

Sefton Council



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 6th March, 2014 at 6.30 pm at the Town Hall, Bootle** to transact the business set out on the agenda overleaf.

Yours sincerely,



Chief Executive

Town Hall,
Southport

Wednesday 26 February 2014

Please contact Steve Pearce, Democratic Services Manager
on 0151 934 2046 or e-mail steve.pearce@sefton.gov.uk

We endeavour to provide a reasonable number of full agendas, including reports at the meeting. If you wish to ensure that you have a copy to refer to at the meeting, please can you print off your own copy of the agenda pack prior to the meeting.

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A G E N D A

1. Apologies for Absence

2. Declarations of Interest

Members are requested to give notice of any disclosable pecuniary interest, which is not already included in their Register of Members' Interests and the nature of that interest, relating to any item on the agenda in accordance with the Members Code of Conduct, before leaving the meeting room during the discussion on that particular item.

3. Minutes of Previous Meeting

Minutes of the meeting held on 23 January 2014

(Pages 11 -
22)

4. Mayor's Communications

Public Session

5. Matters Raised by the Public

To deal with matters raised by members of the public resident within the Borough, of which notice has been given in accordance with the procedures relating to public questions, motions or petitions set out in Paragraph 36 to 46 of the Council and Committee Procedure Rules in Chapter 4 of the Council Constitution.

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 by Members of the Council in accordance with Paragraphs 48 to 50 of the Council and Committee Procedure Rules, set out in Chapter 4 of the Council Constitution.

7. Recorded Votes at Council Budget Meetings

Report of the Director of Corporate Services

(Pages 23 -
26)

8. Establishment of a Combined Authority for the Liverpool City Region

Report of the Chief Executive to follow

9. **Treasury Management Policy and Strategy for 2014/15** (Pages 27 - 52)
Report of the Head of Corporate Finance and ICT
10. **The Prudential Code for Capital Finance in Local Authorities - Prudential Indicators 2014/15** (Pages 53 - 64)
Report of the Head of Corporate Finance and ICT
11. **Capital Programme 2013/14 and Capital Allocations 2014/15** (Pages 65 - 76)
Report of the Head of Corporate Finance and ICT
12. **Local Government Act 2003 - Chief Financial Officer's Requirements - Robustness Report** (Pages 77 - 84)
Report of the Head of Corporate Finance and ICT
13. **Statements by Political Group Leaders**
To receive statements by the Leaders of the three Political Groups on the Revenue Budget for 2014/15
14. **Revenue Budget 2014/15** (Pages 85 - 116)
Report of the Head of Corporate Finance and ICT
15. **Budget and Council Tax Recommendation 2014/15** (Pages 117 - 136)
Report of the Head of Corporate Finance and ICT
- (A copy of the draft Budget Resolution will be circulated at the Council Meeting)**
16. **Membership of Committees 2013/14**
To consider any changes to the Membership of any committees etc.
17. **Council Constitution - Call - In and Urgency Provisions** (Pages 137 - 142)
Report of the Leader of the Council
18. **Notice of Motion Submitted by Councillor Sir Ron Watson**
To consider the following Motion submitted by Councillor Sir Ron Watson:

"The Council recognises the significant amount of funding received under the Discretionary Housing Payments which in 2013-14 is £547,790.00 together with the additional sum of £140,000 which was applied for separately in the light of the Council;s experience.

The Council is concerned, however, that the spare room subsidy commonly known as the Bedroom Tax does not adequately represent the position of people with disabilities and urges the Government to ensure that disabled people who are in receipt of the higher level of DLA payment should be exempt from the system.

The Council also believes that in respect of Sefton, consideration should be given to the involvement of Elected Members in determining the allocation of funding in respect of applications received for exemption."

19. Notice of Motion Submitted by Councillor Lappin

To consider the following Motion submitted by Councillor Lappin and seconded by Councillor Hardy:

The Government's Welfare Reforms and the impact on the lives of people in Sefton

"Sefton Metropolitan Borough Council faces unprecedented levels of cuts to its budget due to the Government's austerity measures.

Since 2010, the Council has reduced the amount of money it has to spend in real terms by £115 million. Out of every pound available to the Council to spend, 52pence is spent on delivering social care services to vulnerable adults and children in support of its core purpose of protecting the most vulnerable members of our community. This accounts for 52% of the budget available to spend, £116m out of a total budget of £224m. In 2015/2016 and 2016/2017 the Council needs to further reduce its budget by a further £55m.

Sefton Council is extremely concerned that the impact of these cuts, added to the impact of the Government's welfare reforms, will cause long term and irreversible damage to our adults, to our children, to our families, to our very communities.

Today in Sefton:

- 4 Trussell Trust food banks had been established since May 2013 – one each in Southport, South Sefton, Crosby and Maghull – which to date have helped 4,162 adults and 2,760 children to eat with demand increasing for the services week on week;
- There has been over 8,000 applications for our Emergency Limited Assistance Support Fund since it came into place in 2013. The rate of applications has now risen to over 1,000 applications per month;
- 402 referrals have been made to the Sefton Helping Hand

Service for emergency provision of equipment, bedding and cooking facilities;

- Sefton Citizens Advice Bureau has seen a 28% increase in demand for welfare benefits advice since 2011 and a 54% rise in debt relief orders since 2011 – and in terms of clients seeking debt advice, the levels of debt of those clients has increased by 108% in the last year;
- 3,140 people, between October 2012 and June 2013, have had their Job Seekers Allowance or Employment Support Allowance sanctioned due to the changes in conditions as part of the Government's welfare reform measures;
- Unemployment and youth unemployment rates remain higher than the UK average, with youth unemployment 3% higher than the national rate. The overall International Labour Organisation (ILO) unemployment rate continues to climb and the gap between Sefton and UK continues to widen;
- Sefton's largest registered social landlord, One Vision Housing, has seen a 23% increase in void properties as a result of welfare reform changes, which has led to 4,963 people on the waiting list for its stock of 2,783 one bedroom properties, and been left with over supply of 2/3/4 bedroom properties due to the introduction of the Bedroom Tax;
- There has been a 489% increase in Discretionary Housing Payments, compared to 2012/13;
- The number of homelessness cases dealt with, and the number of interventions made to prevent homelessness, has increased from 493 cases in 2010-11 to 575 cases in 2012-13, a 16.5% increase, with an anticipation of a similar number in 2013-14; and
- According to a recent study by Joseph Rowntree Foundation, there are now more children in poverty from "working families" than families where no one has paid work and some areas of the Borough, predominantly in the South, have more than half of children living in poverty.

Sefton Metropolitan Council believes that our communities deserve better. It believes that unless action is taken to mitigate these and other issues which affect the quality of lives of its people, Sefton's service infrastructure will be unable to cope.

Therefore it requests that the Chief Executive writes to the Secretary of State for Work and Pensions requesting:

- (1) that a cumulative impact assessment is carried out by the Government on the impact of its welfare reforms on the residents of Sefton (those in paid work, those out of paid work and the children and young people

aged 0-19) as a matter of extreme urgency;

- (2) that the Department of Works and Pensions work in partnership with the Council to reduce the numbers of “benefit sanctions” and their impact on the quality of life for our families and communities; and
- (3) the quality of the benefit entitlement and work capability assessments be significantly improved.

And that the Chief Executive also writes to the United Nations asking them to investigate whether the UK Government is now at risk of breaking the United Nations International Convention on Economic, Social and Cultural Rights, that sets out minimum standards of access to food, clothing and housing.

Upon receipt, the responses be formally submitted to the Cabinet for consideration.”

20. Notice of Motion Submitted by Councillor Dawson

To consider the following Motion submitted by Councillor Dawson:

“This Council:

- (a) notes that the Local Government Boundary Commission, in its final report of November 1997, concerning the governance of Sefton Metropolitan Borough, recognised the serious difficulties arising from having a borough within which the communities have relatively little in common and concluded:
 - “There are a range of democratic and management arrangements that could be used to address the problem. If these changes are to succeed, they must provide a shared agenda for the Council and those who have been campaigning for Southport to leave Sefton.
 - The encouragement of a culture within Sefton Council which recognises the distinctiveness and importance of Southport and other parts of the borough is needed. We have seen little evidence that Seton Council as a whole has this kind of decentralised approach and thinking. This is reflected in the way in which residents across the borough feel that other areas receive more favourable treatment - which will only change if the Council behaves in a different way.
 - If the government places a duty upon local

authorities to promote the overall social, economic and environmental wellbeing of the communities they serve then Sefton Council will have to decide how it will implement this new obligation. Best value will require local authorities to discuss and agree these plans with their communities and review them on a regular basis. At the very least, these developments will call upon Sefton Council to develop new styles of working with residents throughout its territory.

- We believe that Sefton Council could achieve more efficient and convenient local government throughout the various communities it serves. But how to accomplish this must be a matter for the Council, no doubt following consultation with its residents and after examining the experience of other local authorities. We recognise that this may not be an easy process but we have concluded it is an essential one if the demands for splitting the borough are not to resurface at regular intervals.”
- (b) believes that, over the past 16 years, Sefton MBC has failed to adequately-address the issues clearly-identified by the Local Government Boundary Commission and the Council's performance in the areas identified as needing change has, arguably, deteriorated rather than improved particularly during the past two years. In particular, we note:
1. double-rating of parished areas such as Maghull and Lydiate, meaning that residents in those areas have unfairly been pay twice for the same services;
 2. a programme of library closures which clearly discriminated against residents of individual communities within the Borough; and
 3. the creation of a Sefton Central Area Committee which flies in the face of the purpose of Area Committees in that it has councillors from different communities determining matters which should best be decided upon only by councillors of the communities concerned.
- (c) notes the introduction by the Member of Parliament for Southport of the "Local Government Boundary Commission (Public Representations) Bill 2013-14", due to have its Second Reading on 16th May 2014.
- (d) resolves to write to the Local Government Boundary Committee asking them to return to the Borough of Sefton to conduct a formal Review as to whether the Commission's recommendations in 1997 have been adequately complied with and, if not, to recommend to

the Secretary of State for Communities and Local Government how these issues should now be addressed.”

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THIS SET OF MINUTES IS NOT SUBJECT TO "CALL – IN."

COUNCIL

MEETING HELD AT THE TOWN HALL, SOUTHPORT ON THURSDAY 23RD JANUARY, 2014

PRESENT: The Mayor, Councillor M. Fearn (in the Chair)
The Deputy Chair, Councillors K. Cluskey, (Vice
Chair)

Councillors Ashton, Atkinson, Ball, Bennett,
Blackburn, Booth, Bradshaw, Brennan, Brodie -
Browne, Carr, L. Cluskey, Crabtree, Cummins,
Cuthbertson, Dawson, Dodd, Dorgan, M. Dowd,
P. Dowd, Dutton, Fairclough, Lord Fearn, Friel,
Gatherer, Hardy, Hands, Hartill, Hubbard, Jones,
Keith, John Kelly, John Joseph Kelly, Kermode,
Kerrigan, Killen, Lappin, P. Maguire, Maher, Mahon,
McGinnity, S. McGuire, McIvor, McKinley, Moncur,
Murphy, Page, Papworth, Rimmer, Robertson,
Robinson, Roche, Shaw, Sumner, Thompson,
Tonkiss, Tweed, Veidman, Weavers, Webster and
Welsh

70. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Byrom, Preece,
Roberts and Sir Ron Watson.

71. DECLARATIONS OF INTEREST

No declarations of interest were received.

72. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the Council meeting held on 21 November 2013 be approved as a correct record, subject to the amendment of Minute No. 67 (Notice of Motion Submitted by Councillor Jones) by the insertion of the word "malicious" before the words "trolling/cyberbullying" in resolutions 3 (i) and 3 (ii).

73. MAYOR'S COMMUNICATIONS

Mayoral Charity Ball – 8 March 2014

The Mayor reported that the Mayoral Charity Ball would be held on Saturday 8 March 2014 in the Floral Hall, Southport and the proceeds from the event would be distributed to Mayoral Charities. Tickets were available

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on open sale from the Mayoral and Civic Services Officer in Bootle Town Hall at a cost of £40.

74. MATTERS RAISED BY THE PUBLIC

The Mayor reported that no matters had been raised by Members of the Public.

75. QUESTIONS RAISED BY MEMBERS OF THE COUNCIL

The Council considered a schedule setting out the written questions submitted by:

- Councillor Shaw, to the Cabinet Member – Performance and Corporate Services (Councillor Tweed)
- Councillor Shaw to the Cabinet Member – Communities and Environment (Councillor Hardy)
- Councillor Robertson to Cabinet Member – Communities and Environment (Councillor Hardy)
- Councillor Welsh to Cabinet Member – Communities and Environment (Councillor Hardy)
- Councillor Hands to the Cabinet Member – Regeneration and Tourism (Councillor Maher)
- Councillor Dawson to the Cabinet Member – Regeneration and Tourism (Councillor Maher)
- Councillor Dawson to the Cabinet Member – Chi-Idren, Schools Families and Leisure (Councillor Moncur)
- Councillor Dawson, to the Cabinet Member – Transportation (Councillor Fairclough)
- Councillor Preece to Cabinet Member – Communities and Environment (Councillor Hardy)

together with the responses given. Supplementary questions were asked and responded to by the Cabinet Members for Communities and Environment; Corporate Services and Performance; and Transportation.

76. STRATEGIC ASSET MANAGEMENT PLAN

Further to Minute No. 81 of the meeting of the Cabinet held on 5 December 2013, the Council considered the report of the Director of Built Environment on proposals for the adoption of a revised Strategic Asset Management Plan.

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It was moved by Councillor P. Dowd, seconded by Councillor Maher and

RESOLVED:

That:

- (1) the new Strategic Asset Management Plan as set out in Appendix A of the report be adopted; and
- (2) it be noted that a further report would be submitted to a future meeting of the Cabinet in relation to the adoption of a formal Asset Disposal Policy.

77. LOCAL COUNCIL TAX REDUCTION SCHEME 2014/2015, CHANGE TO COUNCIL TAX DISCOUNT FOR UNOCCUPIED PROPERTIES FROM 1ST APRIL 2014 AND UPDATING THE COUNCIL TAX BASE 2014/15

Further to Minute No's. 75 and 88 of the meetings of the Cabinet held on 5 December 2013 and 16 January 2014 respectively, the Council considered the report of the Head of Corporate Finance and ICT which provided an update on the review of the current Council Tax Reduction Scheme following the recent consultation exercise on the proposed revision to the current Scheme; details of a proposed change to the discount for unoccupied properties from 1 April 2014; and an updated Council Tax Base for both Sefton Council and for each Parish Area for 2014/2015.

It was moved by Councillor P. Dowd, seconded by Councillor Maher and

RESOLVED:

That:

- (1) the revision to the Council Tax Reduction Scheme as detailed in paragraph 4.3 of the report be approved and adopted;
- (2) the change to the discount for empty and unoccupied properties as set out in section 5 of the report be approved to take effect from 1 April 2014;
- (3) approval be given to a budget of £150,000 for exceptional hardship payments in 2014/2015;
- (4) approval be given to the Tax Base for Sefton Council and for each Parish Area for 2014/2015, as set out in Annex C of the report; and
- (5) approval be given to the payment of grants to the Parish Councils in 2014/2015 to compensate them for the cost of the Council Tax Reduction Scheme as set out in Annex C of the report.

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78. PAY POLICY

Further to Minute No. 90 of the meeting of the Cabinet held on 16 January 2014, the Council considered the report of the Head of Corporate Personnel on the proposed Pay Policy which had been produced in accordance with the Localism Act 2011 and the statutory guidance produced by the Department of Communities and Local Government. The report dealt with two specific issues, namely the amendments to the pay policy to reflect changes within the Authority; and decision making in relation to Authority employees who may receive a severance payment of £100,000 or over.

It was moved by Councillor P. Dowd, seconded by Councillor Maher and

RESOLVED:

That;

- (1) the proposed Pay Policy set out in Annex A to the report be approved;
- (2) the Council determine any severance packages of £100,000 or above in respect of the Chief Executive, Deputy Chief Executive and Service Directors following consideration by the Pay and Grading Committee; and that the Pay and Grading determine any severance packages of £100,000 or above in respect of other Council officers; and
- (3) the terms of reference for the Pay and Grading Committee be amended in Chapter 7 of the Council Constitution, in accordance with Resolution (2) above.

79. RE-ADOPTION OF THE LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976

Further to Minute No. 64 of the meeting held on 21 November 2013, the Council considered a further report by the Head of Corporate Services seeking approval to the re-adoption of Part II of the Local Government Act 1976 in relation to the licensing of private hire and hackney carriage vehicles, drivers and operators.

It was moved by Councillor Kerrigan, seconded by Councillor Robinson and

RESOLVED:

That the provisions of Part II of the Local Government Act 1976 be re-adopted.

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80. MEMBERSHIP OF COMMITTEES 2013/14

It was proposed by Councillor Webster that the following changes be made to the membership of the Overview and Scrutiny Committee (Children's Services):

- Councillor Thompson to replace Councillor Killen as a Member of the Committee and Councillor Maguire to be the Substitute Member for Councillor Thompson; and
- Mr. David McCaughrean (Governor at Ainsdale St. John's C.E. Primary School) and Mrs. Carol-Anna Ryan-Palmer (Governor at Stanley High School) to be appointed as the Parent Governor Education Added Members of the Committee until 31 May 2016.

It was proposed by Councillor Ball that Councillor Dutton replace Councillor McIvor as a Member of the Public Engagement and Consultation Panel and Councillor Jones be the Substitute Member for Councillor Dutton

RESOLVED:

That the changes to the Membership of the Committee set out above be approved.

81. NOTICE OF MOTION SUBMITTED BY COUNCILLOR ROBERTSON

It was moved by Councillor Robertson, seconded by Councillor Hubbard:

"That this Council wishes to be seen to be fully signed up to the localism agenda that all 3 major political parties support both in broad terms and in many areas of detail.

To this end we welcome and support in principle proposals from Parish Councils, community groups and local charities who wish to assist in running services that the Borough Council can't find the resources to sustain such as libraries, youth facilities, community halls etc."

Following debate, an amendment was moved by Councillor P. Dowd, seconded by Councillor Maher, that the Motion be amended by the insertion of the words "feasible and sustainable process" after the words "support in principle any" in the second paragraph and by the addition of the following text after the second paragraph of the Motion:

"However, the Council also recognises that the austerity measures introduced by the Conservative and Liberal Democrat Government fall on the most vulnerable and poorest of our society, which is leading directly to the necessity for cut backs in services now falling to the Council's partners in the voluntary, faith and community sectors to deliver.

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In addition, the Conservative and Liberal Democrat Coalition Government should set out its clearly stated plans for “smaller” government by, for example, publishing a comprehensive list of the legislation it intends to repeal to lift the 3,000 statutory responsibilities from local government for the delivery and provision of social, economic, highway and environmental services.

Moreover, the Council calls upon the Conservative and Liberal Democrat Coalition Government to redress the North – South divide in its funding allocations to local government which would have enabled, in the case of this Council, at least £40 millions less cuts to its budget, which could support the Localism Agenda, if it had been treated in the same way as Dorset Council.”

Following debate thereon, on a show of hands, the Mayor declared that the amendment was carried by 34 votes to 27 with one abstention

On a show of hands, the Mayor declared that the Substantive Motion was carried by 33 votes to 26 with one abstention and it was

RESOLVED:

That this Council wishes to be seen to be fully signed up to the localism agenda that all 3 major political parties support both in broad terms and in many areas of detail.

To this end we welcome and support in principle feasible and sustainable process proposals from Parish Councils, community groups and local charities who wish to assist in running services that the Borough Council can't find the resources to sustain such as libraries, youth facilities, community halls etc.

However, the Council also recognises that the austerity measures introduced by the Conservative and Liberal Democrat Government fall on the most vulnerable and poorest of our society, which is leading directly to the necessity for cut backs in services now falling to the Council's partners in the voluntary, faith and community sectors to deliver.

In addition, the Conservative and Liberal Democrat Coalition Government should set out its clearly stated plans for “smaller” government by, for example, publishing a comprehensive list of the legislation it intends to repeal to lift the 3,000 statutory responsibilities from local government for the delivery and provision of social, economic, highway and environmental services.

Moreover, the Council calls upon the Conservative and Liberal Democrat Coalition Government to redress the North – South divide in its funding allocations to local government which would have enabled, in the case of this Council, at least £40 millions less cuts to its budget, which could support the Localism Agenda, if it had been treated in the same way as Dorset Council.

82. NOTICE OF MOTION SUBMITTED BY COUNCILLOR ROBERTSON

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

“That this Council:

- (1) welcomes new investment in road and rail but is concerned that the transport plans of local transport authorities, including that of Lancashire County Council, should give appropriate priority to the transport needs of the Borough of Sefton and people travelling into the Borough from places outside Merseyside;
- (2) recognises the economic importance to the Borough of transport links to Lancashire and Greater Manchester;
- (3) commits itself to work in conjunction with West Lancashire Borough Council and Lancashire County Council to engage further with neighbouring transport authorities to ensure these links are preserved and enhanced; and
- (4) requires a report to be prepared for and submitted to Cabinet at an early date indicating how these aims may best be achieved.”

Following debate, an amendment was moved by Councillor Carr, seconded by Councillor Friel, that the Motion be amended by the addition of the following text:

- “(5) requests the Secretary of State for Transport to recognise the unfair disparity of rail investment in the north of England in comparison to the south of the country; and that this matter be addressed by the Secretary of State amending future spending in order to enhance, improve and secure future transport needs within our region.”

Following debate thereon, on a show of hands, the Mayor declared that the amendment was carried by 41 votes to 17 with one abstention

On a show of hands, the Mayor declared that the Substantive Motion was carried unanimously and it was

RESOLVED:

That this Council:

- (1) welcomes new investment in road and rail but is concerned that the transport plans of local transport authorities, including that of Lancashire County Council, should give appropriate priority to the transport needs of the Borough of Sefton and people travelling into the Borough from places outside Merseyside;

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- (2) recognises the economic importance to the Borough of transport links to Lancashire and Greater Manchester;
- (3) commits itself to work in conjunction with West Lancashire Borough Council and Lancashire County Council to engage further with neighbouring transport authorities to ensure these links are preserved and enhanced;
- (4) requires a report to be prepared for and submitted to Cabinet at an early date indicating how these aims may best be achieved; and
- (5) requests the Secretary of State for Transport to recognise the unfair disparity of rail investment in the north of England in comparison to the south of the country; and that this matter be addressed by the Secretary of State amending future spending in order to enhance, improve and secure future transport needs within our region.

83. NOTICE OF MOTION SUBMITTED BY COUNCILLOR HARDY

It was moved by Councillor Hardy, seconded by Councillor Killen:

“That this Council:

- (1) Expresses deep concern about both:
 - (i) the proliferation of high cost, short term lenders on our high streets and the increasing number of people becoming trapped in a cycle of long-term debt due to the extremely high interest rates charged by these companies; and
 - (i) the proliferation of betting shops on our high streets and particularly the huge increase in the number of high stakes, fixed odds betting terminals.
- (2) Notes that:
 - (i) there are an estimated 1 million families a month nationally taking out payday loans, including many families in Sefton; and
 - (ii) there are over 33,000 fixed odds betting terminal machines in the UK making about £1.5 billion profit each year, causing debt and creating anti-social behaviour in many deprived neighbourhoods.
- (3) Commits to working to tackle these problems in Sefton and protect vulnerable residents and employees through the following action:-
- (4) Requests the Chief Executive to write to the Minister for Employment Relations and Consumer Affairs to lobby the Government to:

- (i) look again at introducing a cap on interest rates charged by high cost, short term lenders;
- (ii) introduce restrictions around the practice of 'rolling over' loans given the OFT's recent findings regarding the proportion of revenue generated through charges associated with this practice;
- (iii) introduce restrictions on the number of fixed odds betting terminal machines allowed in each shop, reduce the maximum stake allowed and increase the time between each game; and
- (iv) re-designate high interest lenders and betting shops within the Town and Country Planning Act so as to require planning permission to be granted before certain establishments can be converted into high interest loan or betting shops."

Following debate, an amendment was moved by Councillor Brodie - Browne, seconded by Councillor Ashton, that the Motion be amended by the addition of the following text:

"(4) (v) welcome the Government's investment in Credit Unions which has allowed them to offer payday loans capped at 26.8% APR."

Following further debate, Councillor Brodie – Browne agreed to delete the words "capped at 26.8% APR" from his amendment.

On a show of hands, the Mayor declared that the revised amendment was carried unanimously.

A further amendment was then moved by Councillor Shaw, seconded by Councillor Robertson, that the Amended Motion be amended by the addition of the following text:

- (5) Requests the Head of Planning Services to report to the Planning Committee on the case for introducing an Article 4 Direction as a means of controlling the proliferation of betting shops and Pay Day Loan Shops

On a show of hands, the Mayor declared that the amendment was carried unanimously. On a show of hands, the Mayor declared that the Substantive Motion was carried unanimously and it was

RESOLVED:

That this Council:

(1) Expresses deep concern about both:

- (i) the proliferation of high cost, short term lenders on our high streets and the increasing number of people becoming trapped

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in a cycle of long-term debt due to the extremely high interest rates charged by these companies; and

- (ii) the proliferation of betting shops on our high streets and particularly the huge increase in the number of high stakes, fixed odds betting terminals.

(2) Notes that:

- (iii) there are an estimated 1 million families a month nationally taking out payday loans, including many families in Sefton; and

- (iv) there are over 33,000 fixed odds betting terminal machines in the UK making about £1.5 billion profit each year, causing debt and creating anti-social behaviour in many deprived neighbourhoods.

(3) Commits to working to tackle these problems in Sefton and protect vulnerable residents and employees through the following action:-

(4) Requests the Chief Executive to write to the Minister for Employment Relations and Consumer Affairs to lobby the Government to:

- (i) look again at introducing a cap on interest rates charged by high cost, short term lenders;

- (ii) introduce restrictions around the practice of 'rolling over' loans given the OFT's recent findings regarding the proportion of revenue generated through charges associated with this practice;

- (iii) introduce restrictions on the number of fixed odds betting terminal machines allowed in each shop, reduce the maximum stake allowed and increase the time between each game; and

- (iv) re-designate high interest lenders and betting shops within the Town and Country Planning Act so as to require planning permission to be granted before certain establishments can be converted into high interest loan or betting shops.

- (v) welcome the Government's investment in Credit Unions which has allowed them to offer payday loans.

(5) Requests the Head of Planning Services to report to the Planning Committee on the case for introducing an Article 4 Direction as a means of controlling the proliferation of betting shops and Pay Day Loan Shops.

84. NOTICE OF MOTION SUBMITTED BY COUNCILLOR DAWSON

It was moved by Councillor Dawson, seconded by Councillor Maher and unanimously RESOLVED:

That this Council:

- (1) welcomes the enthusiasm with which many businesses within Southport have actively endorsed the proposal to create a Business Improvement District (BID) in the central area of Southport;
- (2) notes the unanimous support for the proposed Southport BID of the Southport Area Committee and Sefton MBC Cabinet;
- (3) believes that a BID in the central area of Southport will contribute to a revival of Southport town centre led by the town's business community;
- (4) encourages businesses in the central Southport area who are eligible to vote in the matter to support the BID in the forthcoming ballot; and
- (5) as one of the major business ratepayers in the proposed Southport BID area, endorses the decision of the Cabinet to vote 'Yes' to the BID.

85. NOTICE OF MOTION SUBMITTED BY COUNCILLOR KEITH

It was moved by Councillor Keith, seconded by Councillor Hands and unanimously RESOLVED:

That the following Motion be referred to the Overview and Scrutiny Committee (Children's Services) for consideration, prior to the submission of a recommendation to the Cabinet Member – Children, Schools, Families and Leisure for determination:

“That this Council:

- (1) welcomes the relaunch by the NSPCC of the Underwear Rule campaign which provides parents and professionals with an easy way to start simple conversations with children that could help keep them safe from sexual abuse;
- (2) believes that everyone has a role to play to help prevent the sexual abuse of children and that all children have the right to be happy and safe;
- (3) to this end, the Council will do its utmost to support the campaign both across Council staff, Children's centres and foster carers; and

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- (4) will encourage all Sefton Primary Schools to take up the NSPCC Child Line training for primary school children. This training includes the key message that children's bodies belong to them and no one can touch it without their permission. Children have the right to refuse a kiss or a touch, even from a person they love. No one should touch them on the part of their body that their swimwear or underwear covers. The schools service programme creates a safe space for children and staff to discuss their understanding of what can be complex and embarrassing issues;

The Council will endeavour to share these key messages with parents, carers and agencies that work with children.”

Agenda Item 7

Report to:	Council	Date of Meeting:	6 March 2014
Subject:	Recorded Votes at Council Budget Meetings	Wards Affected:	All
Report of:	Director of Corporate Services		
Is this a Key Decision?	No	Is it included in the Forward Plan?	No
Exempt/Confidential	No		

Purpose/Summary

To advise the Council of the Government Regulations which came into force on 25 February 2014, which require all local authorities to amend their Constitution, so as to include provisions requiring recorded votes at Budget Council meetings on motions relating to the determination of the budget, council tax levels and the issuing of precepts.

Recommendation(s)

That approval be given to the inclusion of the following provision within the Council and Committee Procedure Rules, in Chapter 4 of the Constitution:

“Recorded Votes at Budget Council Meetings

The votes of all Members present in the room will be recorded for and against the motion or amendment or abstaining from voting and will be taken down in writing and recorded in the minutes of Budget Council meetings in respect of the determination of the budget, setting of council taxes or issuing of precepts.”

How does the decision contribute to the Council’s Corporate Objectives?

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

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	Democracy			
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Reasons for the Recommendation:

To comply with the mandatory provisions in the Government Regulations.

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial	
Legal	The Local Authorities [Standing Order][England] [Amendment] Regulations 2014 amends ,as from 25 th February 2014, the 2001 Standing Order Regulations by requiring that immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.
Human Resources	N/A
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

None

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What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 2835/14) and Head of Corporate Legal Services (LD2141/14.) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

Following the Council meeting.

Contact Officer: Andrea Watts
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Background Papers:

There are no background papers available for inspection

Agenda Item 7

1. Introduction/Background

- 1.1 The Secretary of State for Communities and Local Government has issued The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, which came into force on 25 February 2014 and make it mandatory for local authorities as soon as possible after the Regulations are in force, to amend the Standing Orders in their Constitution, so as to include provisions requiring recorded votes at Budget Council meetings.
- 1.2 The regulations require local authorities to adopt the practice of recording in the minutes of the Budget Council meeting how each member present voted on any decision relating to the budget or council tax, to enable the public to see how their councillors voted, not only on the substantive budget motions agreeing the budget, setting council taxes or issuing precepts, but also on any amendments proposed at the meeting.
- 1.3 The Secretary of State has indicated that the purpose of the regulations is to enable local people to see how those they have elected to represent them have voted on critical decisions which affect the lives and households of all who will in the Council's area and it will demonstrate transparency and democratic accountability.
- 1.4 The regulations will require the inclusion of the following provision within the Council and Committee Procedure Rules, in Chapter 4 of the Constitution:

"Recorded Votes at Budget Council Meetings

The votes of all Members present in the room will be recorded for and against the motion or amendment or abstaining from voting and will be taken down in writing and recorded in the minutes of Budget Council meetings in respect of the determination of the budget, setting of council taxes or issuing of precepts."

1.5 The existing provisions in the Council and Committee Procedure Rules relating to a recorded vote if requested by 7 Members (Rule 92) and the right of individual Members to request that their vote be recorded immediately after the vote is taken (Rule 93) remain for all decisions taken at Council meetings.

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Report to: Cabinet
Council

Date of Meeting: 27 February 2014
6 March 2014

Subject: Treasury Management Policy & Strategy 2014/15

Report of: Head of Corporate Finance & ICT **Wards Affected:** All

Is this a Key Decision? No **Is it included in the Forward Plan?** No
Exempt/Confidential No

Purpose/Summary

To advise Cabinet and Council of the proposed procedures and strategy to be adopted in undertaking the Treasury Management Function in 2013/2014.

Recommendation(s)

Council be recommended that:

- (1) The Treasury Management Policy Document for 2014/2015 (Annex A) be agreed;
- (2) The Treasury Management Strategy Document for 2014/2015 (Annex B) be agreed;
- (3) The amendment to Banking arrangements contained within the Financial Procedures Rules of the Constitution (Para 3) be agreed; and
- (4) The basis to be used in the calculation of the Minimum Revenue Provision for Debt Repayment in 2014/2015 (Para 5) be agreed.

How does the decision contribute to the Council's Corporate Objectives?

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

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Reasons for the Recommendation:

To enable the Council to effectively manage its treasury activities..

What will it cost and how will it be financed?

(A) Revenue Costs

There are no financial implications as a result of this report.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	Local Authorities are required to have regard to the Code of Practice on Treasury Management under the provisions of the Local Government Act 2003	
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT has no comments on this report because the contents of the report have no financial implications (FD 2814/14)

The Head of Corporate Legal Services has been consulted and comments have been incorporated into the report (LD 2120/14).

Are there any other options available for consideration?

None.

Implementation Date for the Decision

With effect from 1 April 2014.

Contact Officer: Margaret Rawding

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Background Papers:

None

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, and the revision to The Code in 2009 following the Icelandic bank collapse. The Council has also adopted the revisions contained within the 2011 Code.
- 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 Office of the Deputy Prime Minister 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 2014/2015; 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. In view of the complex nature of Treasury Management, regular treasury update reports will be presented to 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 Head of Corporate Finance and ICT, including all executive decisions on borrowing, investment or financing, in line with the Constitution of the Council.

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

- 4.1. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 introduced changes to the calculation of the MRP.
- 4.2. 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.
- 4.3. 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 estimated life method. This links the charges to revenue more closely to the life of the asset. The Council's Revenue Budget for 2014/15 to 2016/17 has been constructed on this basis.
- 4.4. 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.

SEFTON COUNCIL

TREASURY MANAGEMENT

POLICY

2014/2015



CORPORATE FINANCE AND ICT

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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. The Service Manager – Treasury & Capital has obtained the CIPFA/Association of Corporate Treasurers sponsored qualification CertTM-PF, which is aimed at giving a solid grounding in treasury management and which is tailored to the public sector.

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, and the provision of specific training on Treasury Management.

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 2013/2014 is attached at **Annex B**.

3. **Delegated Powers**

3.1. The Head of Corporate Finance and ICT, 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

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Head of Corporate Finance and ICT, 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 Head of Corporate Finance and ICT (or in his/her absence the Deputy Section 151 Officer) 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. Also, an annual outturn report on Treasury Management activity will be presented before 30 June following the end of the previous financial 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) Monitor these documents and approve any in-year amendments necessary to facilitate continued effective Treasury Management;
- c) Receive an annual outturn report on Treasury Management activity prior to the 30 June following each financial year; and

4.3. Audit and Governance Committee

Audit and Governance Committee will:

- a) Implement and monitor performance 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 treasury management and policies.

4.4. Head of Corporate Finance and ICT

The Head of Corporate Finance and ICT will:

- a) Draft and submit to Cabinet and Council prior to each financial year, Treasury Management Policy and Strategy Documents;
- b) Implement and monitor these documents resubmitting any necessary in-year revisions/amendments (at least on a quarterly basis) to Cabinet for approval;
- c) Draft and submit an annual outturn report on Treasury Management activity to Cabinet and Council by the 30 June following each financial year-end;

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- d) Draft and submit an annual outturn report (and quarterly performance reports) on Treasury Management activity to the Audit & Governance Committee by the 30 June following each financial year-end;
- e) 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;
- f) Be responsible for the execution and administration of treasury management decisions; and
- g) 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.

4.5 Borrowing and investments

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

SEFTON COUNCIL

TREASURY MANAGEMENT

STRATEGY

2014/2015



CORPORATE FINANCE AND ICT

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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, the 2011 revised Prudential Code for Capital Finance, and the revised Treasury Management in the Public Services code of Practice and Cross-Sectoral Guidance Notes (2011).

2. Treasury Management Strategy 2014/2015

- 2.1. The Strategy for 2014/2015 covers:
 - a) Treasury Limits in force which will limit the borrowing activity of the Council (2.2);
 - b) Prudential Indicators 2014/2015 to 2016/2017 (2.3);
 - c) Interest Rates (2.4);
 - d) Capital Borrowing (2.5);
 - e) Debt Rescheduling opportunities (2.6);
 - f) Borrowing in advance of need (2.7);
 - g) Investment Strategy (2.8).

2.2. Treasury Limits for 2014/2015

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

The overall or Affordable Borrowing Limit (authorised limit as per Prudential Indicators 2014/2015).	Maximum £177.500m
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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 fund the Capital Programme in 2014/2015, the need to fund capital expenditure previously met from internal funding, and cash flow requirements.

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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.

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	2014/15 %	2015/16 %	2016/17 %
Upper limit for fixed interest rate exposure expressed as a percentage of net outstanding principal sum	340	340	340
Upper limit for variable interest rate exposure expressed as a percentage of net outstanding principal sum	-20	-20	-20

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2.3.2 Non Specified Investment Indicator

The Investment Strategy (Para 2.9) allows non-specified investments (see paragraph 2.9.3 for definition) 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	2014/15 %	2015/16 %	2016/17 %
Upper limit on the value of non-specified investments as a percentage of total investments (including long term investments, and investments without credit ratings or rated belowA-)	40	40	40

2.3.4 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 Arlingclose, the Council's Treasury Management Advisors, and has been noted by them.

Maturity Structure of Fixed Rate Borrowing During 2014/2015	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 Arlingclose as its treasury consultants. Arlingclose were engaged for the first time with effect from 01/04/2011, following a tendering exercise for the contract. 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, knowledge, and advice. 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 and a tendering exercise will be undertaken at the end of this financial year to continue the service.

2.3.5 Principal sums invested for periods longer than 364 days

An upper limit on the value of non-specified investments over 1 year, but less than 5 years is set at 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.

2.3.6 Credit risk

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. As part of this process advice from Arlingclose will be considered, both in terms of maximum duration and level of investment.

The Council also considers alternative assessments of credit strength, and information on corporate developments and of market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.
- Background research in the financial press
- Discussion with our treasury consultants
- Internal discussion with Head of Corporate Finance and ICT

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The Council will only invest in institutions that have a Risk Matrix scoring of long term A- (or equivalent).

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

2.4. Interest Rates

2.4.1 Arlingclose provide regular forecasts of interest rates to assist decisions in respect of:

- a) Capital Borrowings (2.5);
- b) Debt Rescheduling opportunities, (2.6)
- c) Temporary borrowing for cash flow; and
- d) Investments strategy (2.8).

2.4.2. **Annex B1** gives details of Arlingclose's central view regarding interest rate forecasts. Arlingclose's forecast is for official interest rates to remain at 0.5% until 2016.

2.4.3. The advice from Arlingclose 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 Arlingclose.

2.5. Capital Borrowing

2.5.1 The Authority currently holds £147.306m of loans, an decrease of £8.836m on the previous year as part of its strategy for funding previous years' capital programmes as set out below:

Debt Portfolio	
Average Interest Rate	4.5%
<u>Debt Outstanding – Fixed Rate</u>	£m
PWLB	123.291
Other Borrowing	17.881
Other Long Term Liabilities	<u>6.134</u>
Total Debt	147.306

The category of other borrowing (£17.881m) represents finance lease liabilities.

Other long term liabilities (£6.134m) represent transferred debt from the Merseyside Residuary Body.

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2.5.2 The Council will raise its required finance, following advice from Arlingclose, from the Public Works Loan Board (PWLB), or other local authorities.

The Council's forecast borrowing requirement for 2014/2015 is as follows:

Borrowing Requirement	Estimate £m
New Borrowing	5.731
Replacement Borrowing	<u>2.644</u>
Total Borrowing	8.375

The new borrowing represents the unsupported borrowing as required by the Capital Programme in 2014/15. As noted in 2.5.4 below the Council is internally borrowed, and may take additional borrowing if required in order to reverse this position.

2.5.3. The Arlingclose forecast for Gilt interest rates (as set out at **Annex B1**). This would suggest that the following strategy is followed:

- The cheapest borrowing will be internal borrowing, which involves running down cash balances and foregoing interest earned at historically low rates. Consideration will always be given to long term borrowing rates and the possibility of rates rising, which could mean borrowing at future higher rates which could erode the advantages of internal borrowing
- Temporary borrowing from money markets or other local authorities.

2.5.4. The authority borrows from the PWLB in order to fund part of the capital programme, the maximum that we can borrow being the Capital Financing Requirement (CFR). PWLB borrowing as at 31 January 2014, plus lease liabilities and other long term liabilities, is £147.306m, as against a CFR of £214.700m for 2014/15. This position is classed as being internally borrowed 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. 2014/15 is expected to experience a continuation of a low bank rate. Hence, internal borrowing is a sensible option where interest rates on deposits are much lower than the current PWLB borrowing rates, but this will be reviewed should interest rates change.

2.5.6. However, as noted in 2.5.3, 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 2014/2015. The Head of Corporate Finance and ICT will monitor the interest

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rate market and following advice from Arlingclose, adopt a pragmatic approach to changing circumstances during the year.

2.5.8. External v Internal Borrowing

2.5.9. The Council currently has a difference between gross debt and net debt (gross debt net of cash balances) of £53m. The general aim of the strategy would be to reduce the difference between the two in order to reduce the credit risk of holding investments.

2.5.10. As noted in 2.5.4 above the Council is internally borrowed. If this continues this will reduce the difference between gross and net debt. Early repayment of debt is, however, not a realistic option since the introduction by the PWLB of significantly lower rates on 1 November 2007, which has now been compounded by a considerable further widening of the difference between new borrowing and repayment has meant that large premiums would be incurred.

2.6. Debt Rescheduling Opportunities

2.6.1. As noted in 2.5.10 above, restructuring with the PWLB is now much less attractive than before due to the potentially large premiums that would be incurred.

The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring. However, the situation will be monitored and the Council will consider the option of debt restructuring during 2014/2015, should the financial circumstances change.

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. Any 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.

The total amount borrowed will not exceed the authorised borrowing limit of £117,500m. The maximum period between borrowing and expenditure is

expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

2.8 The Use of Financial Instruments for the Management of Risks

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires Councils to clearly detail their policy on the use of derivatives in the annual strategy.

The Council's policy on such items is that it will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

The Council will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

2.9. Investment Strategy

2.9.1. The Council manages the investment of its surplus funds internally, and operates in accordance with the Guidance on Local Government Investments issued by CLG, and the 2011 CIPFA Treasury Management in Public Services and Cross Sectoral Guidance Notes. Surplus funds are invested on a daily basis ensuring security, followed by liquidity.

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

- The security of capital
- The liquidity of capital

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.9.3. Under the system of guidance investments are classified as Specified or Non Specified.

Specified Investments are those which satisfy the following conditions:

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- 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 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 (A-).

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

2.9.4 The Council's investment portfolio as at 31st January 2014 is set out below:

Investments Portfolio	£m
Specified Investments	52.940
Non-Specified Investments	<u>0.350</u>
Total	53.290

2.9.5 The Council banks with National Westminster, which is part of the Royal Bank of Scotland Group. It is currently a part government-owned institution. At the present time, it does meet the minimum credit criteria of A- (or equivalent) long term. If the credit rating falls below the Authority's minimum criteria the Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements when no other options are available.

2.9.6 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 2.9.3 b) which is extended to a period of less than 2 years or fixed term deposits, and a maximum of 5 years for negotiable instruments such as CDs;

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 B3, following the investment criteria as listed in annexe B2. 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. Most Local Authorities are not credit rated.
Certificates of Deposit with Banks and Building	Certainty of rate and liquid	If not held until maturity, can be sold

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Societies		for a capital loss on the secondary market
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
Investments with Registered Providers	Certainty of rate of return and repayment of capital	Most Registered Providers are not credit rated.
Investments with organisations that do not meet the Council's specified investment criteria (subject to an external credit review and specific advice from TM advisor).	Greater diversification and allows a small portion of the portfolio to be invested at higher rates of return	Investments may not be with credit rated organisations
AAA rated Money Market Fund (MMF)	Same day liquidity and high credit worthiness due to considerable diversification	High credit rating via the International Money Market Fund Association or IMMFA (AAA rated)
Other Money Market and Collective Investment Schemes	Strong portfolio diversification	Variable Net Asset Value VNAV funds – potential for receiving less than paid in. Plus long lead time for return of investment.
Corporate Bonds	Can be sold on the secondary market	Can be sold for a capital loss
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. Duration of < 1year	No interest paid – they are zero-coupon rated, but are typically bought at a discount.
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, MMF's and UK Government investments for which no limit is set. The maximum maturity period in any is 2 years for non-

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tradeable deposits, and 5 years for deposits that are tradeable on the secondary market. However, advice from Arlingclose will be taken into account in determining whether shorter maximum investment period is more appropriate during the year.

It is NOT proposed that the Council will be making any Non Specified Investments in 2014/2015 that do not comply with the above, however, should the situation change, the Head of Corporate Finance and ICT will report to Cabinet requesting appropriate approval to amend the Strategy before any such investments are made.

2.9.7 The Bank of England Base Rate has remained significantly low at 0.5%. Arlingclose's project of interest rates is to remain at 0.5% to 2017 **Annex B1**. Given the volatility of the market, the forecasts can only be used as a general guide to the future position. Consequently for 2014/15, the Authority has taken a prudent view and budgeted for an investment return based upon Arlingclose's base rate projection during 2014/15.

2.9.9. In order to pursue the strategy of maximising returns from surplus funds at an acceptable level of security and liquidity, the following Brokers will be utilised for investments of over one month:

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

2.9.10 As noted in previous year's report, Cabinet agreed that the limit of investments that can be made to any UK or international banking institution 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 stability has now entered the banking sector, on an operational basis we are using an institutional or group limit of 10% of total investments in order to increase security of capital by spreading risk.

It should be noted that the previous policy of increasing the investment in groups to 1.5 times that of an individual institution has been removed. An operational maximum limit of £22.5m previously applied to banking groups has also now been removed.

2.9.11 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 Arlingclose's creditworthiness advice. It has also been rationalised to only include institutions that are backed by a non-UK sovereign rating of AA+, which implies that national Governments ability, but not willingness, to support the Banks if they were facing financial difficulties. It should be noted that a maximum of £25m can be invested with any one country outside of the UK. The organisations listed will be monitored daily with the assistance of Arlingclose to ensure they continue to meet the requirements outlined at **Annex B2**. In the event of a change in credit rating or outlook, the Council, with advice from Arlingclose, will evaluate its significance and determine

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

2.9.14 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 an assessment of whether a revenue provision of an appropriate amount is required.

2.9.15 Performance monitoring

a) Compliance with investment strategy (i.e level of risk is not exceeded).

b) 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 the Audit and Governance Committee on a quarterly basis, with outturn reports also presented to Cabinet and Council.

2.10 Member and Officer training

CIPFA's Code of Practice requires the Head of Corporate Finance and ICT to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

In order to address this, the Service Manager – Treasury & Capital has obtained the CIPFA/Association of Corporate Treasurers sponsored qualification CertITM-PF, which is aimed at giving a solid grounding in treasury management and which is tailored to the public sector. Training will be provided for Members of the Audit & Governance Committee on 26 March 2014 and it is intended for such training to occur at least annually.

ARLINCLOSE INTEREST

RATE FORECAST

Arlingclose's Interest Forecast as at 31 January 2014

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk													
3-month LIBID rate													
Upside risk	0.20	0.25	0.30	0.35	0.40	0.50	0.55	0.60	0.65	0.70	0.75	0.90	0.95
Arlingclose Central Case	0.45	0.45	0.50	0.55	0.65	0.75	0.75	0.75	0.75	0.75	0.80	0.80	0.80
Downside risk			0.05	0.10	0.20	0.30	0.30	0.30	0.30	0.30	-0.35	-0.35	-0.35
1-yr LIBID rate													
Upside risk	0.35	0.30	0.35	0.40	0.45	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.80
Arlingclose Central Case	0.90	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.40	1.40
Downside risk	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	1.45	1.50	1.55	1.60	1.65	1.70	1.75	1.85	1.95	2.10	2.30	2.50	2.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
10-yr gilt yield													
Upside risk	0.50	0.50	0.50	0.65	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	3.00	3.10	3.30	3.50	3.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
20-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.65	3.75	3.85	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80
50-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.45	3.50	3.55	3.60	3.65	3.70	3.75	3.80	3.85	3.95	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80

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

Viability rating

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

Aaa – highest fundamental credit quality

aa – very high fundamental credit quality

a – high fundamental credit quality

bbb – good fundamental credit quality

bb – speculative fundamental credit quality

b – highly speculative fundamental credit quality

ccc – substantial fundamental risk

cc – very high levels of fundamental credit risk

c – exceptionally high levels of fundamental credit risk

f – failed

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

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Investments with UK and International Banks (including the Nationwide Building Society) are limited by the Head of Corporate Finance and ICT to a maximum principal sum of £25m with any of the institutions listed above.

Investment with the Government's Debt Management Account Deposit Facility (DMADF), local authorities or any AAA rated or equivalent Money Market Fund will be limited to a maximum principal sum of £25m. However, the Head of Corporate Finance and ICT can decide day to day maximum sums lower than this; an operational limit of £15m is currently in place.

A group limit of 1.5 times the above limit will also be applied to institutions that are part of a group. This would allow, for example in the case of the RBS/Natwest Group, £15m to be invested with Natwest, and £7.5m with RBS.

SEFTON COUNCIL - STANDARD LENDING LIST

ANNEX B3

Name	COUNTRY	Moody's Long-Term Ratings	Moody's Short Term Rating	Moody's Financial Strength Rating	Fitch Long-Term Rating	Fitch Short Term Rating	Fitch Viability Rating	Fitch Support Rating	S&P Long-Term Rating	S&P Short-term	Banking Group	Arlingclose Maximum Recommended Duration
COMMONWEALTH OF AUSTRALIA	AU	Aaa			AAA	F1+			AAAu	A-1+u		
AUST AND NZ BANKING GROUP	AU	Aa2	P-1	B-	AA-	F1+	aa-	1	AA-	A-1+		12 Months
COMMONWEALTH BANK OF AUSTRAL	AU	Aa2	P-1	B-	AA-	F1+	aa-	1	AA-	A-1+		12 Months
NATIONAL AUSTRALIA BANK LTD	AU	Aa2	P-1	B-	AA-	F1+	aa-	1	AA-	A-1+	National Australia Bank Group	12 Months
WESTPAC BANKING CORP	AU	Aa2	P-1	B-	AA-	F1+	aa-	1	AA-	A-1+		12 Months
GOVERNMENT OF CANADA	CA	Aaa			AAA	F1+			AAA	A-1+		
BANK OF MONTREAL	CA	Aa3	P-1	C+	AA-	F1+	aa-	1	A+	A-1		12 Months
BANK OF NOVA SCOTIA	CA	Aa2	P-1	B-	AA-	F1+	aa-	1	A+	A-1		12 Months
CAN IMPERIAL BK OF COMMERCE	CA	Aa3	P-1	C+	AA-	F1+	aa-	1	A+	A-1		12 Months
ROYAL BANK OF CANADA	CA	Aa3	P-1	C+	AA	F1+	aa	1	AA-	A-1+		12 Months
TORONTO-DOMINION BANK	CA	Aa1	P-1	B	AA-	F1+	aa-	1	AA-	A-1+		12 Months
REPUBLIC OF FINLAND	FI	Aaa	P-1		AAA	F1+			AAA	A-1+		
NORDEA BANK FINLAND ABP	FI	Aa3	P-1	C	AA-	F1+		1	AA-	A-1+	Nordea Group	12 Months
POHJOLA BANK PLC-A SHS	FI	Aa3	P-1	C-	A+	F1		1	AA-	A-1+		6 Months
UNITED KINGDOM	GB	Aa1			AA+	F1+			AAAu	A-1+u		
BANK OF SCOTLAND PLC	GB	A2	P-1	D+	A	F1		1	A	A-1	Lloyds Banking Group	6 Months
LLOYDS BANK PLC	GB	A2	P-1	C-	A	F1	bbb+	1	A	A-1		6 Months
BARCLAYS BK PLC-ADR C	GB	A2	P-1	C-	A	F1	a	1	A	A-1		12 Months
CLOSE BROTHERS LTD	GB	A3	P-2	C	A	F1	a	5				100 Days
GOLDMAN SACHS INTERNATIONAL	GB	A2	P-1		A	F1			A	A-1		100 Days
HSBC BANK PLC	GB	Aa3	P-1	C	AA-	F1+	a+	1	AA-	A-1+	HSBC Group	12 Months
LEEDS BUILDING SOCIETY	GB	A3	P-2	C	A-	F2	a-	5				100 Days
NATIONWIDE BUILDING SOCIETY	GB	A2	P-1	C	A	F1	a	1	A	A-1		12 Months
NATIONAL WESTMINSTER BANK	GB	A3	P-2	D+	A	F1		1	A-	A-2	RBS Group	Overnight
ROYAL BANK OF SCOTLAND PLC/T	GB	A3	P-2	D+	A	F1	bbb	1	A-	A-2		Overnight
SANTANDER UK PLC	GB	A2	P-1	C-	A	F1	a	1	A	A-1	Santander Group	6 months
STANDARD CHARTERED BANK	GB	A1	P-1	B-	AA-	F1+	aa-	1	AA-	A-1+		12 Months

FEDERAL REPUBLIC OF GERMANY	GE	Aaa			AAA	F1+			AAAu	A-1+u	
DEUTSCHE BANK AG-REGISTERED	GE	A2	P-1	C-	A+	F1+	a	1	A	A-1	12 Months
LANDESBANK HESSEN-THURINGEN	GE	A2	P-1	D+	A+	F1+		1	A	A-1	100 Days
KINGDOM OF THE NETHERLANDS	NE	Aaa	P-1		AAA	F1+			AA+u	A-1+u	
BANK NEDERLANDSE GEMEENTEN	NE	Aaa	P-1	A	AAA	F1+		1	AA+	A-1+	12 Months
COOPERATIEVE CENTRALE RAIFFE	NE	Aa2	P-1	B-	AA-	F1+		1	AA-	A-1+	12 Months
ING BANK NV	NE	A2	P-1	C-	A+	F1+	a	1	A	A-1	100 Days
REPUBLIC OF SINGAPORE	SI	Aaa			AAA	F1+			AAAu	A-1+u	
DBS BANK LTD	SI	Aa1	P-1	B	AA-	F1+	aa-	1	AA-	A-1+	6 months
OVERSEA-CHINESE BANKING CORP	SI	Aa1	P-1	B	AA-	F1+	aa-	1	AA-	A-1+	6 months
UNITED OVERSEAS BANK LTD	SI	Aa1	P-1	B	AA-	F1+	aa-	1	AA-	A-1+	6 months
KINGDOM OF SWEDEN	SW	Aaa	P-1		AAA	F1+			AAA	A-1+	
SVENSKA HANDELSBANKEN-A SHS	SW	Aa3	P-1	C	AA-	F1+	aa-	1	AA-	A-1+	12 Months
SWISS CONFEDERATION	SZ	Aaa			AAA	F1+			AAAu	A-1+u	
CREDIT SUISSE AG	SZ	A1	P-1	C-	A	F1	a	1	A	A-1	Credit Suisse Group 100 Days
UNITED STATES (GOVT OF)	US	Aaa			AAA	*- F1+ *-			AA+u	A-1+u	
JPMORGAN CHASE BANK NA	US	Aa3	P-1	C	A+	F1	a+	1	A+	A-1	12 Months
UNITED KINGDOM - OTHER INSTITUTIONS											
CO-OPERATIVE BANK PLC	GB	Caa1	NP	E	B	B	b	5			Banking purposes only
DEBT MANAGEMENT OFFICE	GB	Aa1			AA+	F1+			AAAu	A-1+u	UK government - DMADF Account
GOVERNMENT AGENCIES, MULTI-LATERAL AND SUPRANATIONAL BANKS											
NORDIC INVESTMENT BANK	FI	Aaa	P-1						AAA	A-1+	
COUNCIL OF EUROPE DEVELOPMNT	FR	Aaa	P-1		AA+	F1+			AA+	A-1+	
EUROPEAN BANK FOR RECONSTRUC	GB	Aaa	P-1		AAA	F1+			AAA	A-1+	
KREDITANSTALT FUER WIEFERAUF	GE	Aaa	P-1		AAA	F1+		1	AAA	A-1+	
EUROPEAN INVESTMENT BANK	LX	Aaa	P-1		AAA	F1+			AAA	A-1+	
INTER-AMERICAN DEV BANK	US	Aaa	(P)P-1		AAA	F1+			AAA	A-1+	
INTERNATIONAL BANK FOR RECON	US	Aaa	(P)P-1		AAA	F1+			AAA	A-1+	

Report to: Cabinet
Council

Date of Meeting: 27 February 2014
6 March 2014

Subject: The Prudential Code for Capital Finance in Local Authorities – Prudential Indicators 2014/15

Report of: Head of Corporate Finance & ICT

Wards Affected: All **Exempt/Confidential** No

Is this a Key Decision? No **Is it included in the Forward Plan?** No

Purpose/Summary

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

Recommendation(s)

Council be recommended that:

- (1) The Prudential Indicators as detailed in the report, and summarised in Annex A, be approved as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- (2) Relevant Prudential Indicators be amended, should any changes to unsupported borrowing be approved as part of the 2014/15 Revenue Budget;
- (3) It be noted that estimates of capital expenditure may change as grant allocations are received (paragraph 2.2); and
- (4) Delegated authority be given to the Head of Corporate Finance & ICT to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 5 of the report.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	

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7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

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

What will it cost and how will it be financed?

(A) Revenue Costs

There are no financial implications as a result of this report.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	Local Authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003		
Human Resources	None		
Equality			
1.	No Equality Implication		<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated		<input type="checkbox"/>
3.	Equality Implication identified and risk remains		<input type="checkbox"/>

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT prepared the report (FD 2813/14).

The Head of Corporate Legal Services has been consulted and comments have been incorporated into the report (LD 2119/14).

Are there any other options available for consideration?

None.

Implementation Date for the Decision

With effect from 1 April 2014.

Contact Officer: Margaret Rawding
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Email: Margaret.rawding@sefton.gov.uk

Background Papers:

None.

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 2014/2015 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 5-7);
- (v) Impact on Council Tax (Section 8);
- (vi) Treasury Management Indicators (Section 9).

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.

2.2. The actual capital expenditure that was incurred in 2012/2013 and the estimates for the current and future years capital programme recommended for approval are:-

	<u>2012/2013</u> <u>Actual</u> <u>£m</u>	<u>2013/2014</u> <u>Estimate</u> <u>£m</u>	<u>2014/2015</u> <u>Estimate</u> <u>£m</u>	<u>2015/2016</u> <u>Estimate</u> <u>£m</u>	<u>2016/2017</u> <u>Estimate</u> <u>£m</u>
Childrens Services	5.468	9.177	1.887	0	0
Housing – General Fund	5.332	5.646	4.342	0	0
Technical Services	6.412	12.770	12.482	1.200	1.000
Other Services	20.132	21.323	6.937	0.585	0.050
Total	37.344	48.916	25.648	1.785	1.050

2.3. The estimated levels of expenditure above represent those elements approved by Council and which have been included within the capital programme. This may

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change as grant allocations are made known to the Council and are approved for inclusion within the capital programme.

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.

3.2. Estimates of the ratio for the current and future years and the actual figures for 2012/2013 are:

Financing Costs/Net Revenue Stream					
	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
General Fund	5.4	5.9	6.4	6.9	7.1

3.3. The estimates of financing costs include current commitments and proposals contained in the capital programme. The 2012/2013 percentage is lower than future projections as the future years projections reflect reduced levels of funding from the Government. The increase in the ratio masks the fact that the level of new borrowing in future years is reduced as the Capital Investment Plan reduces in scale.

4. **Prudential Indicator – Capital Finance Requirement**

4.1. The Capital Financing Requirement indicator reflects the Authority's underlying need to borrow for a capital purpose. This is based on historic capital financing decisions and a calculation of future years planned capital expenditure requirements.

4.2. Estimates of the end of year Capital Financing Requirement for the current and future years are set out in the table below:

Capital Financing Requirement					
	<u>31/03/13</u>	<u>31/03/14</u>	<u>31/03/15</u>	<u>31/03/16</u>	<u>31/03/17</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	215.352	214.700	210.000	202.000	195.000

- 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".

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>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Borrowing (long-term)	152.000	157.000	156.000	155.000
Other long term liabilities (transferred debt - Merseyside Residuary Body)	6.500	5.500	4.500	4.500
Total	158.500	162.500	160.500	159.500

- 5.2.3. The Council is asked to approve these limits and to delegate authority to the Head of Corporate Finance and ICT 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

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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 2014/2015 will be the statutory limit determined under section 3 (1).

5.3.2. The Council is asked to delegate authority to the Head of Corporate Finance and ICT 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 is as follows:

Authorised Limit				
	<u>2013/2014</u> £m	<u>2014/2015</u> £m	<u>2015/2016</u> £m	<u>2016/2017</u> £m
Borrowing (short & long-term)	167.000	172.000	171.000	170.000
Other long term liabilities	6.500	5.500	5.500	4.500
Total	173.500	177.500	175.500	174.500

6. Prudential Indicator – Actual External Debt

6.1. The Prudential Code requires that in setting indicators for 2014/2015, the Council reports its actual levels of external debt as at 31 March 2013. The Council's actual external debt at 31 March 2013 was £147.306 comprising £123.291m borrowing, £17.881m in respect of finance lease liabilities, and £6.134m other long-term liabilities.

7. Gross Debt and the Capital Financing Requirement

7.1. This prudential indicator is used to ensure that the authority does not borrow in advance of need. If the authority borrowed in advance of need then the net position would be negative – i.e. borrowing greater than the CFR. The figures below illustrate that the Council is not intending to borrow in advance of need, and that there is a significant level of "internal borrowing".

Authorised Limit				
	<u>2013/2014</u> £m	<u>2014/2015</u> £m	<u>2015/2016</u> £m	<u>2016/2017</u> £m
CFR	214.700	210.000	202.000	195.000
Gross Debt	-147.752	-151.527	-150.925	-150.227
Net	66.948	58.473	51.075	44.773

8. Prudential Indicator – Impact on Council Tax

8.1. Under the Prudential Code, Local Authorities are able to decide the level of borrowing required to meet the demands of the capital programme. 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.

- 8.2. The indicators for the impact on Council Tax of unsupported borrowing are to reflect any ADDITIONAL/NEW unsupported borrowing approval.
- 8.3. Due to current budget constraints no new starts have been included within the 2014/2015 capital programme, that are financed from borrowing.
- 8.4. In the event that any amendments are made to the New Starts Capital Programme, the indicator will be recalculated accordingly.

9. Prudential Indicator – Treasury Management

- 9.1. 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.

9.2 Interest Rate Exposure

- i) An upper limit on its fixed interest rate exposures for 2014/2015 – 2016/2017 of 340% of its net outstanding principal sums;
- ii) An upper limit on its variable interest rate exposures for 2014/2015 – 2016/2017 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 borrowings net of fixed and variable rate investments.

9.3 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%

9.4 Investments Over 1 Year

An upper limit on the value of non-specified investments over 1 year, but less than 5 years (as approved in the annual Treasury Management Policy and Strategy Documents) is set at 40% of Total Investments. This limit will be kept under review

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to take advantage of any opportunities in the current money market. Members will be advised of any change.

10. Monitoring Prudential Indicators

- 10.1. Having established the Prudential Indicators the Head of Corporate Finance and ICT 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.

Summary of Prudential Indicators.

ANNEX A

Capital Expenditure - 2012/2013 to 2016/2017 (Para 2)					
	2012/2013 £m Actual	2013/2014 £m Estimate	2014/2015 £m Estimate	2015/2016 £m Estimate	2016/2017 £m Estimate
Education	5.468	9.177	1.887	0	0
Housing – General Fund	5.332	5.646	4.342	0	0
Technical Services	6.412	12.770	12.482	1.200	1.000
Other Services	20.132	21.323	6.937	0.585	0.050
TOTAL	37.344	48.916	25.648	1.785	1.050

Financing Costs/Net Revenue Stream (Para 3)					
	2012/2013 Actual	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate	2016/2017 Estimate
	5.4	5.9	6.4	6.9	7.1

Capital Financing Requirement (Para 4)					
	2012/2013 £m Actual	2013/2014 £m Estimate	2014/2015 £m Estimate	2015/2016 £m Estimate	2016/2017 £m Estimate
	213.352	214.700	210.000	202.000	195.000

Operational Boundary(Para 5)				
	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m
Borrowing	153.000	157.000	156.000	155.000
Other long term liabilities	5.500	5.500	4.500	4.500
Total	158.500	162.500	160.500	159.500

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Authorised Limit (Para 5)				
	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m
Borrowing	168.000	172.000	171.000	170.000
Other long term liabilities	5.500	5.500	4.500	4.500
Total	173.500	177.500	175.500	174.500

Gross and Net Debt (Para 7)				
	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m
CFR	214.700	210.000	202.000	195.000
Gross Debt	-147.752	-151.527	-150.925	-150.227
Net	66.948	58.473	51.075	44.773

Unsupported Borrowing (Para 8)			
	2014/2015 £m	2015/2016 £m	2016/2017 £m
General Fund	0.000	0.000	0.000

Impact on the Band D Council Tax (Para 8)			
	2014/2015 £	2015/2016 £	2016/2017 £
	0.00	0.00	0.00

Limit on Interest Rate Exposure (Para 9)		
	Upper Limit	Lower Limit
Fixed Borrowing/ Investment	340%	120%
Variable Borrowing/ Investment	-20%	-240%

Fixed Rate Debt Maturity (Para 9)

	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 9)

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

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How does the decision contribute to the Council's Corporate Objectives?

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

Reasons for the Recommendation:

To update Members on the 2013/2014 Capital Investment Plan, inform Members of the 2014/15 Capital Allocations received to date and to allow Members to consider how these allocations should be utilised. Also to seek approval for schemes that are self financed.

What will it cost and how will it be financed?

(A) Revenue Costs

For any additional capital expenditure no additional unbudgeted revenue costs will occur.

(B) Capital Costs

All allocations included in this report are capital grants.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal		
Human Resources		
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

The new schemes to be approved will enable more cost effective services to be provided.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 2815/14) and Head of Corporate Legal Services (LD 2121/14) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The options available to Members for the use of non ring-fenced capital grant allocations are included in the body of the report.

Implementation Date for the Decision

After Cabinet and Council.

Contact Officer: Jeff Kenah

Tel: 0151 934 4104

Email: Jeff.kenah@sefton.gov.uk

Background Papers:

None.

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1. Introduction/Background

- 1.1 This report updates the 2013/2014 Capital Investment Plan and provides details of the Government Capital Allocations that have been notified to date for 2014/2015 with a view to the Cabinet considering the use of the non-ringfenced allocations in the development of a new starts programme for 2014/2015.

2. Revised Capital Investment Plan 2013/2014

- 2.1 The level of prudential borrowing currently required for the Capital Investment Plan is £5.14m for 2013/2014. This comprises £1.54m for Street Scene, £1.51m for Health & Wellbeing, £0.51m for Investment, Programme & Infrastructure, £0.58m for other schemes and £1m for Repairs and Maintenance Capitalisation.
- 2.2 Schemes to be funded from the Single Capital Pot Allocations for 2013/2014 were approved as follows:

	2013/2014 £m
Non ring-fenced grant allocations 2013/2014	9.509
Schemes approved by Council 14/05/2013 - Pre-allocated and High Priority Schemes	8.251
Schemes approved by Council 5/09/2013 – Schemes at Stanley High & Litherland Moss Schools	0.400
Schemes approved by Council 21/11/2013 - Leisure Centres Energy Efficiency Schemes	0.139
Total SCP schemes approved	8.790
Unallocated Balance	0.719

The unallocated balance has been added to the 2014/2015 Single Capital Pot Allocations as detailed in Paragraph 4 below.

3. Government Capital Allocations 2014/2015

- 3.1 It should be noted that for 2014/2015 a single capital pot will again be in operation. This means that all non-ring-fenced grants will initially be held centrally, and bids will need to be made in order to secure funds for capital projects.
- 3.2 The table below itemises those capital allocations that have been received for 2014/2015. The 2013/2014 figures, where applicable, are shown for comparison. All allocations are non-ringfenced, with the exception of Devolved Formula Capital.

Description of Allocation	2013/2014 £'000	2014/2015 £'000	Variation £'000
Children's Services – Devolved Formula Capital (ring-fenced)	447	440	-7
Children's Services – Basic Need	1,040	1,040	0
Children's Services – Capital Maintenance	2,322	2,290	-32
Universal Infant Free School Meals	0	396	+396

Total Department for Education	3,809	4,166	+357
Disabled Facilities Grant	1,581	1,628	+47
Total Housing	1,581	1,628	+47
Department of Health Capital Grant	820	837	+17
Total Department for Health	820	837	+17
Highways Maintenance	2,355	2,130	-225
Integrated Transport Block	965	1,398	+433
Additional Highway Maintenance	426	219	-207
Total Transportation	3,746	3,747	+1
Total Allocations	9,956	10,378	+422

4. Capital Strategy – Single Capital Pot Approvals

- 4.1 A revised Capital Allocation Framework and Capital Strategy was approved by Cabinet and Council on 28 February 2013. This outlined the use of a single capital pot into which all non-ring-fenced funds will be placed, and for which bids must be made in order to secure funding for capital schemes. As can be noted in paragraph 3.2, grant allocations of £10.378m have been received for 2014/2015. The capital allocation of Children’s Services Devolved Formula Capital of £0.440m is ring-fenced, and must be spent in line with terms of the grant offer, leaving £9.938m for the single capital pot. There is also the £0.719m uncommitted balance of Single Capital Pot from the 2013/2014 allocations.
- 4.2 The Strategic Capital Investment Group (SCIG) met on 12th December 2013 and 27th January 2014. The purpose of these meetings was to review and assess bids received for capital funding from the single capital pot in order to recommend to Cabinet and Council a Capital Investment Plan for 2014/2015. As part of this process an initial ‘gateway assessment’ of bids was undertaken by a Capital Investment Bids Panel consisting of the Council’s Service Directors. This panel offered suggestions to SCIG as to the assessment of bids considered within the framework of the Capital Allocation Framework and Capital Strategy. The capital bids have been classified into five distinct groups as follows (the approved bids by group is included within **Appendix A**):
- **Ring-Fenced (£0.440m 2014/2015)** – These are funds which are ring-fenced by Government and therefore must be used for the purpose for which they were issued. This relate to Schools’ Devolved Formula Capital.
 - **Pre allocated (£5.771m 2014/2015)** – These are funds which are non-ring-fenced by Government; however following an internal review are considered appropriate to the original suggested purpose. Therefore they have been “internally ring-fenced” to be used in the spirit in which they were given. The reasons for this include contractual obligations, the potential for clawback, and reduced funding levels in future years. These schemes include the Local Transport Plan, funding which is administered by Merseyside Integrated Transport Authority (MITA). However, these funds are allocated to deliver a programme of work, the detail of which would be agreed by the Cabinet Member.

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- **Single Capital Pot bids – Emergency/Health & Safety Requirements (£1.788m 2014/2015)** – capital bids that are recommended as a priority against this pot.
- **Single Capital Pot bids – High Priority / Invest to Save or Leverage Schemes (£1.480m 2014/2015 and £0.310m in 2015/2016)** - capital bids that, if approved, will draw upon the single capital pot.
- **Single Capital Pot bids – High Priority Schemes (£2.856m 2014/2015)** - capital bids that, if approved, will draw upon the single capital pot.

4.3 In order to allow all schemes identified as a high priority to progress, it is proposed to augment capital allocations by utilising capital receipts already received and anticipated in the 2014/2015 financial year to the total value of £2m (£1m from 2013/2014 that has already been received and £1m is anticipated for 2014/2015). Given the moratorium on asset disposals has not yet been lifted, the timing of receipts in 2014/2015 remains uncertain. Due to this, officers will report to SCIG in April 2014 with a prioritised programme of work. These schemes will only start once the capital receipt is confirmed.

4.4 The allocation of grant funding and capital receipts is summarised in the following table (and see Appendix A):

	2014/2015 £m
Non-ring-fenced grant 2014/2015 (para 4.1)	9.938
Funding c/fwd from 2013/2014 (para 2.3)	0.719
TOTAL GRANT FUNDING	10.657
CAPITAL RECEIPTS	2.000
TOTAL RESOURCES	12.657
Resources committed from previous approvals	(0.812)
Pre allocated	(5.771)
Single capital pot bids – recommended Emergency / Health & Safety	(1.788)
Single capital pot bids – recommended High Priority / Invest to Save or Leverage	(1.480)
Single capital pot bids – recommended High Priority Schemes	(2.856)
TOTAL ALLOCATED	(12.707)
OVERCOMMITMENT	(0.050)

4.5 An underspend on any scheme will be returned to the Single Capital Pot. A small overcommitment of £0.050m is anticipated within the Capital Investment Plan for

2014/2015. It is anticipated that this will be accommodated within the year due to slippage of expenditure across the programme.

- 4.6 It should be noted that the most advantageous use of the Council's grant funding, both ring-fenced and non-ring-fenced, will be made, to ensure that the Council's priorities are achieved.

5 Property Intervention Fund

- 5.1 Members will recall that Council on 16th December 2010 established a £500,000 Strategic Asset Management Property Intervention Fund provision within the Capital Programme to be funded and maintained from capital receipts derived from asset disposals. It was agreed that this fund would be maintained each year by top slicing further capital receipts at the end of each financial year and that if asset receipts are not generated then the fund would not be topped up.
- 5.2 Sufficient capital receipts have now been received in 2013/2014 to top up the Property Intervention Fund in 2014/2015 by £500,000 and it is therefore recommended that this allocation be added to the 2014/2015 Capital Investment Plan.
- 5.3 Council have delegated the management responsibility of this fund to the Director of Built Environment in conjunction with the Head of Corporate Finance & ICT.

6 Self Financing Schemes

- 6.1 The schemes outlined in Appendix B totalling £2.957m in 2014/2015 have capital resources available to fund them and therefore do not require any support from the Single Capital Pot. They were all considered by SCIG and are now being put forward for approval by Cabinet for inclusion in the Capital Investment Plan. These schemes are detailed in **Appendix B**. Members will recall that Council on 21 November 2013 gave delegated authority to Cabinet to approve self financing schemes.

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APPENDIX A

BID NUMBER	Funding required 2014/2015 £	Funding required 2015/2016 £	Scheme name	Scheme description	Applicant Department
RINGFENCED CAPITAL ALLOCATIONS					
1	440,253		Devolved Formula Capital – Ringfenced resource	Capital grant given directly to schools to spend	Learning & Support Services
	440,253				
PRE ALLOCATED					
2	1,627,932		Disabled Facility Grants	To support expenditure of £2.2m on issuing Disabled Facility Grants	Strategic Housing (IPI)
3	1,398,000		Local Transport Plan, Integrated Transport Block Capital Programme	Various transport network improvements.	Investment Programmes & Infrastructure
4	2,349,000		Local Transport Plan, Highway Maintenance Block Capital Programme	To undertake capital maintenance of the Highway Network	Investment Programmes & Infrastructure
5	396,280		Universal Infant Free School Meals	To introduce free school meals to children in reception, yr 1 & yr 2.	Learning & Support Services
	5,771,212				
SINGLE POT BIDS –EMERGENCY / HEALTH & SAFETY RECOMMENDED					
6	1,068,000		School General Maintenance Schemes - 2014/15	14 projects at 13 schools ie boiler replacements, window / door replacements & re-roofing projects	Learning & Support Services
7	650,000	43,000	Corporate Essential Maintenance Fund	To undertake essential maintenance to non school buildings	Investment Programmes & Infrastructure

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8	70,000		Churchtown Library Demolition	To undertake the safe demolition of Churchtown Library	Leisure Services - Health & Wellbeing
	1,788,000	43,000			
SINGLE POT BIDS – HIGH PRIORITY / INVEST TO SAVE OR LEVERAGE SCHEMES					
9	141,000		Transport Feasibility Works		Investment Programmes & Infrastructure
10	250,000		Vine House	Gap funding for the refurbishment of Vine House	Strategic Housing (IPI)
11	618,000		Merefield School additional post 16 classroom base accommodation	To provide 6 th form students with purpose built accommodation	Learning & Support Services
12	161,000		LSTF Extension Funding	To match fund a bid for LSTF grant	Investment Programmes & Infrastructure
13	310,000	310,000	Replacement of Pay & Display Machines	To replace machines with latest models. Additional £280k to be funded from Prudential Borrowing via revenue budget	Investment Programmes & Infrastructure
	1,480,000	310,000			
HIGH PRIORITY SCHEMES					
14	800,000		Litherland Moss Refurbishment Phase One	To refurbish the Administration & Kitchen Block	Learning & Support Services
15	396,000		ASD Bases at Secondary & Primary Provision	To develop 2 new resourced provisions	Learning & Support Services
16	480,000		Increase in Crosby Primary Schools Capacity	To address the current shortage of appropriate school places in the Crosby area	Learning & Support Services
17	45,000		Kew Woods Primary Feasibility Study	To establish the cost of increasing the current school by a half form entry	Learning & Support Services
18	35,000		KS1/Foundation Observation & Assessment Centre	To refurbish existing accommodation	Learning & Support Services
19	600,000		Presfield School South	To open a Special School	Learning & Support Services

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				on the Former Good Shepherd Site	
20	500,000		Street Lighting Structural Programme	Replacement & Treatment of decaying street lighting columns	Investment Programmes & Infrastructure
TOTAL	2,856,000	0			
GRAND TOTAL	12,335,465	353,000			

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APPENDIX B

BID NUMBER	Funding required 2014/2015 £	Funding required 2015/2016 & Future Years £	Scheme name	Scheme description	Funding Source
SELF FINANCED SCHEMES					
21	1,042,000	2,168,000	Vehicle & Plant Replacement Programme	To replace Vehicles & Plant as required by Departments.	Prudential Borrowing financed from Department Revenue Budgets
22	100,000		Funding Circle	Local Authority Lending Programme to Businesses	Treasury Reserves
23	1,300,000		Business Growth Grants	For the Delivery of a Business Growth Grants Programme in Sefton	Regional Growth Funding via Liverpool City Region LEP
24	28,793		Inspection of Former Formby Gas Works Site	To determine if contaminants are present at the site	DEFRA Grant
25	186,000		Ainsdale Hope Centre; Partial Demolition	To demolish the former school sports hall and dining block	The Local Authority's Closed Schools Reserve Account
26	385,000		Liverpool City Region Port Access	Assessment of long term highway improvement scheme	Merseytravel, Local Authority & Dept for Transport contributions
TOTAL	3,041,793	2,168,000			

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Report to: Council **Date of Meeting:** 6 March 2014

Subject: Local Government Act 2003 – Chief Financial Officer’s Requirements
– Robustness Report

Report of: Section 151 Officer and **Wards Affected:** All
Head of Corporate Finance and ICT

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To comply with statute the Chief Financial Officer is required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget is robust and that there are adequate reserves and balances. The report is based on the proposals presented to Cabinet and Council in preparation for the Council meeting of 6 March 2014.

Recommendation(s)

The Local Government Act 2003 (section 25 as amended) requires the Chief Financial Officer to report formally on the following issues:

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

The Council is requested to have regard to the matters raised in this report during the final stages of determining the budget for 2014/15

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	

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6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

What will it cost and how will it be financed?

(A) Revenue Costs

Decisions taken as a consequence of this report will influence the Council's Revenue Budget and Council Tax for 2014/15 and thereby shape the Council's financial plans future years.

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal –	The Council is required to set a Budget and Council Tax level by 10 March 2014 and must consider the comments of the Chief Financial Officer before that decision is taken.
Human Resources - None	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Finance is the owner of the report (FD.2843/14)

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Head of Corporate Legal Services (LD2148/14) have been consulted and any comments have been incorporated into the report.

This a statutory report to provide advice to Members in determining the Revenue Budget 2014/15.

Implementation Date for the Decision

With immediate effect

Contact Officer: Margaret Rawding
Tel: 0151 934 4082
Email: Margaret.rawding@sefton.gov.uk

Background Papers:

None

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1. Introduction

- 1.1. 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 will be required to take account of this report when determining its budget. This report represents an assessment based on the proposals elsewhere on this agenda. Therefore this opinion may be revised in the light of any changes to the budget proposals as presented in this agenda.

2. Summary Option

- 2.1.1 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 the financial reserves. This opinion is based on the budget savings already approved and the possible combinations to balance the Budget presented elsewhere on the agenda; in particular the Council tax options and the limited use of one-off funding. **Should any of the assumptions change which require the identification of significant additional savings or the use of other reserves and balances then this opinion will be reviewed.**
- 2.1.2 The issues raised in this report highlight the importance of having previously agreed a financial plan covering two years and the timeframe this process gives for the implementation of the changes required. The financial forecasts themselves are only estimates of future political, economic, environmental and demographic forecasts which contain many variables and degrees of uncertainty.
- 2.2. The two year financial plan is estimated to be largely (94%) achieved and the 2014/15 Budget report elsewhere on this agenda identifies actions regarding the 3 items, totalling 6% of the total two year plan which need reconsideration. All options will continue to require close monitoring of implementation and delivery and any non achievement reported and corrected in a timely way. **The 2014/15 Revenue budget and Council Tax should be considered in the context of further savings in the region of £55m needed to balance the 2015/16 and 2016/17 budgets. The use of short term resources now will reduce the Council's ability to respond to the very severe challenges it will face in balancing the Budgets in future years.**

3. **Robustness of Estimates**

3.1. **Estimates of Expenditure and Services Changes**

The Council agreed a two year financial plan which has been amended in the light of further information now available and government funding levels for 2014/15 which have changed since the two year plan was last considered by Council. The Plan:

- Identified further tactical savings where services can be downsized and delivered at less cost
- Reviewed all remaining expenditure to identify the minimum level of services that must be provided
- Continued to reduce managements and support costs through restructuring and contract renegotiation
- Identified saving options arising from downsizing of services, integration of functions and the cessation of discretionary services.

Options presented to Members at the stage of approving the two year plan had been quality assured by a multi-disciplinary group of senior officers to consider the risks of implementation and impact. This process has been ongoing since February 2013 and has allowed changes in the proposals and the phasing of the financial impact to be revised.

3.2. **Consultation**

The consultation on the two year financial plan was undertaken in the preparation of the Plan and further consultation with service users and staff will continue throughout the implementation of the approved changes..

A range of consultation methods have been used to give greatest benefit to the understanding of the impact on service users and stakeholders. All consultations have been available for any person to respond to issues even where more targeted consultation has supplemented the generic approach.

3.3. **Risk Assessment**

The key risks in achieving the services changes required by the proposed budget savings were assessed for each option and presented to Council in February 2013. The assessments have covered the legality of the option, timescales needed to achieve the change, impact on service users and stakeholders, long term implications of the changes and any contractual restrictions which may impact on achieving the savings.

4. **Determination of the Level of Resources Available**

- 4.1. The forecast level of available resources for 2013/14 was notified to the Council by Government on 18th December 2013, with final figures confirmed in February 2014.

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4.2. The change in the funding arrangements for local government from April 2013 brought new financial risks which the Council will need to consider in the determination of the 2014/15 budget.

4.2.1. Business Rates

The current arrangements for local government funding from National Non Domestic Rates (NNDR) uses a national pooling of all NNDR receipts and protects individual authorities from changes in the actual collection levels within its area. From April 2013 the Council funding is based on a government assessment of the expected level of Business Rates to be collected by Sefton. All variations against this baseline will be borne equally by the government and the local authority. Changes arising from non payment, successful appeals and reducing Business Rateable properties will be an ongoing and growing risk to the Council.

4.2.2. Council Tax Base

The changes from government funded Council Tax Benefit to locally funded Council Tax Reduction has added further risk in determining the level of resources available.

The application of Council Tax Reduction (instead of Council Tax Benefit) exposes the Council to the risk of falling incomes of residents as the cost of the reduction in Council Tax Bills will have to be met from the local authority and its precepting bodies.

The first year of operating a Council Tax Reduction Scheme has indicated that the prudent estimates of numbers and values of claims is manageable into the second year. However, the number of Council Tax payers that will start the second year of the scheme in arrears, particularly with attachments to benefits will require very careful monitoring as this is a growing risk for the Council.

4.2.3. Monitoring of Resources Available

The Council will need to continue to carefully monitor the achievement of Business Rate collection levels and the value of Council Tax Reduction claims. This will be a new risk which will need to be factored into the planning of balances and the actuals regularly reported as part of the budget monitoring reports to Members.

4.2.4. Public Health Funding

The responsibility for Public Health transferred to the Local Authority in April 2013. This is funded through a ring fenced grant (£19m) and the risk of the transfer of this new responsibility is now considered to be minimal.

4.3. Setting the Council Tax

The Council as part of the budget setting will be required to set the Council Tax at its meeting on 6 March 2014. The long term implications of taking the freeze grant and of increasing the Council tax are both outlined in the report elsewhere on this agenda. Members are asked to note the context of future years resource shortfalls

in the region of £55m in making the decision on the level of Council Tax for 2014/15, which will form the basis of the 2015/16 Budget deliberations over this coming year.

5. **Key Budget Risks**

a) **Pressures on services**

The proposed budget makes assumptions about the level of demand on Adult Social Care Services. The two year financial plan provided funding for additional social care expenditure in 2013/14 and 2014/15 of £7m to support the changes in demographic pressures for social care. The increasing demand faced by Sefton, and nationally, will be a key risk throughout the foreseeable future. The budget for 2014/15 anticipates ongoing pressures and although additional resources have been identified to support this demand it will require robust monitoring and management to minimise the risk to overspend.

b) **Achievability of approved budget savings**

Significant effort has been made to minimise the risk of non-achievement. High level implementation plans and early consultation have been completed and these will be closely monitored. In year monitoring will be crucial to ensure that required savings are achieved within the planned timescales and financial phasing.

6. **Budget Assumptions**

The significant challenges around setting the budget are the assessment of the timescales within which service change can be achieved and the estimation of the effect of re-commissioning services. Variations to the estimated figures will be met from the general reserves. The budget also assumes the continuation of the current low bank interest rates until at least 2015. This approach is supported by the Council's external advisors. The longer term view would be monitored closely.

7. **Political Group Budget Amendments**

At the stage of writing this report I have not been informed of any amendments from political groups to the framework budget. Should any be forthcoming they will need to be assessed and if necessary this opinion will be revised.

8. **Delivering of Financial Plan**

The complexity of the changes requires a lead in time in excess of six to nine months. To achieve a balanced financial plan over the two year period decisions were taken in February 2013 relating to service policy changes to be actioned throughout 2013/14 to achieve the required savings for 2014/15.

The high level of savings required necessitated the significant level of change to be agreed for action for implementation throughout 2013/14 for financial savings

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in 2014/15. The budget forecasts for 2015/16 and future years clearly indicate further reductions in expenditure beyond the level included in the 2 year plan. It is therefore imperative that the financial stability of the authority is maintained as the level of risk will increase as expenditure levels reduce further. The financial robustness of the Authority will only be sustained if actions are implemented in a timely manner to achieve future budget requirements.

9. Advice on the level of General Balances

The estimated level of uncommitted balances at 31st March 2014 is £6m. This assumes that the 2013/14 position is under spent by £2-4m. Any surplus would ordinarily be added to general balances. The Council is strongly advised to retain balances of at least £4m to meet unexpected events and emergencies.

General fund balances are amounts set aside to cushion the impact of unexpected events and emergencies. They should not ordinarily be used to underpin the budget unless it is part of a strategic plan and sufficient balances remain to cover potential risks and emergencies. There is no scientific way in which the adequacy of these balances can be assessed. It is a judgement based on risk and potential exposure, the strength of financial reporting arrangements and the Council's track record in financial management.

It is certainly the case that based on the potential risks identified within this report, general balances may be called upon should some risks materialise. However, given the mitigations also identified in the report it is my view that, at this stage, the Council's current level of balances is appropriate to meet the potential risks. It is not recommended that general balances should be reduced to support the budget other than as identified within the Budget report and certainly I would **strongly advise against the use of short term resources to fund long term budget gaps**. Obviously if all the risks were to materialise it would have a significant impact on the level of general balances available for later years and in these circumstances it would be necessary to replace any general balances utilised.

10. Conclusion

Based on the assessment included in this report I have concluded that the 2014/15 Budget can be balanced from combinations of resources outlined in the Revenue Budget 2014/15 report, supported by the amended two year financial plan. I also conclude that the associated systems and processes are sound and the level of General Balances and Reserves are adequate for supporting the risks with mitigating actions. Should any of the assumptions change which require the identification of significant additional savings or the use of reserves or balances then this opinion will be reviewed.

The issues raised in this report highlight to the Council the importance of having a financial plan covering at least two years.

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Report to: Council

Date of Meeting: 6 March 2014

Subject: Revenue Budget 2014/2015

Report of: Head of Corporate Finance & ICT

Wards Affected: All

Is this a Key Decision? No

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

To enable Council to set the 2014/2015 Revenue Budget and Council Tax.

Recommendation(s)

It is recommended that Council: -

- 1) Considers the comments of the Overview & Scrutiny Committee (Performance and Corporate Services) and Cabinet;
- 2) Identifies how the outstanding Budget gap for 2014/2015 is bridged;
- 3) Approves a budget for 2014/2015; and
- 4) Approves any associated Council Tax increase for 2014/2015.

How does the decision contribute to the Council's Corporate Objectives?

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

Reasons for the Recommendation:

The recommendations in this report, if approved, will enable the Council to agree the 2014/2015 budget and setting the Council Tax.

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What will it cost and how will it be financed?

(A) Revenue Costs

The Government's final Revenue Settlement for 2014/2015 has identified that there is a loss of Government funding of £14.4m which in conjunction with inflationary and other pressures gives a shortfall in funding of £27m (excluding any increase in relation to Council Tax) which the Council will need to address in agreeing the 2014/2015 Revenue Budget. The report reviews the two year financial plan and the areas where there is a high risk that the financial plan may not be deliverable. Resources were identified at the time of preparing the 2012/2013 final accounts to support £2.8m of the short fall in the 2013/2014 and 2014/2015 two year financial plan.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal There are no direct legal implications arising from the contents of this report. However in the course of each of the individual projects, consultations, options etc. to achieve the savings required detailed consideration should be given to the legal, human rights and equality implications. Such consideration will also need to be evidenced to ensure that the Council's decision making processes are defensible. Recommendations in this report contribute towards a legally balanced budget.
Human Resources The proposals contained within this report have a potential impact upon employees and the potential for both voluntary and compulsory redundancies. It will be necessary for the Authority to comply with the duty to consult with recognised Trade Unions and employees and to complete as necessary a notification under Section 188 of the Trade Union Labour Relations (Consolidation) Act 1992. Also form HR1 to the Department of Business Innovation and Skills notifying of redundancies has been filed. Full and meaningful consultation should continue to take place with the Trade Unions and employees on the matters contained within this report.
Equality 1. No Equality Implication <input type="checkbox"/>
2. Equality Implications identified and mitigated <input type="checkbox"/>
3. Equality Implication identified and risk remains <input checked="" type="checkbox"/>

Impact on Service Delivery:

Service implications remain as described within the options and proposals within the report approved by Council on 28 February 2013 with the exception of the option for charging for Green Waste which was reviewed and amended in July 2013.

What consultations have taken place on the proposals and when?

A questionnaire was available on the Council's website, in libraries, One Stop Shops and Town Halls as part of the process of setting balanced budgets for 2013/2014 and 2014/2015 in January 2013. The consultation undertaken prior to the Council meeting in February 2013 also included: -

- Over 50 meetings and workshops with the public, voluntary, community and faith networks as part of the consultation on the Sefton Strategic Needs Assessment
- A telephone survey on setting a balanced budget
- The use of You Choose the budget simulator via the website
- Bespoke consultations such as libraries, public conveniences and burials and cremations.
- Older People Expert Stakeholder Panel
- Consultation on increasing the Council Tax via an e-form on the Council's website, a hard copy questionnaire in Town Halls and One Stop Shops and an impartial telephone survey.

Regular and ongoing consultations also took place with Directors, employees and Trade Unions.

The Head of Finance and ICT is the author of this report (FD2851/14) and the Acting Head of Corporate Legal Services has been consulted and appropriate comments are incorporated (LD 2156/14)

Overview & Scrutiny Committee (Performance and Corporate Services) were consulted on 18 February 2014.

Are there any other options available for consideration?

The Council has a legal obligation to set a balanced and robust budget and to set the Council Tax for 2014/2015 before 10 March 2014.

Implementation Date for the Decision

The Council is to agree the budget for 2014/2015 at tonight's meeting.

Contact Officer: Margaret Rawding
Tel: 0151 934 4082
Email: Margaret.rawding@sefton.gov.uk

Background Papers:

Fees and Charges 2014/2015, as considered by Cabinet 27 February 2014, can be accessed on the attached link:

<http://modgov.sefton.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD1716&ID=1716&RPID=8744803&sch=doc&cat=13197&path=13158%2c13197>

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1. Background

- 1.1 The Council meeting of 28 February 2013, approved a two-year financial plan for 2013/2014 and 2014/2015. The report identified a budget gap of £50.8m (£25m for 2013/2014 and £25.8m for 2014/2015). Saving proposals were agreed which enabled a balanced two-year financial plan to be approved. The two year plan, whilst using a working assumption of income based on Council Tax raised to the maximum allowed under the 2013 regulations (£1.4m), did **not** make any decision regarding the Council Tax level for 2014/2015. This decision will be made at tonight's Council meeting.
- 1.2 **The 2014/2015 Revenue Budget must be considered in the context of the three year Medium Term Financial Plan which has already made Members aware that a further £55m savings will need to be identified to deliver a balanced budget to March 2017.**
- 1.3 This report identifies required changes to the plan, arising from the delayed and non-achievement of specific savings in 2013/2014 and 2014/2015, amendments to resources and anticipated expenditure variations for 2014/2015. The Table below identifies the remaining Budget gap.

Summary Budget Gap Analysis 2014/2015

- 1.4 The following table identifies the original estimates used in the two year plan and an updated position following the 2014/2015 Local Government Finance announcements and updated figures for Business Rates, inflation, and cash flow and treasury management projections. More details of these updates are given in paragraphs 2.1 to 2.16 below.

	2014/2015 Original Assumption £m	Adjustments £m	2014/2015 Amended £m
Reduced Government Funding	13.524	0.885	14.409
Reduced Business Rate Yield	0.416	1.864	2.280
Inflation	7.056	0.273	7.329
Levies	0.000	0.217	0.217
Treasury Management	1.804	-2.037	-0.233
Adult Social Care	3.000	0.000	3.000
Demographic Growth			
TOTAL	25.800	1.202	27.002

- 1.5 In addition to the variations above there are three previously approved savings which are at high risk of not being achieved, these total £4.051m and are detailed below at paragraph 2.17.
- 1.6 In order to bridge this gap, Council is asked to review the previously approved two year savings plan, the use of Council Tax, the use of one-off resources to meet the one year only short falls and the use of sustainable savings options to provide long term solutions. Council is reminded of the Council policy that one-off resources should only be used to address short term budget issues.

		£m
Budget Gap (Para1.4)		27.002
Adjusted previously approved savings total excluding Council Tax (Para 2.17)		-20.341
Changes from Council tax base and movement on the Collection Fund (Para 3.2)		-1.880
	Total to be met from Council Tax increase, one-off resources and/or new sustainable options	4.781

2 2014/2015 Indicative Budget – Amendments

2.1 The approved Indicative Budget for 2014/2015 was prepared on the basis of assumptions on Government Grant, estimates of income from Business Rates and Council Tax (at a time of significant change). These assumptions have now been amended following the announcement made by the Secretary of State on the final Grant Settlement, and the nine months experience of the changes to Council Tax and National Non-Domestic Rates. These are considered further below: -

Government Funding

2.2 The indicative Budget for 2014/2015 assumed that Government funding would reduce by **£13.524m**, based on announcements that had been made at that time. The Chancellor's Budget Report 2013 (March 2013) announced a further 1% cut in Government Funding above that previously assumed when agreeing the Indicative Budget for 2014/2015 (i.e. a further reduction of **£1.452m**).

2.3 However, the Indicative Budget excluded any additional New Homes Bonus or New Homes Bonus Adjustment Grant. The additional amount anticipated is estimated at **£0.567m**.

2.4 The Government announced, on 5 February 2014, the final Local Government Revenue Grant Settlement for 2014/2015. This, along with other grant announcements, has identified that whilst there have been some small amendments to the various grants, the overall net impact does not change the net position as reported to Cabinet on 5 December 2013.

2.5 **This results in an overall decrease in Government Funding of £14.409m compared to 2013/2014**, i.e. a further reduction in resources of £0.885m on the original Indicative Budget.

Business Rates

2.6 The original Indicative Budget included a reduction in income of £0.416m. Council recently submitted its NNDR1 return to the DCLG. This showed the amount of Business Rates to be received in 2014/2015 was £0.970m less than originally assumed in the Indicative Budget. This is due to increases in Mandatory Reliefs and reductions in Rateable Values. The impact is a reduction in Business Rates of **£1.386m**.

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- 2.7 In addition, there has been an underachievement of income in 2013/2014, mainly as a result of the above factors. Also, the Council is required to set aside resources for its share of the potential cost of appeals that were outstanding on 1 April 2013 (although this cost can be spread over five years). These two factors will result in the Council forecasting a deficit in 2013/2014 which must be charged to the Council in 2014/2015. The reserve set aside for NNDR appeals will need to be partially utilised during 2014/2015 to offset the identified additional cost. The net cost is therefore **£0.894m**.
- 2.8 **This results in an overall decrease in Business Rates income of £2.280m compared to 2013/2014**, i.e. a further reduction in resources of £1.864m on the original Indicative Budget.

Inflation

- 2.9 The original Budget gap included inflation provision for pay, increments, contracts and prices (**£7.056m**). However, in order to help balance the Indicative Budget in February 2013, the provisions for prices and increments were reduced by a total of £4.75m. No provision was made for indicative pension costs at this time.
- 2.10 The Local Government Pension Scheme was subject to a triennial review in March 2013 that impacts on contributions to the Merseyside Pension Fund from 2014/2015. Due to a number of factors the estimated increase in contributions relating to the deficit and future service will increase by £0.773m in 2014/2015. In order to achieve good cash flow management, **the budget assumes the next three years' deficit contributions are paid as a lump sum in 2014/2015**. This would generate net savings of approximately £1.800m over the three years (£0.500m in 2014/2015). The net additional cost in 2014/2015 would therefore be **£0.273m**.
- 2.11 **As a result, the provision for inflation in the Budget Gap is now £7.329m**, i.e. an increase of £0.273m.

Levying Bodies

- 2.12 The Indicative Budget assumed no increase for levies.
- 2.13 The Council has received the 2014/2015 levy demand from the respective organisations. Merseyside Recycling and Waste Authority (MRWA) have agreed an overall net freeze in their levy. The levy is apportioned to local authorities via the relative proportions of population and waste tonnages. Whilst Sefton's figures for these items are relatively unchanged, waste disposal tonnages across other Merseyside authorities have fallen. Consequently, there is an increase in Sefton's levy of £0.333m. However, Merseyside Integrated Transport Authority has approved a reduction in the levy of £0.116m due to population changes. The net impact of these changes means that there will be an additional charge of **£0.217m**.
- 2.14 The MRWA and constituent authorities have reached a formal agreement to return (to the individual authorities), the monies being held in the Sinking Fund. The agreement specifies that the individual authorities use best endeavours to improve recycling and ultimately achieve the 2020 European target of 50% recycling. The Sefton plan is to improve recycling (which will replace the option to charge for green waste collection), with investment support from this transferred resource of £5.9m. The remainder of this one-off resource will be

reported to a future Cabinet meeting for consideration of strategic service improvements.

Treasury Management Costs

- 2.15 The Indicative Budget assumed that Treasury Management savings would not continue beyond 2013/2014. However, due to the continued availability and use of internal borrowing to fund the Council's Capital Investment Plan, it is forecast that savings of **£2.037m** could be achieved in 2014/2015. However, it should be noted that the Council will need to externally borrow up to £70m at some point in the future. This will reduce the ability to achieve these savings in the long-term and will be kept under regular review to ensure good cash management supports the budget for as long as possible.

Demographics for Adult Social Care

- 2.16 The 2014/2015 Indicative Budget included £3m for additional pressures in Adult Social Care. This projection remains that the same level into this update.

Two year Financial Plan

- 2.17 The previously approved two year financial plan identifies savings in 2014/2015 of £24.392m excluding any assumptions about Council Tax increases. This two year plan was the subject of significant consultation and equality impact assessment which was reported to Council throughout 2012 and 2013. Where savings are to be implemented in 2014/2015 consultation with individual service users will be undertaken as part of the implementation process. There are a few approved savings which are at a high risk of not being able to be achieved within the 2014/2015 Revenue Budget and this will need to be considered as part of agreeing the final Budget for 2014/2015. These variations are annotated on the attached **Annex A**.

- 2.17.1 Adult Social Care – the savings relating to Adult Social Care have been the subject of a strategic transformation plan and are regularly robustly reviewed by Cabinet Members and Senior Officers. Whilst a great deal of change is taking place and many of the savings relating to Adult Social Care have and are being actioned there is a high risk that there will be an estimated shortfall of £3.9m in 2014/2015. The estimated impact on future years of these previously approved policy changes is that £3m will not be achieved in future years. The future years short fall has been reported in the 2015/2016 and 2016/2017 Medium Term Financial Plan as an assumed budget shortfall. Therefore Council will need to consider if they wish to provide short term funding for 2014/2015 only and that long term sustainable savings are identified in the 2015/2017 two year plan. The alternative is that sustainable savings are identified from 2014/2015, thereby reducing the budget gap identified in the 2015/2017 projections.

- 2.17.2 The Plan includes £100,000 saving to be met from retendering of the Southport Theatre. Retendering has taken place and whilst a bid was submitted which would have supported the saving this has subsequently been withdrawn by the bidder and the Council will be unable to make this saving in 2014/2015. Further options for the Theatre will be considered as part of the 2015/2016 budget planning. Therefore Council will need to consider if they wish to provide short term funding for 2014/2015 only and that long term sustainable savings are identified in the 2015/2017 two year plan.

- 2.17.3 The Plan includes savings in 2013/14/15 of £51,000 to be achieved by reducing the number and frequency of Member and Non-Member meetings. The review of this option did not identify a reduction in the number or frequency of meetings

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which would have allowed this saving to be made. Therefore Council will need to consider if they wish to provide short term funding for 2014/2015 only and that long term sustainable savings are identified in the 2015/2017 two year plan. For clarity, the option to reduce the Area Committees from 7 to 3 (with an associated budget saving of £0.020m over two years) is a different saving option, and is being achieved.

The above adjustments to the two year plan would reduce the previously approved savings by £4.051m in 2014/2015, giving a **revised total of £20.341m excluding Council tax increases**. This represents a 92% achievement of the two year financial plan, which given the significant risks inherent in the policy changes is a creditable performance.

2.17.4 Significant effort has been made to minimise the risk of non-achievement. High level implementation plans and early consultation have been completed and these will be closely monitored. In year monitoring will be crucial to ensure that required savings are achieved within the planned timescales and financial phasing.

3 Council Tax Income

3.1 The Council will have to consider three options relating to Council Tax for 2014/2015;

- To freeze the Council Tax and be eligible for the Council Tax Freeze Grant. This will provide funding of **£1.172m** in 2014/2015 and is based on a 1% increase in Council Tax. The Government has indicated that this would be built into the base for future Government funding. However, the Council MTFP assumes a level of Council Tax going forward to 2015/2016 of £1.408m and acceptance of the freeze grant would require the 2015/2016 budget shortfall to be increase by £0.236m;
- To increase Council Tax by 1.99%, i.e. the maximum possible without requiring a referendum in May. This would provide resources of **£1.941m** and this would be built into the Council Tax base. (This is lower than twice the above because of the required adjustment for the Council Tax Reduction Scheme);
- Propose an increase above 2% which would require a Referendum. Members would wish to consider that **each 1% increase** in Council Tax would generate an additional **£0.975m** (adjusted for CTRS) assuming current levels of collection and doubtful debt. The estimated cost of holding a referendum would be £200,000.

3.2 Other Council Tax adjustments will impact on the Budget for 2014/2015. These are in addition to the above considerations outlined in paragraph 3.1.

3.2.1 The Indicative Budget for 2014/2015 included a saving of £0.400m by reducing the discount available on empty properties. Council on 23 January 2014 approved the change in this discount. This change, along with other changes in the Council Tax Base, increases expected Council Tax income by £0.603m, rather than the £0.400m anticipated. Consequently, the Council has approved the creation of an Exceptional Hardship Fund budget of £0.150m. Therefore there is an additional **£0.053m** available to support the budget.

3.2.2 The Indicative Budget for 2014/2015 included a contribution to the deficit on the Collection Fund for Council Tax of £0.855m. Deficit contributions have been made over a number of years to 'Bad Debt Provision to a prudent

level as required by the Council's external auditor. This has now been achieved so no deficit contribution is now required in 2014/2015. In addition, due to collection rates being higher than estimated and other factors, the Collection Fund for Council Tax is estimated to be in surplus by the end of 2013/2014 by £0.972m. This surplus is required to be transferred to the Council in 2014/2015. The total increase in resources due to the movement on the Collection Fund Deficit / Surplus is **£1.827m**.

4 **Identification of One- Off Resources**

- 4.1 The final accounts of 2012/2013 identified **£2.865m** from the 2012/2013 under spend that was specifically earmarked to support the risks which may arise from the 2013/2015 two year financial plan. This is available to support short-term shortfalls in the financial plan.
- 4.2 Officers have provided budget updates over the year to identify the potential revenue outturn position for 2013/2014. Given the uncertainty of pressures on demand for services, departments have taken a cautious approach in estimating the year-end position. Given the proximity of the year end, an exercise has now been completed to identify departments "best estimates" of the outturn position i.e. assuming that the "potential pressures" do not materialise. This exercise has now identified that overall, the year end outturn could result in a net under spend in the range of £2m - £4m. The Council may wish to consider the re-phasing or use of some of this potential over achievement in year one of the plan to support the projected year two shortfall.
- 4.3 There is still uncertainty regarding spending pressures in a number of areas of the budget. Consequently, these figures will be closely monitored over the remainder of the financial year.

5 **Summary**

- 5.1 A draft budget incorporating all the above changes is attached at **Annex B**. This Annex identifies that resources of £4.781m need to be found to achieve a balanced budget.

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	£m	£m
Budget Gap (Para1.4)		27.002
Adjusted previously approved savings total excluding Council Tax (Para 2.17)		-20.341
Changes from Council Tax base and movement on Collection Fund (Para 3.2)		-1.880
	Total to be met from Council Tax increase, one-off resources and/or new sustainable options	4.781

The report details

- the Budget gap of £27.002m which excludes any Council Tax increase;
- the previously approved savings and the adjustments to those savings as detailed in the report;
- the changes arising from the Council Tax Base and the Collection Fund; and
- allows Council to consider the options for producing a balanced budget from a combination of Council Tax, one-off resources and new sustainable savings.

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Strategic Management

STRATEGIC MANAGEMENT					
	Senior Management	Restructure	150	0	150
Para 4	Subscriptions - reinstatement	Local Government Association membership	-45	0	-45
Para 4	Subscriptions - reinstatement	North West Employers membership	-25	0	-25

Corporate Commissioning

RATE COMMISSIONING AND NEIGHBOURHOODS					
CC Page 95	11.2	Improved procurement of council wide communications activity	25	75	100
	3.1	Integration of Communications	95	45	140
	3.2	Review of Civic Support	60	0	60
	3.3	Cessation of Room Bookings Service (linked to review of Civic Support)	20	0	20
	F4.1	Area Committee Budgets	100	0	100
	F4.3	Double rating - reduction in line with Council grounds maintenance contracts	33	0	33
	D1.27	Corporate Commissioning & Neighbourhood Coordination (CCNC) Service - rationalise service	140	60	200
	Para 3.6, includes previous option D1.29	Double Rating - further reduction (2013/2014) and cessation (2014/15)	30	150	180
	Para 4.3	Democratic Services - Stop servicing all non-member meetings and those non-standing committees without decision-making powers(officer meetings, taxi drivers annual meeting, area - partnerships, etc) - OPTION ADJUSTED AS PER REPORT TO NIL	38	-38	0
	D1.10	Budget re-alignment - members allowances as agreed by July 2012 Council	147	0	147
	Para 4.3	Area Committees - Reduce from 7 to 3	15	5	20
	Para 4.3	Neighbourhoods (SEE ALSO Economy)	10	0	10
		Withdraw financial support from Southport's Christmas Lights and Christmas Trees across the Borough			

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Corporate Services

CORPORATE SERVICES					
C12.1		Learning and Development	80	50	130
C12.2		Increased housing benefit grant from reduced error rates	250	250	500
C12.3		Reduced external audit, recoverable VAT fees & improved cash management pension costs	500	800	1,300
C12.4		Printing and publications	20	0	20
E4.1		Learning and Development	75	75	150
E4.2		Review of Corporate Support Services	248	114	362
E4.3		Review of risk management inc externally commissioned services	80	0	80
D1.11		Risk Management (Insurance)	25	25	50
1.12		Procurement, ICT and financial support	25	25	50

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Built Environment

PLANNING					
C1.1	Building Control	Vacancy and mini restructure	20	0	20
C1.2	Land Searches	Right size budget land searches income	35	0	35
C1.3	Planning DC	Commissioned technical advice	28	0	28
C1.4	Planning DC	Pre-application advice – charge	6	0	6
C1.5	Planning DC	Increase planning application fee	50	0	50
C1.6	Planning DC	Consultancy	12	0	12

ENVIRONMENT					
22.1	Environmental Health	Reduced services and supplies	55	0	55
22.2	Environmental Health	Reduced Eco Centre Costs	15	0	15
22.3	Licensing (taxi etc)	Licensing reserve (one off)	240	-240	0
1.20	Environment	Trading Standards - staff restructuring	30	20	50
1.30	Built Environment	Pest Control - introduction of a charge	20	10	30

INVESTMENT PROGRAMME					
C3.3	Contracted Services	Defer re-instatement of highway management funding	800	0	800
C3.4	Network Management	Highway development control income target	40	0	40
Para 3.4	Parking	Strategic Review of Car Parking	0	300	300
	Street Lighting	Review of lighting options	16	48	64
C3.2	Home Improvements	Housing Improvement Agency service brought in house	37	0	37
Para 4.3	Investment and Infrastructure	Investment & Infrastructure - Increase income from Network Management	38	12	50
C3.1	Infrastructure	Re-integration, re-commission and restructuring of services - Built Environment	0	500	500

ECONOMIC DEVELOPMENT AND TOURISM					
C4.1	Economic Development and Tourism – Cost of Service	Economic Development Redesign	0	67	67
D1.8	Economy	To relocate staff from The Investment Centre, to Magdalen House	36	12	48
D1.9	Economy	Budget re-alignment of salaries to be funded from grants, contracts and reserves	0	116	116
D1.25	Economy	Cease subscription to Mersey Forest and voluntary reduction in working hours	51	0	51
Para 4.3	Economy	Southport Theatre Complex (Tender or In-house management) OPTION ADJUSTED AS PER REPORT to NIL	0	0	0
Para 4.3	Economy (SEE ALSO Neighbourhoods)	Withdraw financial support from Southport's Christmas Lights and Christmas Trees across the Borough	20	0	20

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Street Scene

LANDSCAPE SERVICES					
C5.1	Grounds Maintenance including Grass Cutting	Contractors indexation/eff. discounts FYE	50	50	100
C5.2	Parks including Nursery and net of frontline)	Fernery/aviary shop	10	0	10
C5.3	Cemeteries and Crematoria	Restructure staffing on Cemeteries and Crematoria	15	0	15
C5.4	Parks (including nursery and net of frontline)	Further changes to Parks Management and standards in parks	50	50	100
F1.2	Grounds Maintenance including Grass Cutting	Recharging grounds maintenance/utility costs for adult football/sports users/bowlers	85	0	85
F1.4	Cemeteries and Crematoria	Increase burial and cremation charges	400	0	400
F1.5	Parks and Greenspaces	Increase Fees - allotments	0	40	40
Para 4.5	Street Scene	Landscape -Co-ordination of voluntary work in parks (transition)	0	175	175

DII SERVICES					
C6.1	Commercial Waste and Skips	Commercial waste increased income	100	0	100
C6.2	Public Conveniences	Public conveniences reviewed	20	20	40
C6.3	School Crossings	Review crossing service and transport costs	40	0	40
C6.4	Catering	Other catering activity (income target)	100	0	100
C6.5	Vehicle Management and maintenance	MOT testing (income target)	50	0	50
C6.6	Security Force	Careline Service / Security Force (income target)	125	75	200
C6.7	Recycling	Rephase cardboard recycling to August 2014	1,000	-600	400
C6.8	Recycling	Right size recycling budget following new contract	200	0	200
E1.1	Cleansing	Review of Cleansing Services	100	200	300
F2.1	Street Cleansing	Bulky Items Collection Service - Restructure Crews and introduce charge for bulky items	150	60	210
D1.19	Street Scene	Building Cleaning - change frequency of office cleaning	50	50	100
D1.24	Street Scene	Cleansing - Cease provision of free Plastic Sacks, excluding premises with difficult access	60	0	60
D1.32	Street Scene	Public Conveniences increase charges	40	0	40
D1.33	Street Scene	Cleansing Service - Re-organisation of workload and work patterns	25	25	50
Para 4	Street Scene	Green Waste collections -restructure service delivery to acheive saving previously to be met from charges	0	1,000	1,000

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Young People and Families

LEARNING AND SUPPORT					
C7.1		Complementary Education Improved use of technology (EOTAS)	100	0	100
C7.2		Pupil Attendance – teaching element	65	0	65
C7.3		Pupil attendance and welfare – school absence prevention and action	60	0	60
C7.4		Speech and Language Therapy	95	0	95
C7.5		School Improvement Team	50	0	50
E2.2		Admissions efficiencies	40	0	40
E2.3		Educational Psychology Team Restructure	50	0	50
D1.3		School Improvement - Budget re-alignment - supplies and services	9	0	9
D1.4		Budget re-alignment Welfare and Pupil Attendance - Teaching elements to Dedicated Schools Grant	25	0	25
D1.5		School Admission, Appeals and Student Support - Reduction in administration costs (supplies and services)	19	0	19
D1.6		Connexions - Budget re-alignment	60	0	60
D1.18		Reduce School Targeted Intervention	0	260	260
Para 4.3		To effect a further saving from the retained element of the Connexions Grant	0	400	400

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CHILDREN'S SOCIAL CARE					
E2.1		Review of the commissioning of all residential care beds	400	600	1,000
D1.7		Social Care Commissioned Services - travel efficiencies	0	100	100
D1.17		Social Care - Central Management Costs and Support Costs - restructure / realign	100	0	100
Para 4.3		Review pathway of support for children with additional needs to increase effectiveness and efficiency	0	400	400

EARLY INTERVENTION AND PREVENTION					
C8.1		Reduce Connexions post in YOS	24	0	24
C8.2		Delete sessional worker posts	54	0	54
C8.3		Delete parenting co-ordinator post	43	0	43
C8.4		Data support for the Children Centre Management System	28	0	28
C8.5		Re-organisation of disabled children database workload	20	0	20
E2.4		EIP Service restructure	140	192	332
D1.1		Integrated Youth Support (Targeted Youth Support & Strengthening Families Team) & Reduce YOS Budget Re-alignment	92	0	92
D1.2		Offset Substance Misuse work from DAT Public Health budget -re-alignment	124	0	124
D1.16		Healthy Schools - Transfer function of co-ordination and consultant roles to schools	35	25	60
D1.23		Aiming High - Review of Integrated Short Breaks - Budget realignment	55	0	55

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Older People

ADULT SOCIAL CARE					
C9.1		Drug Service Single point of assessment	224	0	224
C9.2		Adult Social Care Budget Re-alignment	120	0	120
E2.6		Central Support	0	350	350
E2.7		Reduced social workers	135	135	270
D1.14		Assessment & Care Management Teams - Reconfigure teams / skill mix	0	208	208
D1.15		Reconfiguration of the Supporting People commissioning team.	125	61	186
F1.6		Community Meals change in approach	138	62	200
New Option (Options F3.2, D1.35 and D1.41 and D1.41 d now be red as one op and updated nation is ribed in (ii) of annex D.)		Remodel day care and respite provision OPTION ADJUSTED AS PER REPORT - reduce saving in 2014/15 from £4790k by £3900k to £2090k	1,200	890	2,090
D1.35		Section 117 After Care Funding	0	200	200
D1.36		Continuing Health Care	0	400	400
D1.37		Assistive Technology - Increase use of equipment to ensure users are able to remain in their homes with minimal outside support	0	200	200
D1.38		Increase client contributions for a range of non-residential services	244	320	564
D1.40		Recover surplus / unspent direct payment funds at regular and earlier intervals and cease the first year one-off workplace insurance payment	752	0	752
D1.42		Revise Re-enablement model. Investment of one-off payment of £900,000 from Health will enable more users to go through a re-enablement process, thereby reducing levels of admission to short & long term care	0	1,200	1,200
D1.43		Further incremental reductions in housing related support	0	500	500
PUBLIC HEALTH					
D1.13		Integration Efficiencies	600	537	1,137
Para 4.3		Public Health Substance mis-use - Reduce service specification	0	500	500
Para 4.3		Public Health integration	0	100	100

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000
HEALTH AND WELLBEING					
C10.1		Leisure operations –Improved Membership retention	200	0	200
C10.2		Eze Fitness contract – terminate	55	18	73
C10.3		Leisure operations – increase in income	150	0	150
C10.4		Reduce supplies and services budget	23	0	23
C10.5		Reduce revenue growth for utility charges	200	0	200
E2.5		Review all management arrangements	320	-125	195
D1.22		Crosby Civic Hall - pilot external arrangements, with option of closure of unsuccessful	46	0	46
Para 4.3		Management fee reduction - Formby Pool Contract	50	0	50
Para 3.14		Libraries - Review of Service	150	250	400
Para 4.5		Local History and Volunteers (transition)	0	40	40

Budget Savings Summary 2013/2014 and 2014/2015

Ref	Service Area	Option	2013/14	2014/15	OVERALL TOTAL
			£'000	£'000	£'000

Authority Wide Savings / Financing Options

Para 3.5 includes F3.1, F3.3, F4.2 & D1.28	Commissioning	Review of Commissioning - reducing funding support to community groups	679	261	940
C12.5		Cash limit general non-pay budgets in 2013/2014 and 2014/2015 (retains £0.5m excessive inflation provision in each year and retains inflation for specific contracts)	3,218	3,250	6,468
Para 4		NHS Support for Social Care	1,488	260	1,748
Para 3.3	Terms & Conditions	Freezing increments for 2 years	1,500	1,500	3,000
Para 4.3	Council	Council Tax -100% on empty properties from month 2	0	400	400
Para 4	Business Rates	Small Business Rates Relief - S31 Grant	1,171	0	1,171
Para 4	Levies		1,180	0	1,180
Para 4	Levies	To get total 2 year reduction to £4m	0	2,189	2,189
Para 4	Transport Authority	Recharge	631	0	631
Para 4	Disabled Facilities Grants	Capitalisation	0	1,000	1,000
Para 4	Council Tax	Council Tax Freeze Grant	1,180	0	1,180
Para 4	Council Tax	Council Tax Increase - no increase assumed	0	0	0

Integration

I1.1	Commissioning, Business Intelligence and data		125	125	250
I1.2	Learning & development, Training, Professional Training and CPD		250	250	500
I1.3	Financial Assessments		0	250	250
I1.4	Customer Access Points		0	250	250

	Use of One-Off Resources to Support the Budget		843	-843	0
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25,000 20,341 45,341

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Annex B

SUMMARY OF GENERAL FUND REVENUE ESTIMATES 2013/2014 to 2014/2015				
Line Ref	Service	Working Budget 2013/2014 £	Base Budget 2014/2015 £	
1	Strategic Management	2,990,300	2,917,250	
2	Performance and Intelligence	1,143,550	1,223,800	
	Built Environment:			
3	- Economy and Tourism	2,013,800	1,724,800	
4	- Environment	3,580,850	3,547,300	
5	- Investment Programme and Infrastructure	16,515,900	15,850,900	
6	- Investment Programme and Infrastructure - Admin. Buildings and Other Properties	-892,150	-893,000	
7	- Investment Programme and Infrastructure - Housing Services	1,261,850	1,260,500	
8	- Planning Services	1,953,600	1,948,950	
		24,433,850	23,439,450	
	Corporate Services:			
9	- Communications	576,500	495,350	
10	- Corporate Finance & ICT	4,088,050	4,031,950	
11	- Corporate Legal Services	11,850	11,850	
12	- Governance and Civic Services	3,609,000	3,807,900	
13	- Neighbourhoods and Partnerships	3,545,850	2,016,500	
14	- Personnel	100,950	30,950	
15	- Transformation Team	146,100	-33,900	
		12,078,300	10,360,600	
	Older People:			
16	- Vulnerable People	93,527,150	91,921,750	
17	- Health & Wellbeing	10,632,350	10,373,200	
		104,159,500	102,294,950	
18	Public Health	19,408,000	19,951,800	
	Street Scene:			
19	- Direct Services	10,132,200	10,189,950	
20	- Landscape Services	4,957,800	4,638,400	
		15,090,000	14,828,350	
21	Young People and Families	59,798,400	56,572,000	
22	Other Services	960,300	960,300	
23	Net Cost of Services	240,062,200	232,548,500	
24	Less Capital Charges	-14,471,200	-14,471,200	
25	Debt Repayment / Net Interest	13,926,400	13,407,800	
26	Capital Chargeable to Revenue	1,947,500	95,000	
27	Sub total	241,464,900	231,580,100	
28	Contingency Provision	585,277	455,713	
29	Levies	37,344,950	37,562,600	
30	Application of Provisions / Reserves / Corporate Expenditure	808,350	248,350	
31	Capitalisation	-1,000,000	-1,000,000	
32	Net Reduction to Insurance Fund	-1,500,000	-1,500,000	
33	Corporate / One-Off Savings	-5,546,000	-5,899,000	
34	Inflationary Items to be Allocated	740,000	3,324,550	
35	Corporate Savings to be Allocated to Departments	-395,000	-2,007,000	
36	Total	272,502,477	262,765,313	
37	Specific Government Grants	-19,617,900	-19,951,800	
38	Non-Specific Government Grants	-16,075,550	-16,184,050	
39	Total	236,809,027	226,629,463	
40	Contribution to Balances	0	0	
41	Resources Required to Balance Budget	0	-4,781,000	
42	Total Budget Requirement	236,809,027	221,848,463	
43	Add Parish Precepts	854,079	871,563	
44	Total Net Expenditure	237,663,106	222,720,026	

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SUMMARY OF BALANCES

45	Balances Brought Forward	3,710,808	6,576,134
46	Additional Underspend in 2011/2012	0	0
47	Additional Underspend in 2012/2013	2,865,326	0
48	Balances Carried Forward	6,576,134	6,576,134

FINANCING OF SEFTON'S BUDGET REQUIREMENT

Total Budget Requirement	236,809,027	221,848,463
Less: Revenue Support Grant	-85,273,633	-70,713,724
Top-Up Grant	-23,351,954	-23,806,863
Non-Domestic Rates	0	0
Business Rates Baseline	-32,117,167	-30,325,899
Collection Fund Deficit / Surplus (-)	855,267	522,250
Sefton Requirement from Council Tax	96,921,540	97,524,227
Band D Council Tax	1,266.68	1,266.68

Agenda Item 14

Service	Strategic Management
Director	Margaret Carney

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Strategic Management	Margaret Carney	Employees	712,200	712,200
		Premises	200	200
		Supplies & Services	125,000	125,000
		Transport	8,150	8,150
		Third Party Payments	0	0
		Support Services	3,889,150	3,816,700
		Capital Costs	800	800
		Income - Grants / Contributions	-1,745,200	-1,745,800
Strategic Management Total			2,990,300	2,917,250
Grand Total			2,990,300	2,917,250

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Service	Performance & Intelligence
Director	Peter Morgan

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Performance & Intelligence	Samantha Tunney	Employees	1,053,250	1,188,050
		Premises	1,750	1,750
		Supplies & Services	74,400	74,400
		Transport	3,850	3,850
		Third Party Payments	0	0
		Support Services	87,350	86,850
		Income - Grants / Contributions	-77,050	-131,100
Performance & Intelligence Total			1,143,550	1,223,800
Grand Total			1,143,550	1,223,800

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Service	Built Environment
Director	Alan Lunt

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Economy & Tourism	Mark Long	Employees	2,567,050	2,567,050		
		Premises	227,150	227,150		
		Supplies & Services	1,514,050	1,480,200		
		Transport	17,400	17,400		
		Third Party Payments	633,850	543,850		
		Support Services	1,034,550	1,016,750		
		Capital Costs	851,900	851,900		
		Income - Grants / Contributions	-3,119,450	-3,199,800		
		Income - Fees & Charges	-1,712,700	-1,779,700		
		Economy & Tourism Total			2,013,800	1,724,800
Environment	David Packard	Employees	3,435,770	3,435,770		
		Supplies & Services	368,050	368,050		
		Transport	77,100	77,100		
		Third Party Payments	130,650	130,650		
		Support Services	1,348,300	1,341,200		
		Capital Costs	45,200	45,200		
		Income - Grants / Contributions	-1,119,470	-1,145,920		
		Income - Fees & Charges	-704,750	-704,750		
		Unallocated	0	0		
		Environment Total			3,580,850	3,547,300
Investment Programme and Infrastructure	Amanda Langan	Employees	3,045,150	3,045,150		
		Premises	7,586,350	7,938,350		
		Supplies & Services	3,199,400	2,699,400		
		Transport	363,100	363,100		
		Third Party Payments	3,082,250	2,582,250		
		Support Services	4,716,950	4,711,950		
		Capital Costs	3,620,850	3,620,850		
		Income - Grants / Contributions	-2,656,950	-2,656,950		
		Income - Fees & Charges	-6,441,200	-6,453,200		
		Investment Programme and Infrastructure Total			16,515,900	15,850,900
Investment Programme and Infrastructure - Admin Buildings and Other Properties	Amanda Langan	Employees	49,600	49,600		
		Premises	3,444,750	3,444,750		
		Supplies & Services	69,800	69,800		
		Third Party Payments	836,750	836,750		
		Support Services	143,700	142,850		
		Capital Costs	765,800	765,800		
		Income - Grants / Contributions	-4,726,600	-4,726,600		
		Income - Fees & Charges	-1,475,950	-1,475,950		
		Investment Programme and Infrastructure - Admin Buildings and Other Properties Total			-892,150	-893,000
		Investment Programme and Infrastructure - Housing Services	Alan Lunt	Employees	118,500	118,500
Amanda Langan	Employees		1,395,100	1,395,100		
	Premises		80,100	80,100		
	Supplies & Services		167,750	167,750		
	Transport		26,150	26,150		
	Third Party Payments		93,100	93,100		
	Support Services		87,850	86,500		
	Capital Costs		36,150	36,150		
	Income - Grants / Contributions		-435,400	-435,400		
	Income - Fees & Charges		-307,450	-307,450		
Investment Programme and Infrastructure - Housing Services Total			1,261,850	1,260,500		
Planning Services	Jane Gowing	Employees	2,763,450	2,763,450		
		Premises	11,500	11,500		
		Supplies & Services	526,300	526,300		
		Transport	36,850	36,850		
		Third Party Payments	22,900	22,900		
		Support Services	650,500	645,850		
		Capital Costs	7,850	7,850		
		Income - Grants / Contributions	-387,150	-387,150		
		Income - Fees & Charges	-1,678,600	-1,678,600		
		Planning Services Total			1,953,600	1,948,950
Grand Total			24,433,850	23,439,450		

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Service	Corporate Services
Director	Graham Bayliss

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Communications	Dan Grice	Employees	595,900	550,900
		Supplies & Services	333,950	333,950
		Transport	2,350	2,350
		Third Party Payments	0	0
		Support Services	86,750	86,400
		Income - Grants / Contributions	-403,250	-478,250
		Income - Fees & Charges	-39,200	0
Communications Total			576,500	495,350
Corporate Finance & ICT	Margaret Rawding	Employees	3,879,250	3,851,350
		Premises	5,100	5,100
		Supplies & Services	1,316,250	1,291,250
		Transport	17,800	17,800
		Third Party Payments	14,374,900	14,374,900
		Transfer Payments	103,434,650	103,434,650
		Support Services	8,835,600	8,843,150
		Capital Costs	101,050	101,050
		Income - Grants / Contributions	-127,115,050	-127,125,800
		Income - Fees & Charges	-761,500	-761,500
		Unallocated	0	0
Corporate Finance & ICT Total			4,088,050	4,031,950
Corporate Legal Services	Jill Coule	Employees	1,262,000	1,239,000
		Premises	1,050	1,050
		Supplies & Services	114,200	114,200
		Transport	11,400	11,400
		Third Party Payments	0	0
		Support Services	287,450	286,700
		Income - Grants / Contributions	-1,560,000	-1,536,250
Income - Fees & Charges	-104,250	-104,250		
Legal Total			11,850	11,850
Governance & Civic Services	Andrea Watts	Employees	1,241,850	1,356,450
		Premises	600	20,600
		Supplies & Services	954,250	1,030,500
		Transport	46,500	46,500
		Third Party Payments	0	0
		Support Services	1,461,550	1,449,600
		Capital Costs	23,450	23,450
		Income - Grants / Contributions	-89,400	-89,400
		Income - Fees & Charges	-29,800	-29,800
		Unallocated	0	0
Governance & Civic Services Total			3,609,000	3,807,900
Neighbourhoods and Partnerships	Andrea Watts	Employees	899,700	899,700
		Premises	2,300	2,300
		Supplies & Services	1,505,500	298,000
		Transport	0	0
		Third Party Payments	1,006,700	745,700
		Support Services	186,350	185,500
		Capital Costs	2,650	2,650
		Income - Grants / Contributions	-57,350	-57,350
		Unallocated	0	-60,000
Commissioning & Neighbourhood Co-ordination Total			3,545,850	2,016,500
Personnel	Mark Dale	Employees	2,543,200	2,310,900
		Premises	23,800	19,950
		Supplies & Services	157,000	151,850
		Transport	17,650	13,950
		Third Party Payments	42,950	5,950
		Support Services	964,750	963,500
		Capital Costs	1,500	1,500
		Income - Grants / Contributions	-3,619,900	-3,336,650
		Income - Fees & Charges	-30,000	-15,000
		Unallocated	0	-85,000
		Personnel Total		
Transformation Team	Jan McMahon	Employees	331,100	181,100
		Premises	150	150
		Supplies & Services	46,900	16,900
		Transport	2,500	2,500
		Support Services	7,800	7,550
		Income - Grants / Contributions	-242,350	-242,100
Transformation Team Total			146,100	-33,900
Grand Total			12,078,300	10,360,600

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Service	Vulnerable People
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Assessment Teams	Tina Wilkins	Employees	7,361,600	7,216,550		
		Premises	51,300	51,300		
		Supplies & Services	148,000	153,900		
		Transport	100,950	100,950		
		3rd Party Payments	387,450	387,450		
		Capital Costs	2,050	2,050		
		Support Services	424,100	455,350		
		Income - Grants / Contributions	-705,850	-827,850		
Assessment Teams Total			7,769,600	7,539,700		
Equipment Stores & Adaptations	Tina Wilkins	Employees	633,750	633,750		
		Premises	143,300	143,300		
		Supplies & Services	684,250	732,250		
		Transport	84,050	84,050		
		3rd Party Payments	67,500	67,500		
		Capital Costs	550	550		
		Income - Grants / Contributions	-471,050	-471,050		
		Equipment Stores & Adaptations Total			1,142,350	1,190,350
Local Reform Advice & Advocacy Services	Peter Moore	Employees	69,300	69,300		
		3rd Party Payments	58,600	58,600		
	Tina Wilkins	Employees	20,000	20,000		
		Supplies & Services	16,050	16,050		
		3rd Party Payments	238,400	238,400		
		Local Reform Advice & Advocacy Services Total			402,350	402,350
Commissioning & Business Support	Peter Moore	Employees	1,831,050	1,532,700		
		Supplies & Services	102,700	102,700		
		Transport	16,850	16,850		
		3rd Party Payments	251,400	251,400		
		Support Services	151,550	151,550		
		Income - Grants / Contributions	-532,400	-551,500		
	Robina Critchley	Employees	705,750	740,100		
		Supplies & Services	6,500	6,500		
		Transport	5,850	5,850		
		3rd Party Payments	34,400	34,400		
		Support Services	29,500	29,500		
	Tina Wilkins	Employees	259,000	0		
		Supplies & Services	5,900	0		
		Support Services	31,250	0		
		Income - Grants / Contributions	-151,900	0		
Commissioning & Business Support Total			2,747,400	2,320,050		
Central Support Services	Robina Critchley	Employees	225,250	225,250		
		Supplies & Services	90,350	90,350		
		3rd Party Payments	114,050	114,050		
		Capital Costs	60,600	60,600		
		Support Services	3,443,000	3,271,650		
		Other	46,450	41,650		
		Income - Grants / Contributions	-195,600	-195,600		
		Central Support Services Total			3,784,100	3,607,950
Community Care	Tina Wilkins & Peter Moore	Premises	256,400	255,850		
		Supplies & Services	78,700	6,650		
		3rd Party Payments	85,328,850	85,154,050		
		Capital Costs	293,550	293,550		
		Support Services	2,266,050	2,266,050		
		Transfer Payments	9,039,650	9,246,150		
		Income - Grants / Contributions	-6,494,000	-6,494,000		
		Income - Fees & Charges	-18,218,400	-18,449,500		
		Community Care Total			72,550,800	72,278,800
		Community Care Schemes	Peter Moore	Employees	42,500	42,500
Supplies & Services	82,550			34,550		
Transport	1,550			1,550		
3rd Party Payments	1,271,800			1,271,800		
Transfer Payments	30,000			30,000		
Income - Grants / Contributions	-54,400			-54,400		
Community Care Schemes Total				1,374,000	1,326,000	

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Service	Vulnerable People
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Housing Related Support	Peter Moore	3rd Party Payments	3,756,550	3,256,550
Housing Related Support Total			3,756,550	3,256,550
Emergency Limited Assistance	Peter Moore	Employees	67,550	0
		Supplies & Services	812,250	0
		3rd Party Payments	277,550	0
		Income - Grants / Contributions	-1,157,350	0
Emergency Limited Assistance Total			0	0
Grand Total			93,527,150	91,921,750

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Service	Health & Wellbeing
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Arts	Steve Deakin	Employees	993,100	1,293,450		
		Premises	444,800	444,800		
		Supplies & Services	668,600	790,500		
		Transport	10,000	22,000		
		3rd Party Payments	214,500	174,500		
		Capital Costs	144,850	144,850		
		Support Services	97,550	96,400		
		Income - Fees & Charges	-468,000	-832,250		
		Income - Grants / Contributions	-93,000	-123,000		
		Arts Total			2,012,400	2,011,250
Sports	Steve Deakin	Employees	3,848,200	3,911,200		
		Premises	2,448,600	2,448,600		
		Supplies & Services	1,076,900	1,076,900		
		Transport	106,450	106,450		
		3rd Party Payments	1,584,650	1,584,650		
		Capital Costs	1,918,950	1,918,950		
		Support Services	815,450	805,950		
		Income - Fees & Charges	-5,542,900	-5,560,900		
		Income - Grants / Contributions	-639,600	-639,600		
		Sports Total			5,616,700	5,652,200
Libraries	Steve Deakin	Employees	1,632,300	1,410,300		
		Premises	412,650	328,350		
		Supplies & Services	451,300	445,650		
		Transport	25,150	25,150		
		3rd Party Payments	64,050	36,000		
		Capital Costs	251,500	251,500		
		Support Services	303,050	299,550		
		Income - Fees & Charges	-136,750	-86,750		
		Libraries Total			3,003,250	2,709,750
		Service Management & Support Services	Steve Deakin	Employees	155,750	155,750
Supplies & Services	14,050			14,050		
3rd Party Payments	41,550			41,550		
Capital Costs	450			450		
Support Services	1,004,250			990,100		
Income - Grants / Contributions	-1,216,050			-1,201,900		
Service Management & Support Services Total			0	0		
Grand Total			10,632,350	10,373,200		

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Service	Public Health
Director	Dr Janet Atherton

Division	Head of Service	Detail	Working Budget 2013/2014	Base Budget 2014/2015 £
Public Health	Dr Janet Atherton	Employees	1,399,300	1,389,750
		Premises	60,000	60,000
		Transport	30,000	30,000
		Supplies & Services	196,150	167,700
		3rd Party Payments	14,497,450	13,860,300
		Commissioned from Other Council Services	2,128,100	2,211,250
		Support Services	250,000	350,000
		Income -Fees & Charges	-12,000	-12,000
		Income - Grants / Contributions	-28,000	-36,000
		Integration Efficiencies	887,000	1,387,000
Public Health Total			19,408,000	19,408,000
Grant Increase 14/15	Dr Janet Atherton	To Be Determined	0	543,800
Grant Increase 14/15 Total			0	543,800
Grand Total			19,408,000	19,951,800

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Service	Street Scene
Director	Jim Black

Division	Head of Service	Detail	Working Budget 2013/2014	Base Budget 2014/2015 £
Direct Services	Andrew Walker	Employees	16,187,000	16,442,000
		Premises	225,100	225,100
		Supplies & Services	4,752,050	4,720,950
		Transport	8,992,800	8,987,800
		Third Party Payments	33,000	33,000
		Support Services	3,399,000	3,346,700
		Capital Costs	2,238,200	2,378,200
		Income - Grants / Contributions	-20,486,850	-20,460,700
		Income - Fees & Charges	-5,198,750	-5,473,750
		Unallocated	-9,350	-9,350
Direct Services Total			10,132,200	10,189,950
Landscapes	Rajan Paul	Employees	2,928,600	2,928,600
		Premises	1,282,550	1,107,550
		Supplies & Services	771,000	771,000
		Transport	198,300	198,300
		Third Party Payments	2,927,950	2,827,950
		Support Services	1,706,450	1,697,650
		Capital Costs	415,900	415,900
		Income - Grants / Contributions	-1,628,500	-1,624,100
		Income - Fees & Charges	-3,644,450	-3,684,450
Landscapes Total			4,957,800	4,638,400
Grand Total			15,090,000	14,828,350

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Service	Young People & Families
Director	Colin Pettigrew

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Early Intervention & Prevention	Olive Carey	Employees	6,460,350	6,330,800
		Premises	164,500	164,500
		Supplies & Services	1,760,800	1,760,800
		Transport	131,850	131,850
		Third Party Payments	2,241,450	2,142,000
		Transfer Payments	3,705,000	3,705,000
		Capital Costs	215,500	215,500
		Income - Grants / Contributions	-2,022,900	-2,022,900
		Income - Fees & Charges	-23,850	-23,850
		Early Intervention & Prevention Total		
Learning & Support	Mike McSorley	Employees	4,397,000	4,106,950
		Premises	104,700	104,700
		Supplies & Services	193,800	193,800
		Transport	423,250	423,250
		Third Party Payments	1,503,800	1,103,800
		Transfer Payments	3,239,150	3,239,150
		Capital Costs	5,459,250	5,459,250
		Income - Grants / Contributions	-1,063,100	-1,063,100
		Income - Fees & Charges	-321,150	-321,150
		Learning & Support Total		
Management & Admin	Colin Pettigrew	Employees	2,154,100	2,083,400
		Premises	70,800	70,800
		Supplies & Services	342,250	342,250
		Transport	15,850	15,850
		Third Party Payments	163,450	163,450
		Transfer Payments	4,784,300	4,638,650
		Capital Costs	16,550	16,550
		Income - Grants / Contributions	-1,147,850	-1,147,850
		Unallocated Saving	0	-29,400
		Peter Moore	Employees	200,150
	Supplies & Services	0	0	
	Management & Admin Total			6,599,600
Vulnerable Children & Young People	Marlyn Banham	Employees	9,764,500	9,360,150
		Premises	101,650	97,300
		Supplies & Services	1,726,700	1,623,750
		Transport	230,150	229,800
		Third Party Payments	13,661,750	12,546,300
		Transfer Payments	1,155,050	652,800
		Capital Costs	311,850	311,850
		Income - Grants / Contributions	-301,700	-233,600
		Income - Fees & Charges	-20,550	-20,550
		Vulnerable Children & Young People Total		
Grand Total			59,798,400	56,572,000

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Service	Other Services
Director	Graham Bayliss

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Other Services	Margaret Rawding	Employees	165,300	165,300
		Supplies & Services	1,800	1,800
		Support Services	793,200	793,200
Other Services Total			960,300	960,300
Grand Total			960,300	960,300

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REPORT TO: Council

Date of Meeting: 6 March 201

SUBJECT: Budget and Council Tax Recommendation 2014/2015

REPORT OF: Head of Corporate Finance and ICT

Wards Affected: All

Is this a Key Decision? Yes

Is it in the Forward Plan? Yes

Exempt/Confidential:

No

PURPOSE/SUMMARY:

This report is dependent upon decisions to be made on the previous agenda item, on budget proposals, or Council Tax changes in order to set a balanced budget for 2014/2015.

In addition, the Police and Fire Precepts will not be agreed before this agenda is sent out. Any changes to the indicative figures included in the report will be reported at the meeting.

To inform Council of the level of levies and precepts set for 2014/2015, and to consider a budget and Council Tax for 2014/2015.

RECOMMENDATION(S):

Council is recommended to:

1. Approve a budget for 2014/2015; and
2. Agree the Council Tax for Sefton Council for 2014/2015.

How does the decision contribute to the Council's Corporate Objectives?

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

Reasons for the Recommendation:

The Council must set a Council Tax for 2014/2015 by 10 March 2014 at the latest.

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What will it cost and how will it be financed?

(A) Revenue Costs

Cabinet on 27 February 2014 considered the Revenue Budget and the Council Tax level for 2014/2015. The budget for 2014/2015 as set out in Annex A includes a budget gap of £4.781m. Savings or other adjustments will be required to achieve a balanced budget.

The setting of the Council Tax will enable the Council to receive income from Council Tax Payers during 2014/2015.

(B) Capital Costs

Nil

Implications

The setting of the Council Tax will enable the Council to receive income from Council Tax Payers.

Legal:

The Council is required to set a Balanced Budget and Council Tax level by 10 March 2014.

Human Resources:

None

Equality

1. No Equality Implication

2. Equality Implications identified and mitigated

3. Equality Implication identified and risk remains

Impact on Service Delivery

As set out in the report

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT has agreed this report. (FD2842/14)

The Head of Corporate Legal Services has been consulted and has no comments on the report. (LD2148/14)

Are there any other options available for consideration?

There are no alternative options. The Council must set a budget and a Council Tax by 10 March 2014 at the latest.

Implementation date for the Decision:

Immediately following Council.

Contact Officer: Margaret Rawding

Tel: 0151 934 4082

Email: Margaret.rawding@sefton.gov.uk

Background papers:

None

1. Introduction

- 1.1. The Council is legally required to fix its budget and set a Council Tax for 2014/2015 by 10 March 2014.
- 1.2. This report provides details of the amounts that will be paid to levying bodies in 2014/2015 and indicative levels of precepts that are to be considered by the Police and Crime Commissioner, the Fire and Rescue Authority and Parish Councils.
- 1.3. The Council approved a two year financial plan, including 2014/15 on 28 February 2013 allowed a balanced Indicative Budget to be set for 2014/2015. Variations to this budget were presented to Cabinet on 27 February 2014, which included a budget gap of some £4.781m. This report has been written before the Cabinet meeting of 27th February and therefore there is no recommendation from Cabinet on the specific combination of Council Tax, short term one-off resources and other savings to balance the budget for 2014/15. The previous agenda item will enable Council to determine a balanced Budget for 2014/2015, and a proposed level of Council Tax.

2. Charges Relating to External / Levying Bodies

- 2.1. The Council is required to pay charges relating to levies from external bodies. The expected amounts to be paid in 2014/2015, and their impact on Sefton's budget compared to 2013/2014, is shown in the table below: -

<u>Levying Body</u>	2013/2014 £	2014/2015 £	Change £
Integrated Transport Authority	25,274,000	25,158,000	-116,000
Waste Disposal Authority	11,867,612	12,200,903	333,291
Environment Agency	144,084	143,272	-812
Inshore Fisheries and Conservation Authority	59,248	60,433	1,185
Port Health Authority Charge	39,750	39,750	0
	37,384,694	37,602,358	217,664

The above figures have been built into the amended "possible" Budget for 2014/2015.

3. Precepts

3.1. Fire & Rescue and Police and Crime Commissioner Precepts

- 3.1.1. The Fire and Rescue Authority is due to set its budget / precept for 2014/2015 on 27 February 2014, with a Band D increase equivalent to 1.99% proposed. The Merseyside Police and Crime Commissioner is due to set the budget / precept for 2014/2015 on 26 February 2014, with a Band D increase

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equivalent to 1.95% proposed. Any variations to these figures agreed by the respective organisations will be reported to the Council meeting.

3.1.2. The table below sets out the position for both Authorities, assuming the above figures are approved.

<u>Precept</u>	2013/2014	2014/2015	Change	
	£	£	£	%
Fire & Rescue Authority	5,256,663	5,394,829	+138,166	
Police and Crime Commissioner	11,755,180	12,059,260	+304,080	
<u>Council Tax (Band D)</u>				
Fire & Rescue Authority	68.70	70.07	+1.37	+1.99
Police and Crime Commissioner	153.63	156.63	+3.00	+1.95

3.2. Parish Precepts

3.2.1. The Council Tax income that parish areas can generate was reduced in April 2013 as a result of the introduction of the local Council Tax support scheme. The Government built funding into Sefton's Settlement Funding Assessment in order to provide parish areas with compensation for this loss of Council Tax income. How much, if any of this funding is to be passed on to parish councils has been left to councils to decide in discussion with the parishes. In 2013/2014 the Sefton Council provided parish areas with a grant of £118,116 to bridge this funding gap. Cabinet on 5 December 2013 agreed that the same amount is paid to each Parish in 2014/2015, in order to provide stability of funding. Future funding will be considered separately, as part of the preparation for the 2015/2016 budget process.

3.2.2. All Parish Councils have set their precepts for 2014/2015. The total level of precepts has changed from £854,079 in 2013/2014 to £871,563 in 2014/2015. Details of the precepts and Band D equivalent Council Tax charge in each Parish area are set out below: -

	<u>Precept</u>			<u>Band D</u>		
	2013/2014	2014/2015	Change	2013/2014	2014/2015	Change
	£	£	£	£	£	£
Aintree Village	90,000	90,000	0	46.08	45.63	-0.45
Formby	44,930	55,000	10,070	5.13	6.20	1.07
Hightown	4,166	4,240	74	5.01	5.05	0.04
Ince Blundell	1,430	1,750	320	9.05	11.09	2.04
Little Altcar	2,500	2,500	0	9.53	9.55	0.02
Lydiate	129,903	129,903	0	66.57	65.71	-0.86
Maghull	555,871	562,891	7,020	88.85	88.85	0.00
Melling	18,000	18,000	0	19.09	18.87	-0.22
Sefton	2,779	2,779	0	12.59	12.15	-0.44
Thornton	4,500	4,500	0	6.21	6.12	-0.09

854,079	871,563	17,484
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4. Proposed Budget for 2014/2015

- 4.1. Under the Council's Constitution, a Budget / Council Tax level has to be recommended to Council for consideration.
- 4.2. At the time of writing the report, Cabinet recommendations are not available. However, in order to provide Members with as up to date information as possible, **Annex A** shows the latest Budget position for 2014/2015 i.e. including a budget gap of £4.781m.

5. Excessive Council Tax Increases

- 5.1. On 5 February 2014, the Secretary of State confirmed the criteria that would be used to determine if an authority had set an excessive Council Tax increase in 2014/2015. Any Metropolitan District that increases its relevant amount of tax (which now includes levies, i.e. the Band D Council Tax) by 2.0% or more will be deemed to have set an excessive increase and will be required to hold a referendum.

6. Recommended Council Tax for 2014/2015

- 6.1. Council are to consider the Budget, and the Council Tax level for 2014/2015., The Budget report on this agenda identifies three options for Council Tax; to freeze Council tax, to increase below the referendum threshold and to raise Council tax to a level above the referendum threshold.
- 6.2. The possible overall Band D Council Tax to be levied for 2014/2015 (excluding Parish Precepts) would be as follows (Indicative figures for Police and Fire have been included): -

6.2.1. Assumed Freeze on the 2013/2014 Level of Council Tax: -

	2013/2014	2014/2015	Variation
	£	£	£
Sefton	1,266.68	1,266.68	0.00
Police and Crime Commissioner	153.63	156.63	+3.00
Fire and Rescue Authority	68.70	70.07	+1.37
	1,489.01	1,493.38	+4.37

6.2.2. Maximum increase in Council Tax without a referendum (+1.99%)

	2013/2014	2014/2015	Variation
	£	£	£
Sefton	1,266.68	1,291.89	+25.21
Police and Crime Commissioner	153.63	156.63	+3.00
Fire and Rescue Authority	68.70	70.07	+1.37
	1,489.01	1,518.59	+29.58

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Annex A

SUMMARY OF GENERAL FUND REVENUE ESTIMATES 2013/2014 to 2014/2015

Line Ref	Service	Working Budget 2013/2014 £	Base Budget 2014/2015 £
1	Strategic Management	2,990,300	2,917,250
2	Performance and Intelligence	1,143,550	1,223,800
	Built Environment:		
3	- Economy and Tourism	2,013,800	1,724,800
4	- Environment	3,580,850	3,547,300
5	- Investment Programme and Infrastructure	16,515,900	15,850,900
6	- Investment Programme and Infrastructure - Admin. Buildings and Other Properties	-892,150	-893,000
7	- Investment Programme and Infrastructure - Housing Services	1,261,850	1,260,500
8	- Planning Services	1,953,600	1,948,950
		24,433,850	23,439,450
	Corporate Services:		
9	- Communications	576,500	495,350
10	- Corporate Finance & ICT	4,088,050	4,031,950
11	- Corporate Legal Services	11,850	11,850
12	- Governance and Civic Services	3,609,000	3,807,900
13	- Neighbourhoods and Partnerships	3,545,850	2,016,500
14	- Personnel	100,950	30,950
15	- Transformation Team	146,100	-33,900
		12,078,300	10,360,600
	Older People:		
16	- Vulnerable People	93,527,150	91,921,750
17	- Health & Wellbeing	10,632,350	10,373,200
		104,159,500	102,294,950
18	Public Health	19,408,000	19,951,800
	Street Scene:		
19	- Direct Services	10,132,200	10,189,950
20	- Landscape Services	4,957,800	4,638,400
		15,090,000	14,828,350
21	Young People and Families	59,798,400	56,572,000
22	Other Services	960,300	960,300
23	Net Cost of Services	240,062,200	232,548,500
24	Less Capital Charges	-14,471,200	-14,471,200
25	Debt Repayment / Net Interest	13,926,400	13,407,800
26	Capital Chargeable to Revenue	1,947,500	95,000
27	Sub total	241,464,900	231,580,100
28	Contingency Provision	585,277	455,713
29	Levies	37,344,950	37,562,600
30	Application of Provisions / Reserves / Corporate Expenditure	808,350	248,350
31	Capitalisation	-1,000,000	-1,000,000
32	Net Reduction to Insurance Fund	-1,500,000	-1,500,000
33	Corporate / One-Off Savings	-5,546,000	-5,899,000
34	Inflationary Items to be Allocated	740,000	3,324,550
35	Corporate Savings to be Allocated to Departments	-395,000	-2,007,000
36	Total	272,502,477	262,765,313
37	Specific Government Grants	-19,617,900	-19,951,800
38	Non-Specific Government Grants	-16,075,550	-16,184,050
39	Total	236,809,027	226,629,463
40	Contribution to Balances	0	0
41	Resources Required to Balance Budget	0	-4,781,000
42	Total Budget Requirement	236,809,027	221,848,463
43	Add Parish Precepts	854,079	871,563
44	Total Net Expenditure	237,663,106	222,720,026

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SUMMARY OF BALANCES

45	Balances Brought Forward	3,710,808	6,576,134
46	Additional Underspend in 2011/2012	0	0
47	Additional Underspend in 2012/2013	2,865,326	0
48	Balances Carried Forward	6,576,134	6,576,134

FINANCING OF SEFTON'S BUDGET REQUIREMENT

Total Budget Requirement	236,809,027	221,848,463
Less: Revenue Support Grant	-85,273,633	-70,713,724
Top-Up Grant	-23,351,954	-23,806,863
Non-Domestic Rates	0	0
Business Rates Baseline	-32,117,167	-30,325,899
Collection Fund Deficit / Surplus (-)	855,267	522,250
Sefton Requirement from Council Tax	96,921,540	97,524,227
Band D Council Tax	1,266.68	1,266.68

Agenda Item 15

Service	Strategic Management
Director	Margaret Carney

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Strategic Management	Margaret Carney	Employees	712,200	712,200
		Premises	200	200
		Supplies & Services	125,000	125,000
		Transport	8,150	8,150
		Third Party Payments	0	0
		Support Services	3,889,150	3,816,700
		Capital Costs	800	800
		Income - Grants / Contributions	-1,745,200	-1,745,800
Strategic Management Total			2,990,300	2,917,250
Grand Total			2,990,300	2,917,250

Agenda Item 15

Service	Performance & Intelligence
Director	Peter Morgan

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Performance & Intelligence	Samantha Tunney	Employees	1,053,250	1,188,050
		Premises	1,750	1,750
		Supplies & Services	74,400	74,400
		Transport	3,850	3,850
		Third Party Payments	0	0
		Support Services	87,350	86,850
		Income - Grants / Contributions	-77,050	-131,100
Performance & Intelligence Total			1,143,550	1,223,800
Grand Total			1,143,550	1,223,800

Agenda Item 15

Service	Built Environment
Director	Alan Lunt

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Economy & Tourism	Mark Long	Employees	2,567,050	2,567,050		
		Premises	227,150	227,150		
		Supplies & Services	1,514,050	1,480,200		
		Transport	17,400	17,400		
		Third Party Payments	633,850	543,850		
		Support Services	1,034,550	1,016,750		
		Capital Costs	851,900	851,900		
		Income - Grants / Contributions	-3,119,450	-3,199,800		
		Income - Fees & Charges	-1,712,700	-1,779,700		
		Economy & Tourism Total			2,013,800	1,724,800
Environment	David Packard	Employees	3,435,770	3,435,770		
		Supplies & Services	368,050	368,050		
		Transport	77,100	77,100		
		Third Party Payments	130,650	130,650		
		Support Services	1,348,300	1,341,200		
		Capital Costs	45,200	45,200		
		Income - Grants / Contributions	-1,119,470	-1,145,920		
		Income - Fees & Charges	-704,750	-704,750		
		Unallocated	0	0		
		Environment Total			3,580,850	3,547,300
Investment Programme and Infrastructure	Amanda Langan	Employees	3,045,150	3,045,150		
		Premises	7,586,350	7,938,350		
		Supplies & Services	3,199,400	2,699,400		
		Transport	363,100	363,100		
		Third Party Payments	3,082,250	2,582,250		
		Support Services	4,716,950	4,711,950		
		Capital Costs	3,620,850	3,620,850		
		Income - Grants / Contributions	-2,656,950	-2,656,950		
		Income - Fees & Charges	-6,441,200	-6,453,200		
		Investment Programme and Infrastructure Total			16,515,900	15,850,900
Investment Programme and Infrastructure - Admin Buildings and Other Properties	Amanda Langan	Employees	49,600	49,600		
		Premises	3,444,750	3,444,750		
		Supplies & Services	69,800	69,800		
		Third Party Payments	836,750	836,750		
		Support Services	143,700	142,850		
		Capital Costs	765,800	765,800		
		Income - Grants / Contributions	-4,726,600	-4,726,600		
		Income - Fees & Charges	-1,475,950	-1,475,950		
		Investment Programme and Infrastructure - Admin Buildings and Other Properties Total			-892,150	-893,000
		Investment Programme and Infrastructure - Housing Services	Alan Lunt	Employees	118,500	118,500
Amanda Langan	Employees		1,395,100	1,395,100		
	Premises		80,100	80,100		
	Supplies & Services		167,750	167,750		
	Transport		26,150	26,150		
	Third Party Payments		93,100	93,100		
	Support Services		87,850	86,500		
	Capital Costs		36,150	36,150		
	Income - Grants / Contributions		-435,400	-435,400		
	Income - Fees & Charges		-307,450	-307,450		
Investment Programme and Infrastructure - Housing Services Total			1,261,850	1,260,500		
Planning Services	Jane Gowing	Employees	2,763,450	2,763,450		
		Premises	11,500	11,500		
		Supplies & Services	526,300	526,300		
		Transport	36,850	36,850		
		Third Party Payments	22,900	22,900		
		Support Services	650,500	645,850		
		Capital Costs	7,850	7,850		
		Income - Grants / Contributions	-387,150	-387,150		
		Income - Fees & Charges	-1,678,600	-1,678,600		
		Planning Services Total			1,953,600	1,948,950
Grand Total			24,433,850	23,439,450		

Agenda Item 15

Service	Corporate Services
Director	Graham Bayliss

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Communications	Dan Grice	Employees	595,900	550,900
		Supplies & Services	333,950	333,950
		Transport	2,350	2,350
		Third Party Payments	0	0
		Support Services	86,750	86,400
		Income - Grants / Contributions	-403,250	-478,250
		Income - Fees & Charges	-39,200	0
Communications Total			576,500	495,350
Corporate Finance & ICT	Margaret Rawding	Employees	3,879,250	3,851,350
		Premises	5,100	5,100
		Supplies & Services	1,316,250	1,291,250
		Transport	17,800	17,800
		Third Party Payments	14,374,900	14,374,900
		Transfer Payments	103,434,650	103,434,650
		Support Services	8,835,600	8,843,150
		Capital Costs	101,050	101,050
		Income - Grants / Contributions	-127,115,050	-127,125,800
		Income - Fees & Charges	-761,500	-761,500
		Unallocated	0	0
Corporate Finance & ICT Total			4,088,050	4,031,950
Corporate Legal Services	Jill Coule	Employees	1,262,000	1,239,000
		Premises	1,050	1,050
		Supplies & Services	114,200	114,200
		Transport	11,400	11,400
		Third Party Payments	0	0
		Support Services	287,450	286,700
		Income - Grants / Contributions	-1,560,000	-1,536,250
Income - Fees & Charges	-104,250	-104,250		
Legal Total			11,850	11,850
Governance & Civic Services	Andrea Watts	Employees	1,241,850	1,356,450
		Premises	600	20,600
		Supplies & Services	954,250	1,030,500
		Transport	46,500	46,500
		Third Party Payments	0	0
		Support Services	1,461,550	1,449,600
		Capital Costs	23,450	23,450
		Income - Grants / Contributions	-89,400	-89,400
		Income - Fees & Charges	-29,800	-29,800
		Unallocated	0	0
Governance & Civic Services Total			3,609,000	3,807,900
Neighbourhoods and Partnerships	Andrea Watts	Employees	899,700	899,700
		Premises	2,300	2,300
		Supplies & Services	1,505,500	298,000
		Transport	0	0
		Third Party Payments	1,006,700	745,700
		Support Services	186,350	185,500
		Capital Costs	2,650	2,650
		Income - Grants / Contributions	-57,350	-57,350
		Unallocated	0	-60,000
Commissioning & Neighbourhood Co-ordination Total			3,545,850	2,016,500
Personnel	Mark Dale	Employees	2,543,200	2,310,900
		Premises	23,800	19,950
		Supplies & Services	157,000	151,850
		Transport	17,650	13,950
		Third Party Payments	42,950	5,950
		Support Services	964,750	963,500
		Capital Costs	1,500	1,500
		Income - Grants / Contributions	-3,619,900	-3,336,650
		Income - Fees & Charges	-30,000	-15,000
		Unallocated	0	-85,000
		Personnel Total		
Transformation Team	Jan McMahon	Employees	331,100	181,100
		Premises	150	150
		Supplies & Services	46,900	16,900
		Transport	2,500	2,500
		Support Services	7,800	7,550
		Income - Grants / Contributions	-242,350	-242,100
Transformation Team Total			146,100	-33,900
Grand Total			12,078,300	10,360,600

Agenda Item 15

Service	Vulnerable People
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Assessment Teams	Tina Wilkins	Employees	7,361,600	7,216,550		
		Premises	51,300	51,300		
		Supplies & Services	148,000	153,900		
		Transport	100,950	100,950		
		3rd Party Payments	387,450	387,450		
		Capital Costs	2,050	2,050		
		Support Services	424,100	455,350		
		Income - Grants / Contributions	-705,850	-827,850		
Assessment Teams Total			7,769,600	7,539,700		
Equipment Stores & Adaptations	Tina Wilkins	Employees	633,750	633,750		
		Premises	143,300	143,300		
		Supplies & Services	684,250	732,250		
		Transport	84,050	84,050		
		3rd Party Payments	67,500	67,500		
		Capital Costs	550	550		
		Income - Grants / Contributions	-471,050	-471,050		
		Equipment Stores & Adaptations Total			1,142,350	1,190,350
Local Reform Advice & Advocacy Services	Peter Moore	Employees	69,300	69,300		
		3rd Party Payments	58,600	58,600		
	Tina Wilkins	Employees	20,000	20,000		
		Supplies & Services	16,050	16,050		
		3rd Party Payments	238,400	238,400		
		Local Reform Advice & Advocacy Services Total			402,350	402,350
Commissioning & Business Support	Peter Moore	Employees	1,831,050	1,532,700		
		Supplies & Services	102,700	102,700		
		Transport	16,850	16,850		
		3rd Party Payments	251,400	251,400		
		Support Services	151,550	151,550		
		Income - Grants / Contributions	-532,400	-551,500		
	Robina Critchley	Employees	705,750	740,100		
		Supplies & Services	6,500	6,500		
		Transport	5,850	5,850		
		3rd Party Payments	34,400	34,400		
		Support Services	29,500	29,500		
	Tina Wilkins	Employees	259,000	0		
		Supplies & Services	5,900	0		
		Support Services	31,250	0		
		Income - Grants / Contributions	-151,900	0		
Commissioning & Business Support Total			2,747,400	2,320,050		
Central Support Services	Robina Critchley	Employees	225,250	225,250		
		Supplies & Services	90,350	90,350		
		3rd Party Payments	114,050	114,050		
		Capital Costs	60,600	60,600		
		Support Services	3,443,000	3,271,650		
		Other	46,450	41,650		
		Income - Grants / Contributions	-195,600	-195,600		
		Central Support Services Total			3,784,100	3,607,950
Community Care	Tina Wilkins & Peter Moore	Premises	256,400	255,850		
		Supplies & Services	78,700	6,650		
		3rd Party Payments	85,328,850	85,154,050		
		Capital Costs	293,550	293,550		
		Support Services	2,266,050	2,266,050		
		Transfer Payments	9,039,650	9,246,150		
		Income - Grants / Contributions	-6,494,000	-6,494,000		
		Income - Fees & Charges	-18,218,400	-18,449,500		
		Community Care Total			72,550,800	72,278,800
		Community Care Schemes	Peter Moore	Employees	42,500	42,500
Supplies & Services	82,550			34,550		
Transport	1,550			1,550		
3rd Party Payments	1,271,800			1,271,800		
Transfer Payments	30,000			30,000		
Income - Grants / Contributions	-54,400			-54,400		
Community Care Schemes Total				1,374,000	1,326,000	

Agenda Item 15

Service	Vulnerable People
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Housing Related Support	Peter Moore	3rd Party Payments	3,756,550	3,256,550
Housing Related Support Total			3,756,550	3,256,550
Emergency Limited Assistance	Peter Moore	Employees	67,550	0
		Supplies & Services	812,250	0
		3rd Party Payments	277,550	0
		Income - Grants / Contributions	-1,157,350	0
Emergency Limited Assistance Total			0	0
Grand Total			93,527,150	91,921,750

Agenda Item 15

Service	Health & Wellbeing
Director	Robina Critchley

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £		
Arts	Steve Deakin	Employees	993,100	1,293,450		
		Premises	444,800	444,800		
		Supplies & Services	668,600	790,500		
		Transport	10,000	22,000		
		3rd Party Payments	214,500	174,500		
		Capital Costs	144,850	144,850		
		Support Services	97,550	96,400		
		Income - Fees & Charges	-468,000	-832,250		
		Income - Grants / Contributions	-93,000	-123,000		
		Arts Total			2,012,400	2,011,250
Sports	Steve Deakin	Employees	3,848,200	3,911,200		
		Premises	2,448,600	2,448,600		
		Supplies & Services	1,076,900	1,076,900		
		Transport	106,450	106,450		
		3rd Party Payments	1,584,650	1,584,650		
		Capital Costs	1,918,950	1,918,950		
		Support Services	815,450	805,950		
		Income - Fees & Charges	-5,542,900	-5,560,900		
		Income - Grants / Contributions	-639,600	-639,600		
		Sports Total			5,616,700	5,652,200
Libraries	Steve Deakin	Employees	1,632,300	1,410,300		
		Premises	412,650	328,350		
		Supplies & Services	451,300	445,650		
		Transport	25,150	25,150		
		3rd Party Payments	64,050	36,000		
		Capital Costs	251,500	251,500		
		Support Services	303,050	299,550		
		Income - Fees & Charges	-136,750	-86,750		
		Libraries Total			3,003,250	2,709,750
		Service Management & Support Services	Steve Deakin	Employees	155,750	155,750
Supplies & Services	14,050			14,050		
3rd Party Payments	41,550			41,550		
Capital Costs	450			450		
Support Services	1,004,250			990,100		
Income - Grants / Contributions	-1,216,050			-1,201,900		
Service Management & Support Services Total			0	0		
Grand Total			10,632,350	10,373,200		

Agenda Item 15

Service	Public Health
Director	Dr Janet Atherton

Division	Head of Service	Detail	Working Budget 2013/2014	Base Budget 2014/2015 £
Public Health	Dr Janet Atherton	Employees	1,399,300	1,389,750
		Premises	60,000	60,000
		Transport	30,000	30,000
		Supplies & Services	196,150	167,700
		3rd Party Payments	14,497,450	13,860,300
		Commissioned from Other Council Services	2,128,100	2,211,250
		Support Services	250,000	350,000
		Income -Fees & Charges	-12,000	-12,000
		Income - Grants / Contributions	-28,000	-36,000
		Integration Efficiencies	887,000	1,387,000
Public Health Total			19,408,000	19,408,000
Grant Increase 14/15	Dr Janet Atherton	To Be Determined	0	543,800
Grant Increase 14/15 Total			0	543,800
Grand Total			19,408,000	19,951,800

Agenda Item 15

Service	Street Scene
Director	Jim Black

Division	Head of Service	Detail	Working Budget 2013/2014	Base Budget 2014/2015 £
Direct Services	Andrew Walker	Employees	16,187,000	16,442,000
		Premises	225,100	225,100
		Supplies & Services	4,752,050	4,720,950
		Transport	8,992,800	8,987,800
		Third Party Payments	33,000	33,000
		Support Services	3,399,000	3,346,700
		Capital Costs	2,238,200	2,378,200
		Income - Grants / Contributions	-20,486,850	-20,460,700
		Income - Fees & Charges	-5,198,750	-5,473,750
		Unallocated	-9,350	-9,350
Direct Services Total			10,132,200	10,189,950
Landscapes	Rajan Paul	Employees	2,928,600	2,928,600
		Premises	1,282,550	1,107,550
		Supplies & Services	771,000	771,000
		Transport	198,300	198,300
		Third Party Payments	2,927,950	2,827,950
		Support Services	1,706,450	1,697,650
		Capital Costs	415,900	415,900
		Income - Grants / Contributions	-1,628,500	-1,624,100
		Income - Fees & Charges	-3,644,450	-3,684,450
		Landscapes Total		
Grand Total			15,090,000	14,828,350

Agenda Item 15

Service	Young People & Families
Director	Colin Pettigrew

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Early Intervention & Prevention	Olive Carey	Employees	6,460,350	6,330,800
		Premises	164,500	164,500
		Supplies & Services	1,760,800	1,760,800
		Transport	131,850	131,850
		Third Party Payments	2,241,450	2,142,000
		Transfer Payments	3,705,000	3,705,000
		Capital Costs	215,500	215,500
		Income - Grants / Contributions	-2,022,900	-2,022,900
		Income - Fees & Charges	-23,850	-23,850
		Early Intervention & Prevention Total		
Learning & Support	Mike McSorley	Employees	4,397,000	4,106,950
		Premises	104,700	104,700
		Supplies & Services	193,800	193,800
		Transport	423,250	423,250
		Third Party Payments	1,503,800	1,103,800
		Transfer Payments	3,239,150	3,239,150
		Capital Costs	5,459,250	5,459,250
		Income - Grants / Contributions	-1,063,100	-1,063,100
		Income - Fees & Charges	-321,150	-321,150
		Learning & Support Total		
Management & Admin	Colin Pettigrew	Employees	2,154,100	2,083,400
		Premises	70,800	70,800
		Supplies & Services	342,250	342,250
		Transport	15,850	15,850
		Third Party Payments	163,450	163,450
		Transfer Payments	4,784,300	4,638,650
		Capital Costs	16,550	16,550
		Income - Grants / Contributions	-1,147,850	-1,147,850
		Unallocated Saving	0	-29,400
		Peter Moore	Employees	200,150
	Supplies & Services	0	0	
	Management & Admin Total			6,599,600
Vulnerable Children & Young People	Marlyn Banham	Employees	9,764,500	9,360,150
		Premises	101,650	97,300
		Supplies & Services	1,726,700	1,623,750
		Transport	230,150	229,800
		Third Party Payments	13,661,750	12,546,300
		Transfer Payments	1,155,050	652,800
		Capital Costs	311,850	311,850
		Income - Grants / Contributions	-301,700	-233,600
		Income - Fees & Charges	-20,550	-20,550
		Vulnerable Children & Young People Total		
Grand Total			59,798,400	56,572,000

Agenda Item 15

Service	Other Services
Director	Graham Bayliss

Division	Head of Service	Detail	Working Budget 2013/2014 £	Base Budget 2014/2015 £
Other Services	Margaret Rawding	Employees	165,300	165,300
		Supplies & Services	1,800	1,800
		Support Services	793,200	793,200
Other Services Total			960,300	960,300
Grand Total			960,300	960,300

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COUNCIL – 6 MARCH 2014

REPORT OF THE LEADER OF THE COUNCIL

COUNCIL CONSTITUTION – CALL-IN AND URGENCY PROVISIONS

I wish to report that the Chairs of the relevant Overview and Scrutiny Committees gave their consent, under Rule 46 of the Overview and Scrutiny Procedure Rules set out in the Council Constitution to the following issues being dealt with, on the basis that the decisions could not be reasonably deferred, and not be subject to call-in.

CABINET MEMBER – TRANSPORTATION – 5 DECEMBER 2013

Christmas Parking Concessions 2013

Purpose:

The Cabinet Member considered a report seeking a decision on parking concessions to be introduced on the run up to Christmas 2013 and in support of Small Business Saturday on the 7th December. This will be the first Small Business Saturday in the UK and is about encouraging everyone in the UK to support small businesses, both on the day and beyond.

In various fora, Cabinet and Cabinet Member have listened to and considered the views of local retailers and businesses. In an attempt to reflect their opinions as to how the Council can assist small and large businesses alike in the pre-Christmas period, parking concessions as set out in the body of this report have been identified.

Decision:

That:

- (1) approval be given to the concessions for Saturdays 7th, 14th and 21st December; and Thursdays 12th and 19th December; as detailed in the report submitted; and
- (2) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration & Environmental Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot reasonably be deferred because of the requirement to effectively publicise and implement the measures within the pre-Christmas period in order to maximise the potential benefits of the concessions.

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Reasons for Decision

To confirm a decision on parking concessions to be introduced on the run up to Christmas 2013 and in support of Small Business Saturday on the 7th December. This will be the first Small Business Saturday in the UK and is about encouraging everyone in the UK to support small businesses, both on the day and beyond.

In various fora, the Cabinet and Cabinet Member have listened to and considered the views of local retailers and businesses. In an attempt to reflect their opinions as to how the Council can assist small and large businesses alike in the pre-Christmas period, parking concessions as set out in the body of the report submitted have been identified.

Alternative Options Considered

As set out in the report submitted

CABINET MEMBER – COMMUNITIES AND ENVIRONMENT - 19 DECEMBER 2013

Community Support Proposals

Purpose:

The Cabinet Member considered a report seeking approval for various allocations from the Community Support Fund, as detailed within the report and to update Cabinet Member on financial commitments to date.

Decision:

That:

- (1) an allocation of £20,532 be made to for Royal Voluntary Service to set up a Good Neighbour befriending service as detailed within the report;
- (2) an allocation of £40,000 be made to help redevelop Bedford Road Community Centre as detailed within the report;
- (3) an allocation of £7,500 to support Christmas activities, as detailed within the report;
- (4) an allocation of £45,000 to help Venus redevelop the Esplanade Centre as detailed within the report;
- (5) that the commitments against the Community Support Fund total £326,032 as detailed within the report;

- (6) it be noted that the relevant Cabinet Member whose portfolio are affected have been consulted on these proposals and are content for them to be agreed; and
- (7) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Performance and Corporate Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for these decisions to be treated as urgent and not subject to “call in” on the basis that they cannot be reasonably deferred because of the short timescales involved in enabling the organisations requesting funding to start developing their proposals before Christmas. This funding is to support resilient communities and is required by organisations as soon as possible.

Reasons for Decisions:

To support the Council’s corporate priority of community resilience by enabling community organisations to provide valuable services in communities with no ongoing commitment from the Council.

Alternative Options Considered and Rejected:

Options have been considered for best use of resource and the recommendations contained within the report reflect these.

CABINET – 16 JANUARY 2014

86. Government Consultation on a Combined Authority for Greater Merseyside

Further to Minute No. 51 of the meeting of the Council held on 27 September 2013, the Cabinet considered the report of the Chief Executive on the Liverpool City Region’s draft response to the Government’s consultation on the creation of a Combined Authority for Greater Merseyside.

The Chief Executive informed the Cabinet that the report had been considered by the Overview and Scrutiny Committee (Performance and Corporate Services) at its meeting held on 14 January 2014 and that the Committee had expressed concern about the proposal to name the Combined Authority “Greater Merseyside” and concurred with the consultation response to name it the “Liverpool City Region Combined Authority”; and raised questions about the ‘travel to work area’ and the method of scrutinising decisions of the Combined Authority via the panel of Councillors nominated by the six local authorities. In particular, a question was asked as to who the Members would be serving on the Scrutiny Panel.

The Chief Executive indicated that the Council at its meeting to be held on 6 March 2014 would be requested to consider and approve all

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constitutional details including the scrutiny function and membership of the Combined Authority.

Decision Made:

That:

- (1) the opportunity to respond to the national statutory consultation on the creation of a Combined Authority for Greater Merseyside be welcomed;
- (2) after taking in to account the views of the Overview and Scrutiny Committee (Performance and Corporate Services), the consultation response set out in Appendix One to the report be approved;
- (3) the Chief Executive, in consultation with the Leader of the Council be given delegated powers to make any minor amendments to the consultation response prior to submission; and
- (4) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Performance and Corporate Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decisions to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because the Government's deadline for submission of responses is 12 noon on Wednesday 22 January 2014.

Reason for Decision:

To submit the consultation response to the Government.

Alternative Options Considered and Rejected:

The consultation response could be amended or rejected.

CABINET MEMBER – TRANSPORTATION – 5 FEBRUARY 2014

Sefton Council Response to West Lancashire Highway and Transport Masterplan Consultation Draft

Purpose:

The Cabinet Member considered a report which sought approval to provide the comments detailed within the attached report as a basis for the response to the consultation on the West Lancashire Highways and Transport Masterplan.

Decision:

That:

- (1) the proposed response to Lancashire County Council on the consultation draft of the West Lancashire Highways and Transport Masterplan be approved;
and
- (2) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Environmental Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decisions to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because the deadline for the submission of responses is 7 February 2014.

Reasons for decision:

To provide a response to the consultation on the West Lancashire Highways and Transport Masterplan on the issues that affect Sefton.

Alternative options considered:

The Cabinet Member could have chosen not to respond to the consultation, but this would mean that issues of concern to Sefton Council would not be taken into account in the final published version of the plan.

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