Council Tax increase of 2.8% to 3.2% and the strategic use of one-off funding. Should any of the assumptions change which require the identification of significant additional savings then this opinion will be reviewed.

The medium term financial plans of the Council have been prepared prior to any firm indication of future Government Grant levels and therefore will need to be reviewed when the public spending plans are firmer. However the Council still needs to identify over £11m of savings for the following two years and constant effort will be required to identify how this is to be achieved. In particular effective workforce planning and prioritisation processes will need to be introduced and maintained if changes are to be implemented successfully.

3 Robustness of the Estimates

3.1 Estimates Procedures and Processes

In giving a positive opinion on the robustness of the Estimates and Council Tax procedures I have relied on the factors summarised in Annex 1. These include the compliance with the approved Medium Term Financial Strategy, the well established and tested procedures, the identification of risk and the assessment by the Audit Commission as part of the Use of Resources judgment. I can confirm that in my view the Council has robust procedures in place. These procedures will need to be reviewed and revised for future years particularly in the light of public sector spending constraints.

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3.2 Determination of the level of resources available.

The 2010/11 Revenue Support Grant settlement is the third year of the Government's three-year cycle. The grant forecast for this year has been confirmed and the level of resources is known and therefore the 2010/11 budgets are presented on the basis of the final level of government grant. However there is no indications of the level of resources for future years and as members will be aware a general election will need to be held within the next five months. This makes planning into the future very difficult particularly with the heavily publicised indications of significant reductions in public spending.

At this stage an indicative Council Tax increase for Sefton services only of 2.17% has been used for 2010/11 rising to 3% in the following two years. This position will be kept under review for future years. This rate does not include the estimated impact of the levies and the police and fire precepts.

3.3 Affordability of Spending Plans and the implications for Council Tax increases.

In assessing this issue the following factors have been taken into account:

- **The level of Council Tax increase considered politically acceptable both locally and nationally.** The Government has already indicated that increases are expected to be significantly below 5%. The Cabinet recommendation is within this figure.
- **The unavoidable pressures faced by certain services.** The proposed budget includes over £6.6m resource to fund the assessed additional demand in Childrens and Adult Social Care. This is based on a full assessment of potential demands and minimises the risk of overspend during the year. These are considered to be the major unavoidable pressures although it is recognised that other services will need to manage certain pressures to live within the approved budget.
- **Key risk areas within the budget and any mitigating action.** (See paragraph 3.4 below)
- **Achievability of required Strategic Budget Review savings.** Savings and variations to pay/price assumptions totaling £9.3m have been approved for 2010/11 with a requirement for more than £11m across the following two years. These levels are considered achievable but will need to be kept under regular review.
- **The use of one-off resources to support the budget.** The spending plans in front of members include the managed use of £9m of one-off resources. Members may recall when the parameters of the MTFP

were being considered that the issue of the sustainable use of one off funding was raised. In effect it was agreed that the Council should only use one off funding to cover non-recurring revenue spending and/or the implementation period of savings proposals. The Council should not be reliant on one-off funding to balance the budget as this would merely transfer a bigger problem to a future year. The budget plans in front of members comply with this approach.

3.4 Key Budget Risks

No budget is without its risks particularly given that it is a forecast of spending for a period which ends over 12 months after its approval and of course even longer for the medium term budgets. It is however important that these risks are identified and mitigated but ultimately that we have resources to cover the implications should they materialise. The key areas of risk are detailed below.

- (i) The projected outturn for 2009/10 is currently indicating an overspend of £1.1m. In the main this is concentrated in the Adult and Childrens Social Care Services and is partially offset with surpluses from other departments. In addition there has been recent additional spending required in Highways to reflect the winter weather conditions. A provisional allocation of £1.5m is included as part of the strategy around one-off resources identified at paragraph 3.3. The position will continue to be managed, as should the overall budget overspend increase above this level it would have an impact on the Council's general balances.
- (ii) The Council in common with others is currently undertaking a Pay and Grading Review. It has been necessary to identify significant resources to minimise the Council's equal pay risk and to fund the implementation of Job Evaluation. It has been assumed that the equal pay costs can be capitalised and an allocation is included within the revenue budget in 2011/12 and 2012/13. While these estimates are considered robust and resources specifically identified there is always the potential that further resources will need to be found. This remains a risk for the Council.
- (iii) The medium term spending plans are based on an estimate of government grant. The certainty of a general election coupled with potential reductions in public spending mean that these estimates are uncertain. The prospect of reduced resources from 2011/12 onwards is a major risk for the Council and will need to be kept under regular review.
- (iv) The medium term financial plan is still indicating a deficit of over £11m for 2011/12 and 2012/13. The Councils transformation programme will need to identify savings of at least this amount if the budget is to be balanced. This reductions can only be achieved through a managed approach to workforce planning. The decision to accept redundancies has been agreed in principle and will only be

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used as a last resort. However a programme of transformation activity will be developed and approved which achieves investment in council priorities alongside a sustainable financial position.

In summary therefore it is my view that the estimates presented are robust and that all reasonable steps are being taken to mitigate the associated risks. The medium term financial position of the Council is challenging and will require concerted effort in the current climate.

3.5 Advice on the level of general balances.

The estimated level of uncommitted balances at 31 March 2010 is £3.6m. This assumes that the deficit in the 2009/10 budget is less than the £1.5m of one-off resources available to fund any overspend. It is anticipated that this level will be increased through 2010/11 to £4.1m.

General fund balances are amounts set aside to cushion the impact of unexpected events and emergencies. In order to assess their adequacy, a systematic approach has been adopted. This approach is based on identification of the key financial risks following which an amount of 'potential' exposure is calculated based on the impact of the risk and the possibility of its occurrence. It should however be noted that this is not a precise science and that local circumstances, the strength of financial reporting arrangements and the Council's track record in financial management will also be a key influence on the actual potential of any individual risk materialising.

Based on the risk assessment above, the Council's current level of balances is sufficient to meet the potential risks. Obviously if all the potential risks were to materialise it would have a significant impact on the level of general balances available during 2010/11 and later years.

3.6 Advice on the level of earmarked reserves.

An analysis of earmarked reserves held by the Council is provided in Annex 2. The review has revealed that the level of individual reserves is either appropriate for the purpose it was set up for or processes are in place to monitor levels and action plans are in place to address any specific issues.

Some of the key issues are referred to below:

- Insurance Reserve - this is required to cover potential liabilities arising from self-insurance of certain fire and motor vehicle claims and is reviewed on a regular basis and increased as necessary. A recent review has indicated that the level of this reserve is greater than currently required. Therefore a contribution of £6m from this reserve will be used as part of the Medium Term Financial Plan.
- Schools Reserves – school surpluses and deficits are monitored on a regular basis. Where balances are causing concern action plans are

agreed with the schools and reviewed regularly. The estimated level of school balances at 31 March 2010 is £14m.

- Modernisation Fund - This was established to deal with one-off funding issues within the Council, in particular costs associated with Job Evaluation.

4. Conclusion

Based on the assessment included in this report I have concluded that the budgets as proposed and the associated systems and processes are sound and the level of General Balances/Reserves are adequate. This is subject to no amendments being made to the budget proposals that would impact on this assessment. In particular no approved amendment should require a contribution from General Balances or increased contribution of one-off resources.

ROBUSTNESS OF THE ESTIMATES MADE FOR THE PURPOSES OF THE BUDGET

1. Introduction

Part 2 of the Local Government Act 2003 introduced a requirement for the Chief Financial Officer to report upon the robustness of the estimates made for the purposes of the budget and tax setting calculations and the adequacy of the proposed financial reserves.

2. Budget Strategy

The Council's overall framework for its medium term budget is contained in the Medium Term Financial Strategy approved by members in April 2009 as supplemented by other regular reports on the Strategic Budget Review and the Transformation Programme. This provides for Council wide involvement in supporting an integrated approach to the preparation of soundly based capital and revenue plans. The main purpose of the strategy is to ensure that: the Council's overall financial resources and service spending is totally aligned to the achievement of the Council's priorities. In order to achieve our strategy we actively seek ways to access additional funding, reprioritise resources and align funding with local priorities.

We work towards meeting these objectives through 5 specific aims:

- a) To produce medium term Revenue and Capital budget plans which enable the Council's three year corporate strategy priorities to be achieved and facilitates effective and integrated service and resource planning
- b) To ensure the Council maximises the generation of resources
- c) To ensure the Council spends within its available resources and maintains a risk assessed level of reserves
- d) To ensure ownership and accountability for financial resources is at the lowest appropriate level and that this is reflected in the Council's processes and procedures
- e) To support the Council's transformational change programme and achieve Value for Money in service delivery

It will be necessary to undertake a fundamental review of the MTFP to ensure that it is totally aligned with the revised corporate plan and prioritisation which will take place early in the new municipal year.

3. Budget & Tax Setting Process

The annual budget preparation and tax setting process involves the development of robust three-year revenue forecasts and capital plans.

Budget principles and a timetable to govern the budget setting process were prepared in consultation with services and was approved by Cabinet in April 2009. They address issues such as pay and price inflation, fees and charges, external funding and consultation.

During the budget process issues relating to the budget and tax setting have been subject to scrutiny at meetings of the Overview and Scrutiny Committees during the year.

4. In year Financial Monitoring Process

A report updating members on the corporate financial position is submitted to Cabinet and Overview and Scrutiny regularly throughout the year. In year monitoring has identified both actual and potential budget problems and appropriate corrective action has been considered.

5. Role of Chief Financial Officer

The Chief Executive is currently designated the Council's Chief Financial Officer for a temporary period while the recruitment of a new finance director takes place. Therefore the Chief Executive has certain statutory responsibilities for financial management issues and exercises these through the Council's management structure and by maintaining sound and effective arrangements for internal audit.

6. Comprehensive Performance Assessment – Use of Resources

The Audit Commission undertakes an annual assessment of the Council's Use of Resources and provides a scored judgment. The use of resources assessment focuses on financial management but links to the strategic management of the Authority. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. For 2008/09 the Audit Commission judgment was 2 out of a maximum of 4, which reflects that the Council is performing adequately with regard to how it uses its financial resources.

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ANNEX 2

REVIEW OF EARMARKED RESERVES

Earmarked reserves are amounts set aside to provide for specific areas needing funding. The following table lists the more significant earmarked reserves, the purposes for which they are held and provides advice on the appropriate levels.

Purpose of Reserve	Appropriate Level	Estimated Balances 1 April 2010	Planned Additions / (Withdrawals)	Estimated Balances 31 March 2011
		£000	£000	£000
Insurance Reserve This reserve has been established in order to finance costs (e.g. claims and premium payments) associated with fire and motor vehicle risks.	There is no set level for this reserve. £4.5m will be utilised over the next three years to support the revenue budget. However, given the uncertain nature of insurance claims, it is considered prudent to retain a reasonable level of balances in the Reserve.	6,500	(4,500) (2010/11 – 2012/13)	2,000
Modernisation Fund This reserve was set up to provide funding for a range of non recurring specific liabilities	There is no set level for this reserve, and it will be utilised for addressing one-off issues during 2010/11.	1,500	(1,500)	0
Environmental Warranties	This warranty requires the Council to remediate any environmental contamination found on land / property that has been transferred to One Vision Housing Ltd Resources are being set-aside over the coming years as a prudent measure against a potential cost.	6,000	2,000	8,000

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Schools Reserves * In accordance with the Education Reform Act, 1988 the scheme of Local Management of Schools provides for the carry forward of individual school surpluses/deficits.	Schools are discouraged from going into unmanaged deficits or building up excessive surpluses but the level of this reserve is largely determined at school level. These balances must be kept available to schools and cannot be used by the Authority for other purposes.	14,000	(2,500)	11,500
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REPORT TO: Cabinet
Council

DATE: 4 March 2010
4 March 2010

SUBJECT: Revenue Budget 2010/11 and Medium Term
Financial Plan

WARDS AFFECTED: All

REPORT OF: Margaret Carney
Chief Executive
0151 934 2057

CONTACT OFFICER: Lynton Green
Acting Finance & IS Director
0151 934 4096

EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To advise Cabinet of current issues relating to the completion of the 2010/11 budget process and to request Cabinet to recommend a budget for Council. In addition the MTFP has been updated.

REASON WHY DECISION REQUIRED:

The Council must set a budget and a Council Tax by 10 March 2010 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. Welcome the positive outcome of the Trade Unions ballot in relation to the changes to Terms & Conditions and agree that the Director of Corporate Services should conclude these negotiations in the form of a formal collective agreement;
3. Note that a further report on workforce planning will be presented to the next meeting of Cabinet;
4. Recommend a Budget to Council for 2010/11 and note the latest MTFP position;
5. Note the final precepts from the Police and Fire Authorities for 2010/11; and,
6. Note the final Parish Precepts for 2010/11.

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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 2010/11, which is a key decision for the Council.

FORWARD PLAN: No – see above

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 2010 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 2010/11 and thereby shape the Council’s financial plans for that year.

Financial: See above

<u>CAPITAL EXPENDITURE</u>	2009/10 £	2010/11 £	2011/12 £	2012/13 £
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 2010.

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
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1 Introduction

- 1.1 The Council is legally required to fix its budget and set a Council Tax for 2009/10 by 10 March 2010. A special budget Council has been arranged for 4 March 2010.
- 1.2 Cabinet on 4 February 2010 referred a budget scenario for 2010/11 – 2012/13 to the Overview and Scrutiny (O&S) Committee (Performance and Corporate Services) for its consideration and requested comments. This report asks Members to consider any comments received from the O&S Committee, note the amendments to the overall budget due to the confirmed levies, and to recommend a budget for 2010/11 to this evening's Special Budget Meeting of the Council.

2 Previous Position - Medium Term Financial Plan 2010/11 – 2012/13

- 2.1 Cabinet, at its meeting of 4 February 2010, agreed further savings options which resulted in an potential budget scenario being prepared for submission to Overview and Scrutiny on 16 February 2010. This is summarised in the table below:-

	2010/11 £m	2011/12 £m	2012/13 £m	Total £m
<u>Possible Scenario</u>				
Sefton only budget gap @ 3% Council Tax (*)	3.151	7.346	4.221	14.718
Impact of one-off resources	-3.380	0.620	0	-2.760
	-0.229	7.966	4.221	11.958
<u>Add Levying Bodies</u>	0.503	0	0	0.503
Police & Fire Precepts	0.356	0	0	0.356
Council Tax @ 2.8% in 2010/11	0.230	0	0	0.230
Other potential savings	-0.400	0	0	-0.400
	0.460	7.966	4.221	12.647

(*) Includes changes to Terms and Conditions (assumed one-off in 2010/11 only).

3 Levying Bodies – Final figures

- 3.1 Since the last report, the relevant authorities have now approved all levies; an analysis can be found in Annex A. The impact on Sefton's net budget for 2010/11 is an increase of £0.502m compared to 2009/10; this represents an increase in Council Tax of 0.44%.

Recommendation 1:

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

4 Comments from Overview & Scrutiny Committee

- 4.1 As part of the ongoing process of involving Overview & Scrutiny Committee in the budget setting process, Members have been kept informed through regular updates. The budget report to Cabinet on 4 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 16 February 2010. There was a detailed discussion on the elements of the budget scenario concluding in the report being noted.

5 2010/11 – 2012/13 Medium Term Financial Plan

5.1 Remaining Options available from the Strategic Budget Review (SBR)

5.2 At the 4 February 2010 meeting Cabinet deferred consideration of the remaining “Amber/Red” SBR options until the outcome of the Trade Union ballot on the proposed changes to Terms and Conditions was known.

5.3 Following lengthy and comprehensive negotiations and a ballot of their members, the package of changes to Terms and Conditions has now been accepted by UNISON, GMB and UNITE. Negotiations with the Unions representing smaller and specific groups of the workforce remain to be concluded (e.g. the Unions / Associations representing Educational Psychologists & Schools’ Advisers). The acceptance of the three main Unions will be confirmed in the form of a formal collective agreement.

5.4 The three main Unions should be applauded for the positive approach they have taken in assisting the Council to achieve these savings and thereby avoid the compulsory redundancies that otherwise would have arisen from the “Amber/Red” SBR options within the 2010/2011 budget. However, the Unions have signalled the concern, and in some cases, ‘anger’ of their members in (having) to accept the changes that were proposed. The message from the Trade Unions is that a planned and managed approach must be taken to achieve the further economies required over the next two/three years, i.e. Workforce Planning.

5.5 Workforce Planning

5.6 It is inappropriate to go into the detail of workforce planning in this report. However, it will be a vital element in achieving the further changes that will be necessary to address the budget pressures identified with the MTFP for the next two/three years and this will be an integral function of the future work of the Transformation Team.

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5.7 Workforce planning is essentially about analysing the current workforce and then extending that analysis to identify the future skills and competencies needed to deliver new and improved services.

5.8 The comparison between the present workforce and the desired future workforce will highlight staffing shortages, surpluses and competency gaps, whether because of external pressure or internal factors. These gaps become the focus of a detailed workforce plan, identifying and implementing strategies that will build the relevant skills and necessary capacity.

5.9 An ideal workforce planning system needs to be:

- related to the whole of the Council in its approach
- built around customer and service needs and the skills required to deliver them
- integrated with service and financial planning
- responsive to service changes and developments
- supportive of multi-disciplinary learning, development and working
- properly supported by management information systems.

5.10 A further report on this issue will be presented to the next meeting of Cabinet outlining how the workforce plan will be developed and detailing the systems to be used in the future, e.g. the ongoing use of the vacancy management panel, to minimise future potential redundancy impacts and maximise opportunities to redeploy and re-skill staff for the future needs of the Council.

5.11 Budget Recommendation to Council

5.12 Cabinet is requested to recommend a 2010/11 Budget for consideration at tonight's Council meeting. This is based upon the budget scenario for 2010/11 – 2012/13 presented to Cabinet on 4 February 2010 (referred to in paragraph 2 above), as amended by the following adjustments: -

	2010/11 £m	2011/12 £m	2012/13 £m	Total £m
Budget scenario presented to Cabinet on 4 February 2010	0.460	7.966	4.221	12.647
Final Police & Fire Precepts	-0.141	0.000	0.000	-0.141
Further reduction in Inflation Provision for Adult Health & Social Care	-0.400	0.000	0.000	-0.400
Further reduction in contract price with New Directions	-0.150	0.000	0.000	-0.150
Introduction of Car Park charges in Crosby delayed by 6 months	0.039	-0.039	0.000	0.000
Increased Expenditure on Highways Maintenance (funded from One-Off Resources)	0.900	-0.900	0.000	0.000

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Increased utilisation of One-Off Resources	-0.708	0.708	0.000	0.000
Ongoing impact of Permanent Changes to Terms and Conditions	0.000	-0.245	0.000	-0.245
	<u>0.000</u>	<u>7.490</u>	<u>4.221</u>	<u>11,711</u>

- 5.13 The above scenario represents an increase in Council Tax for Sefton (inclusive of Levying Authorities) of 2.61%. The position after the addition of Police and Fire & Rescue Authority Precepts is illustrated below in paragraph 7.4.
- 5.14 An analysis of the above scenario can be found at Annex B. Also, a breakdown of the budget, analysed in the normal portfolio layout can be found at Annex C.
- 5.15 Cabinet should be aware that the MTFP does not include any provision for any New Starts in the 2010/11 Capital Programme, or for 2011/12 and 2012/13.

Recommendation 2:

Recommend a Budget to Council for 2010/11.

6 Chief Executive's Assessment of the 2010/11 Budget

- 6.1 In accordance with the Local Government Act 2003, the Council's Section 151 Officer is required to provide a statement on the proposed Revenue Budget in relation to the Robustness of Budgets and Adequacy of Reserves. The Chief Executive's statement on robustness is included as a separate report elsewhere on the agenda.

7 Precepts

7.1 Police and Fire Authority Precepts

- 7.2 The Police Authority and the Fire and Civil Defence Authority met on 18 February 2010 and set their precepts as set out below: -

	2009/10	2010/11	Increase	Band D
	£	£	£	%
Merseyside Police	13,069,230	13,606,740	537,510	+4.00
Merseyside Fire & Rescue	5,797,177	6,027,034	229,857	+3.85

- 7.3 It should be noted that any Government capping intervention in relation to these precepts will be issued directly to the Joint Authorities, rather than to Sefton Council.

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7.4 Should the above scenario be accepted, the overall Council Tax increase for Sefton, inclusive of Police and Fire & Rescue Authority Precepts is 2.8%. The Table below identifies the overall position: -

	2009/10 Band D Council Tax £	2010/11 Band D Council Tax £	Increase %
Sefton (Including Levies)	1,234.45	1,266.68	+2.61
Police	140.61	146.23	+4.00
Fire & Rescue	62.37	64.77	+3.85
Total	<u>1,437.43</u>	<u>1,477.68</u>	<u>2.80</u>

7.5 Parish Precepts

7.6 All Parish Precepts have been set for 2010/11; they are set out in Annex D for information: -

Recommendation 3:

Note the final Police, Fire and Parish Precepts for 2010/11.

8 Recommendations

Cabinet is recommended to:

1. Note the confirmed impact of external levies on the Council Tax;
2. Welcome the positive outcome of the Trade Unions ballot in relation to the changes to Terms & Conditions and agree that the Director of Corporate Services should conclude these negotiations in the form of a formal collective agreement;
3. Note that a further report on workforce planning will be presented to the next meeting of Cabinet;
4. Recommend a Budget to Council for 2010/11 and note the latest MTFP position;
5. Note the final precepts from the Police and Fire Authorities for 2010/11; and,
6. Note the final Parish Precepts for 2010/11.

Annex A

2010/11 Final Levy Increases

Levying Body	Levy 2009/10 £	Final Levy 2010/11 £	Net Increase £	Increase %
Merseyside Integrated Transport Authority	23,422,000	24,304,000	+882,000	+3.77
Waste Disposal Authority	12,809,122	12,974,007	+164,885	+1.29
Environment Agency	145,827	148,645	+2,818	+1.93
Sea Fisheries	44,802	44,802	0	0.00
Port Health Authority	99,500	99,500	0	0.00
	36,521,251	37,570,954	+1,049,703	+2.88

Annex B

Analysis of Draft Base Budget 2010/2011 - 2012/2013

	<u>2010/2011</u>		<u>2011/2012</u>		<u>2012/2013</u>	
	£m	£m	(Additional to 2010/2011)		(Additional to 2011/2012)	
	£m	£m	£m	£m	£m	£m
A Draft Base Budget as approved by Cabinet 3 December 2009		252.037		264.398		273.579
Impact of Decisions made to balance previous years' budget		0.000		-9.929		-11.264
Savings endorsed at Cabinet 3/12/09 (agreed by Council 17/12/09) (Annex B1)		-1.679		-0.531		0.000
Non-School Pay Inflation		-0.641		-1.093		-1.138
Delete "Other" Services Growth		-0.500		-0.500		-0.500
Unavoidable Pressures on Demand Led Services - Additional Provision Required		3.185		1.108		0.351
Savings endorsed at Cabinet 17/12/09 (agreed by Council 14/01/10) (Annex B2)		-1.695		-0.508		0.000
Updated Capital Programme		-0.083		-0.081		-0.015
Area Based Grant - continue with 2009/2010 allocation		-2.360		0.000		0.000
VER / VR Savings:						
Phase 1:						
Against Strategic Budget Review savings				-0.905		
General				-0.412		
Transformation Programme				-0.250		

	<u>2010/2011</u>		<u>2011/2012</u> (Additional to 2010/2011)		<u>2012/2013</u> (Additional to 2011/2012)	
	£m	£m	£m	£m	£m	£m
Senior Management Structure	<u>-0.200</u>					
		-1.767		0.000		0.000
Phase 2: Transformation Programme Senior Management Structure	<u>-0.200</u>		-1.000			
		-0.200		-1.000		0.000
Changes to Terms and Conditions						
One-off in 2010/2011 only		-0.855		0.855		0.000
Ongoing		-0.245				
Increased Expenditure on Highways Maintenance (2010/2011 only)		0.900		-0.900		
Use of One-Off Resources to fund Pay Protection Costs on Pay and Grading		-0.630		-0.630		0.000
a. Use of One-Off Resources to fund Shortfall on Part Year Effect of Agreed Savings		-1.039		1.039		0.000
b. Use of One-Off Resources to fund Increased Expenditure on Highways Maintenance		-0.900		0.900		0.000
c. Additional Use of One-Off Funding		-0.019		0.019		0.000
Use of Insurance Fund (Phased over three years)		-1.500		0.000		0.000
<u>Other Savings</u>						
Reduced Inflation Provision for Adult Health & Social Care		-0.700				
Technical Services - Environmental Maintenance		-0.050				
Technical Services - Routine Maintenance		-0.050				
Further reduction in contract price with New Directions		-0.150				

	<u>2010/2011</u>		<u>2011/2012</u> (Additional to 2010/2011)		<u>2012/2013</u> (Additional to 2011/2012)	
	£m	£m	£m	£m	£m	£m
Increase in Levies		1.049				
Rounding		0.000		-0.013		-0.018
B Draft Base Budget		<u>242.108</u>		<u>253.134</u>		<u>260.993</u>
Less: Revenue Support Grant		-15.808		-15.808		-15.808
Non-Domestic Rates		-108.865		-108.865		-108.865
Collection Fund Deficit		0.430		0.430		0.430
Sefton Requirement from Council Tax (+2.61% in 2010/2011, +3% in 2011/2012 & 2012/2013)		-117.865		-121.401		-125.039
C Accumulative Budget Gap		<u>0.000</u>		<u>7.490</u>		<u>11.711</u>
D Annual Budget Gap		<u>0.000</u>		<u>7.490</u>		<u>4.221</u>

Impact of Decisions taken at Council - 17th December 2009 (Appendix B of report to Cabinet 3rd December 2009)

Delivery Ref:	Savings Option Ref:		2010/2011 £m	2011/2012 (Additional to 2010/2011) £m	2012/2013 (Additional to 2011/2012) £m	
<u>Savings Delivery Plans with Potential Redundancy Implications</u>						
1	DS5	F11	Review of Management Accounting	-0.083	-0.017	0.000
2	DS6	FI2	Review of Audit	-0.025	0.000	0.000
3	DS7	CX2	Review of Civic Facilities (Civic Operations Service)	-0.050	-0.010	0.000
4	DS8	CS12	Review of Governor Services	-0.044	0.000	0.000
5	DS9	LS1	Review of Service Management & Support	-0.010	0.000	0.000
6	DS10	LS24	Review of Stock Services Unit	-0.037	0.000	0.000
7	SR1	EP1	Review of Senior Management	-0.100	0.000	0.000
8	SR3	HS3	Review social workers / occupational therapist team management structure	-0.200	0.000	0.000
9	SR4	PD11	Review of Building Control	-0.083	-0.017	0.000
10	SR5	T1	Review of Southport Pier Staffing	-0.016	-0.003	0.000
11	SR6	PE2	Review of Health Unit	-0.030	0.000	0.000
12	TP4	CX5	Review of Equalities Partnership	0.000	-0.100	0.000
<u>Savings Delivery Plans (with no redundancy implications currently identified)</u>						
13	DS1	CS7	Reduce core-funded training	-0.030	0.000	0.000
14	DS2	CS20	Student Support	-0.023	0.000	0.000
15	DS3	CS24	Secondary ICT Strategy	-0.030	0.000	0.000
16	DS4	LS26	Libraries Book Fund - reduce budget	-0.050	0.000	0.000
<u>Income</u>						
17	I1	SS1	Extra Income - various schools, lone worker, alarms	-0.015	0.000	0.000

	Delivery Ref:	Savings Option Ref:		2010/2011 £m	2011/2012 (Additional to 2010/2011) £m	2012/2013 (Additional to 2011/2012) £m
18	I2	HS10	Careline - annual income exceeding budget	-0.100	0.000	0.000
19	I3	LS4	Introduce Pay & Display at Crosby Civic Hall / Library Car Park	-0.023	-0.024	0.000
20	I4	LS11	Cems & Crems - review of charges	-0.054	0.000	0.000
21	I5	LS13	Establish Pay & Display parking on the coastal car parks in Crosby	-0.015	-0.015	0.000
22	I6	LS22	Improve management of golf and maximise income	-0.015	0.000	0.000
<u>MTFP</u>						
23	M1	-	Reduce assumptions on Pay increases			
24	M2	-	Pay & Grading - Implement October 2010			
<u>Partnering</u>						
25	P1	PE2	Review role of Health Unit and consider partner	-0.020	0.000	0.000
26	P2	LS12	Beach safety partnership with the RNLI	-0.026	-0.009	0.000
<u>Service Change</u>						
27	SC1	-	Review Advertising Strategy etc	-0.083	-0.167	0.000
28	SC2	CS9	Schools Causing Concern - undertake in house	-0.020	0.000	0.000
29	SC3	CS21	PEPS - Cease discretionary service	0.000	-0.169	0.000
30	SC4	CS26	Do not replace ESR Advisor post from August 2009	-0.055	0.000	0.000
31	SC5	CS29	Able Pupils - cease project	-0.022	0.000	0.000
32	SC6	LS2	Reduce Departmental Training budget	-0.007	0.000	0.000
<u>Terms & Conditions</u>						
33	T&C1	PE1	Cease telephone allowances payable to senior officers	-0.002	0.000	0.000

	Delivery Ref:	Savings Option Ref:		2010/2011 £m	2011/2012 (Additional to 2010/2011) £m	2012/2013 (Additional to 2011/2012) £m
Third Parties						
34	TP1	HS5	Reduction in third party expenditure related to staff development	-0.100	0.000	0.000
35	TP2	HS8	Negotiate a reduction in contract price with New Directions	-0.150	0.000	0.000
36	TP3	HS9	Full year effect of personalisation agenda in relation to Brooklea	-0.160	0.000	0.000
				-1.679	-0.531	0.000

Impact of Decisions taken at Council - 14th January 2010 (Items in Appendix A of report to Cabinet 17th December 2009)

Delivery Ref:	Savings Option Ref:		2010/2011 £m	2011/2012 (Additional to 2010/2011) £m	2012/2013 (Additional to 2011/2012) £m
<u>Table 5</u>					
<u>Leisure</u>					
1	33	LS9	Arts & Cultural Services - General reduction in casual staff	-0.020	0.000
2	34	LS17	Parks Quality Management - Reduce specification etc in Grounds Maintenance Contract	-0.100	0.000
3	35	LS37	Recreation Management - Charge schools for use of all pools	0.000	-0.100
4	36	LS32	GP Referral Scheme - Increase charge	-0.008	0.000
<u>Health & Social Care</u>					
5	37	HS1	Community Care - Private & Voluntary Sector providers - Limit inflation increase to 1%	-0.700	0.000
6	38	HS6	ABG - Increase in allocations to be taken as savings	-0.130	0.000
<u>Legal</u>					
7	39	LE2	S106 Agreements - Partnering - use of an external solicitor	0.000	0.000
<u>Technical Services</u>					
8	40	TS3	Street Lighting - Reduce activity	-0.200	0.000
<u>Children, Schools and Families</u>					
9	42	CS17	Children's Services Grants - Reduce activity	0.000	-0.050

	Delivery Ref:	Savings Option Ref:		2010/2011 £m	2011/2012 (Additional to 2010/2011) £m	2012/2013 (Additional to 2011/2012) £m
10	43	CS19	Student Support - Reduce budget related to sustainable travel to school	-0.011	0.000	0.000
11	45	CS22	Gifted & Talented - Cease programme	0.000	-0.208	0.000
12	46	CS25	School Intervention Grant	-0.030	0.000	0.000
13	47	CS31	CAMHS - Reduce grant spend	0.000	-0.150	0.000
14	48	CS32	Targeted Youth Support - Re-alignment of provision with Targeted Youth Support	-0.093	0.000	0.000
<u>Planning & Economic Regeneration</u>						
15	49	PD5	Kew Park & Ride - Close for 12 months	0.000	0.000	0.000
<u>Environmental Protection</u>						
16	52	EP3	Mechanical Sweeping - Reduce service	-0.180	0.000	0.000
17	53	EP4	Bulky Waste - Reduce service from 6 to 5 collection teams	-0.060	0.000	0.000
<u>Health & Social Care</u>						
18	54	HS11	Supporting People - Efficiencies from service review	-0.100	0.000	0.000
19	55	HS7	Meal Charges - Increase charge by 25p to £3.25	-0.050	0.000	0.000
<u>Table 6</u>						
<u>Leisure Services</u>						
20	72	LS17	Rotten Row - Remove planting on landward side and grass over	-0.013	0.000	0.000
				-1.695	-0.508	0.000

Agenda Item 12c

Annex C

SUMMARY OF GENERAL FUND REVENUE ESTIMATES 2010/2011

Line Ref	Portfolio	Base Estimate 2009/2010 £	Revised Estimate 2009/2010 £	Base Estimate 2010/2011 £
1	Children's Services	58,421,400	58,354,750	62,425,450
2	Communities	3,087,300	3,079,700	3,117,400
3	Corporate Services	13,721,150	13,764,600	13,754,050
4	Environmental	17,928,550	17,942,750	17,702,950
5	Health and Social Care	82,798,000	82,825,650	83,985,650
6	Leisure & Tourism	19,373,500	19,396,950	19,597,150
7	Licensing	7,400	7,400	7,400
8	Performance	692,700	730,950	730,950
9	Planning	2,592,000	2,601,200	2,517,900
10	Regeneration	12,080,050	12,066,500	12,066,500
11	Technical Services	17,438,950	17,405,550	17,983,950
12	Net Cost of Services	228,141,000	228,176,000	233,889,350
13	Less Capital Charges	-14,728,121	-14,728,121	-14,728,121
14	Debt Repayment / Net Interest	14,125,000	14,125,000	15,987,000
15	Capital Chargeable to Revenue	95,000	95,000	95,000
16	Sub total	227,632,879	227,667,879	235,243,229
17	Levies	36,421,751	36,421,751	37,471,454
18	Application of Provisions / Reserves	-284,271	-319,271	996,643
19	Capitalisation	-1,000,000	-1,000,000	-1,000,000
20	Net Reduction to Insurance Fund	0	0	-1,500,000
21	Corporate / One-Off Savings	0	0	-6,916,200
22	Inflationary Items to be Allocated	0	0	933,200
23	Other Items to be Allocated to Portfolios	0	0	2,911,600
24	Area Based Grant	-26,532,064	-26,532,064	-26,532,064
25	Total	236,238,295	236,238,295	241,607,862
26	Contribution to Balances	500,000	500,000	500,000
27	Total Budget Requirement	236,738,295	236,738,295	242,107,862
28	Add Parish Precepts	980,240	980,240	982,891
29	Total Net Expenditure	237,718,535	237,718,535	243,090,753

SUMMARY OF BALANCES

30	Balances Brought Forward	3,360,227	3,360,227	3,640,304
31	Overspend in 2008/2009	0	-219,923	0
32	Contribution in Year	500,000	500,000	500,000
33	Balances Carried Forward	3,860,227	3,640,304	4,140,304

<u>FINANCING OF SEFTON'S BUDGET REQUIREMENT</u>		
Total Budget Requirement	236,738,295	242,107,862
Less: Revenue Support Grant	-22,830,829	-15,808,179
Non-Domestic Rates	-98,914,872	-108,864,792
Collection Fund Deficit / Surplus (-)	-254,565	430,000
Sefton Requirement from Council Tax	<u>114,738,029</u>	<u>117,864,891</u>
Band D Council Tax	1,234.45	1,266.68

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