

CABINET

**MEETING HELD AT THE BIRKDALE ROOM, TOWN HALL,
SOUTHPORT
ON THURSDAY 15th FEBRUARY, 2018**

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

117. APOLOGIES FOR ABSENCE

No apologies for absence were received.

118. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interest were received.

119. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the minutes of the Cabinet Meeting held on 1 February 2018 be confirmed as a correct record.

120. TREASURY MANAGEMENT POLICY AND STRATEGY 2018/19

The Cabinet considered the report of the Head of Corporate Resources that set out the following proposed policy and strategy documents, namely the Treasury Management Policy, the Treasury Management Strategy and the Minimum Revenue Provision Policy Statement.

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

- (a) the requirements of the 2017 Prudential Code for Capital Finance in Local Authorities; and
- (b) an Investment Strategy produced in line with guidance from the then Office of the Deputy Prime Minister, concerning the investment of surplus funds. This set out the manner in which the Council would manage its investments, giving priority to the security and liquidity of those investments.

The report also detailed that the CIPFA Code required that the Treasury

Management Policy Document should outline the broad policies, objectives and approach to risk management of its treasury management activities; that the Treasury Management Strategy Document should set out specific treasury activities that would be undertaken in compliance with the Policy in 2018/2019; and Suitable Treasury Management Practices, setting out the manner in which the organisation would seek to achieve these policies and objectives, and prescribing how it would manage and control those activities.

The following Annexes were attached to the report:-

- Annex A Treasury Management Policy
- Annex B1 Treasury Management Strategy
- Annex C Minimum Revenue Provision Policy Statement

Decisions Made: That the Cabinet recommend to the Council that:

- (1) the Treasury Management Policy Document for 2018/2019, as detailed in Annex A to the report be agreed;
- (2) The Treasury Management Strategy Document for 2018/2019, as detailed in Annex B to the report be agreed; and
- (3) The Minimum Revenue Provision Policy Statement 2018/2019, as detailed in Annex C to the report be agreed.

Reasons for the Decisions:

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

Alternative Options Considered and Rejected: No alternative options were considered or reported.

121. THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES - PRUDENTIAL INDICATORS 2018/19

The Cabinet considered the report of the Head of Corporate Resources that advised that the CIPFA Prudential Code for Capital Finance in Local

Authorities (the Code) was introduced following the Local Government Act 2003; that the Code detailed a number of measures/limits/ parameters (Prudential Indicators) that were required to be set each financial year; and that the approval of these limits would provide a benchmark to measure actual performance against, to help ensure that the Council complied with relevant legislation, was acting prudently and that its capital expenditure proposals were affordable.

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

1. Capital Expenditure
2. Financing Costs/Net Revenue Stream
3. Capital Financing Requirement
4. External Debt
5. Treasury Management Indicators

These indicators were detailed in the report and summarised at Annex A to the report.

The report also indicated that a major change introduced under the 2017 Prudential Code was the requirement to determine a Capital Strategy; that CIPFA had recognised however, that due to the timing of the release of the revised codes (December 2017), that it would not be practicable to formulate these documents within the 2018/19 planning process; that the Capital Strategy therefore would be introduced during the 2019/20 reporting cycle; and that the Capital Strategy would set out the long-term context in which capital expenditure and investment decisions were made and gave due consideration to both risk and reward and impact on the achievement of outcomes.

DECISION MADE: That the Cabinet:

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

Reasons for the Decisions:

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

Alternative Options Considered and Rejected: No alternative options were considered or reported.

122. ROBUSTNESS OF THE 2018/19 BUDGET ESTIMATES AND THE ADEQUACY OF RESERVES - LOCAL GOVERNMENT ACT 2003 - SECTION 25

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

The report detailed that when preparing the budget for 2018/19 and the second year of the current Budget Plan, the Council's Strategic Leadership Board had led and been fully engaged in the process and had been challenged to ensure that services could be delivered within available funding and that estimates of expenditure and income were realistic; that as a result the Strategic Leadership Board had confirmed that the proposals made within this budget package both from the Public Sector Reform projects and service options were deliverable; that the proposed budget, due to the scale of the funding gap faced by the Council, had been prepared with careful consideration and full acknowledgement of the risk and uncertainty around both the proposals made and existing pressures faced by the Council; and that as this risk could not be fully mitigated e.g. as a result of the demand pressure facing both Adults and Children's Social Care budgets, it was important that these proposals were considered alongside the level of reserves held.

The following factors had been considered and were detailed in the report:-

- Four year settlement and increased reliance on local funding estimates
- Maintaining Service Delivery
- Anticipated New Demand Pressures
- Resources to Deliver Change
- Inflation and Annual Cost Increases
- Impact of Previous Years' Budget
- Financial Management
- Management of Risk
- Capital Strategy and Strategic Investment
- External Advice

Regarding the Reserves Strategy 2018/19 the report also provided

information on:-

- General Fund
- National considerations associated with the impact of the economic climate on Council costs and the anticipated reductions in Government funding
- Local considerations associated with planned changes in service delivery methods / contracts, the impact of rising demand for services and legal challenges
- Earmarked Reserves

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

Decisions Made:

That the Council be requested to have regard to the matters raised in the report during the final stages of determination of the Budget for 2018/19.

Reasons for the Decision:

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

Alternative Options Considered and Rejected:

No alternative options were considered or reported.

123. REVENUE AND CAPITAL BUDGET PLAN 2017/18 – 2019/20

The Cabinet considered the joint report of the Chief Executive and the Head of Corporate Resources that provided information on the following issues in connection with Council's forthcoming consideration and approval, on 1 March 2018, of the Revenue Budget for the period 2018/19 – 2019/20, and also the level of Council Tax for 2018/19:-

- An assessment of the Council's current financial position and approach to the 2018/19 to 2019/20 Budget Plan;
- Progress that has been made during the last year within the Council's Framework for Change programme;
- An update on the Government's announcement of resources that are available to the Council for 2018/19 (subject to final confirmation by the Government);
- The Council's current financial position and the assumptions built into the Medium Term Financial Plan;
- The options available for the Council's Budget;

- The proposed Capital Programme for 2018/19 and 2019/20; and The first budget estimate of the funding gap that the Council will face in 2020/21.

As such, the report set out the approach to the financial strategy of the Council and the national and local financial context within which it was operating; indicated that the Council had a statutory requirement to remain financially sustainable; that the Council's Framework for Change Programme was a comprehensive and ambitious programme that sought to support the delivery of the Council's core purpose; that as would be expected with a programme of this size and complexity that spanned a number of financial years, the detailed proposals had been and would continue to be the subject of change as they were developed and ultimately implemented; and that within this context, work had been undertaken to confirm that change proposals for 2018/19 were viable and would help deliver financial sustainability.

In respect of the overall financial context for the Council and its approach to the 2017/18 to 2019/20 Budget Plan the report indicated that In 2010, Central Government imposed, what were thought at the time, to be significant reductions in local government financial support; that rather than this being a short term restriction in spending, the austerity programme had extended into a ten-year long period of severe budget reductions; that for Sefton this had resulted in a funding gap of £233m being required to be met by the end of 2019/20, with a direct loss of 51% of government funding which equated to £722 per Sefton household; that due to the scale of this financial challenge (and taking into account the significant savings that had already been made since 2010) the Council undertook a comprehensive review of its role within the Borough, via the Imagine Sefton 2030 consultation and as a result, updated its core purpose; and that it was subsequently determined that the delivery vehicle for the Council's core purpose and to ensure financial sustainability would be the "Framework for Change" programme, the key pillars of which were detailed in the following diagram in paragraph 2.4 of the report.

The report also detailed the progress to date made on the "Framework for Change" programme and that the Council remained focused on: -

- Creating more and better jobs for local people – Economic Growth
- Working with partners to deliver affordable services which achieve the best possible outcomes – Public Sector Reform
- Making every pound count in everything we do – Service Delivery Options
- Investing wisely and creatively to make and save money, grow faster and enable our communities to thrive – Strategic Investment

The report also provided information on the Medium Term Financial Plan (MTFP) 2018/19 – 2019/20 and in particular on the following issues:-

- Additional budget pressures associated with Adult Social Care and Children's Social Care

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- Key MTFP assumption revisions relating to the Local Government Pay Offer, the Transport Levy, Business Rates and Council Tax Base, the Waste Levy, VAT Shelter Income, Leisure Income – VAT Liability Change, and the New Homes Bonus reduced funding
- Impact of the Local Government Financial Settlement
- Review of Budget proposals and planning assumptions

Regarding the Two-Year Budget Plan 2018/19 to 2019/20 the report indicated that, based upon the revisions to the MTFP and the savings that were forecast from the Public Sector Reform programme, it was now estimated that the funding shortfall in the following two years would be £11.227m and £2.542m respectively, before any Council Tax decisions were made and any additional service delivery options were considered; and that in order to support this two year package and the revised funding gap, a number of Service Delivery Options were now proposed relating to:

- Supplies and Services Saving
- Sefton New Directions Contract Saving
- The annual income stream arising from the acquisition of the Strand Shopping Centre
- PSR2 – Re-phasing of Saving Achievement
- Transforming Sefton Reserve
- Risk Management, Financial Monitoring and Sustainability

In conclusion, the Budget Plan 2018/19 to 2019/20 had proved to be a very positive first year of the financial plan period; and indicated that the Council would continue to play its part and show strong and visible leadership in delivering the Vision 2030; and that the Council had adopted the 2030 Sefton Vision of 'A confident and connected Sefton' and would continue to strive to deliver key priorities, ensuring everything it did had a contributory focus to the future of the Borough.

The report then set out specific Budget 2018/19 issues relating to charges relating to external / levying bodies and the proposed overall Council Tax increase; provided information on schools' related grants; other Government grant notifications in 2018/19; a summary of budget proposals for 2018/19; and precepts to the Police and Crime Commissioner and Fire and Rescue Service.

The following appendices were attached to the report:-

- Appendix A Individual School Budgets
- Appendix B Draft Council Budget Summary 2018/19 – 2019/20
- Appendix C Fees and Charges 2018/19
- Appendix D Capital Programme 2018/19 - 2019/20

DECISION MADE: That the Cabinet

- (1) note the update of the Medium Term Financial Plan for the budget period 2018/19 to 2019/20, which includes the implications of the provisional local government finance settlement and the remaining

budget gap following various budget proposals be noted;

- (2) consider the Council Tax increase / Social Care Council Tax Precept for 2018/19; and,
- (3) approve the Fees and Charges for 2018/19 as detailed in Appendix C to the report; and
- (4) the Head of Corporate Resources and his staff be thanked for the production of the detailed reports for consideration at this meeting and their overall efforts in formulating the Council's budget for consideration by Council.

Reasons for the Decisions:

In March 2017 Council approved a three year budget plan to 2020. As the Council enters the second year of this budget plan it remains confident, that its continued strategic approach to budget planning alongside good financial management and extensive community engagement, means that the plan continues to develop on solid foundations, remains flexible and will secure the future sustainability to 2020 and beyond.

The recommendations in this report provide the basis on which the budget plan would be balanced for the financial year 2018/19 and will ensure that the Council's statutory obligations are met.

Alternative Options Considered and Rejected:

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

124. COMMERCIAL ACQUISITION OF THE STRAND SHOPPING CENTRE - OVERVIEW AND SCRUTINY COMMITTEE (REGENERATION AND SKILLS) MINUTES

Further to Minute No. 42, Recommendation (2) in relation to the Strand Shopping Centre – Commercial Acquisition, of the Special Meeting of the Overview and Scrutiny Committee (Regeneration and Skills) the Cabinet considered the Minutes along with comments made.

The Leader of the Council, Councillor Maher expressed his appreciation in the delivery of the presentation and the management of the Meeting conducted by the Chair, Councillor Sayers, he concluded by stating that full and frank Scrutiny of the matter had been undertaken.

RESOLVED:

That the Minutes, along with comments made, of the Special Meeting of the Overview and Scrutiny Committee (Regeneration and Skills) be noted.

125. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information)(England) Regulations 2012, the press and public be excluded from the meeting for the following items on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.

126. COMMERCIAL ACQUISITION OF THE STRAND SHOPPING CENTRE - OVERVIEW AND SCRUTINY COMMITTEE (REGENERATION AND SKILLS) MINUTES

Further to Minute No. 44, Recommendation (2) in relation to the Strand Shopping Centre – Commercial Acquisition, of the Special Meeting of the Overview and Scrutiny Committee (Regeneration and Skills) the Cabinet considered the Restricted Minutes along with comments made.

RESOLVED:

That the Restricted Minutes, along with comments made, of the Special Meeting of the Overview and Scrutiny Committee (Regeneration and Skills) be noted.