

CABINET

**MEETING HELD AT THE BIRKDALE ROOM, TOWN HALL,
SOUTHPORT
ON THURSDAY 14TH FEBRUARY, 2019**

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

ALSO PRESENT: Councillor Sir Ron Watson

92. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor John Joseph Kelly.

93. DECLARATIONS OF INTEREST

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

94. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the minutes of the Cabinet meeting held on 7 February 2019 be confirmed as a correct record.

**95. THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL
AUTHORITIES - PRUDENTIAL INDICATORS 2019/20**

The Cabinet considered the report of the Head of Corporate Resources on proposals to establish the Prudential Indicators required under the Prudential Code of Capital Finance in Local Authorities. This would enable the Council to effectively manage its Capital Finance Activities and comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code of Capital Finance in Local Authorities.

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

- (i) Capital Expenditure (Section 2);
- (ii) Financing Costs/Net Revenue Stream (Section 3);
- (iii) Capital Financing Requirement (Section 4);
- (iv) External Debt (Section 5-7); and
- (v) Treasury Management Indicators (Section 8).

Decision Made:

That the Council be recommended to:

- (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) note that relevant Prudential Indicators will be revised as required and that any changes will be brought to Cabinet and then to Council for approval;
- (3) note that the estimates of capital expenditure may change as grant allocations are received; and
- (4) give delegated 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 Decision:

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

Alternative Options Considered and Rejected:

None.

96. TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20

The Cabinet considered the report of the Head of Corporate Resources which 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 the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Code of Practice on Treasury Management in the Public Services which recommended the production of annual Treasury Management Policy and Strategy Documents; and that in addition, the Council had 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.

Decision Made:

That the Council be recommended to:

- (1) approve the Treasury Management Policy Document for 2019/2020;
- (2) approve the Treasury Management Strategy Document for 2019/2020; and
- (3) approve the Minimum Revenue Provision Policy Statement 2018/2019 and 2019/20.

Reasons for Decision:

The Council had adopted CIPFA's Code of Practice on Treasury Management in the Public Services. The Code required that the Council sets a policy and strategy for the effective operation of the Council's Treasury Management function during the financial year. This would 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 were properly managed to ensure that the Council can meet its capital spending obligations.

Alternative Options Considered and Rejected:

None.

97. CAPITAL STRATEGY 2019/20 TO 2023/24

The Cabinet considered the report of the Head of Corporate Resources on the Capital Strategy 2019/20. The report indicated that the Capital Strategy set out the long-term context in which capital expenditure and investment decisions were made and considered the impact of these decisions on the priorities within the Council's Core Purpose and Framework for Change Programme and the promises made in the 2030 Vision for Sefton; and that at the heart of the Capital Strategy was the Council's core objective to continue to deliver financial sustainability. As such a flexible capital investment programme was more important than ever as a method to stimulate and enable economic growth and strategic investment, ensuring best use of existing assets and of generating future income streams to pay for and deliver day to day services.

The Capital Strategy is a new statutory document which the Council is required to have in place and be reviewed on an annual basis.

Decision Made:

That the Council be recommended to approve the Capital Strategy as set out in Appendix 1 of the report.

Reasons for Decision:

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

Alternative Options Considered and Rejected:

None.

98. ASSET MANAGEMENT STRATEGY AND ASSET DISPOSAL POLICY

The Cabinet considered the report of the Head of Corporate Resources that provided details of the Asset Management Strategy and the Asset Disposal Policy which set out the vision and aspirations for the effective management of the Council's corporate asset portfolio and the role it played in supporting and shaping the Council's agenda for the 2030 vision; that aside from its staff, the Council's next biggest resource was its land and property therefore it was vital that this resource was managed and used effectively and efficiently to ensure that the Council derived maximum benefit from its assets in support of its strategic aims and priorities; and that the Asset Management Strategy would provide a framework for the planning, prioritisation, management and funding of the Council's asset base whilst the Asset Disposal Policy would provide a framework for the disposal of the Council's assets as they were declared surplus and when deemed appropriate.

Decision Made:

That the Council be recommended to approve the Asset Management Strategy and Asset Disposal Policy as set out in the report.

Reasons for Decision:

The Asset Management Strategy & Asset Disposal Policy are key documents for Sefton Council which sets out key parameters in respect of the delivery of an efficient and effective property portfolio.

Alternative Options Considered and Rejected

None.

99. ROBUSTNESS OF THE 2019/20 BUDGET ESTIMATES AND THE ADEQUACY OF RESERVES – LOCAL GOVERNMENT ACT 2003 - SECTION 25

The Cabinet considered the report of the Head of Corporate Resources which provided an assessment of the robustness of the estimates and the tax setting calculations, the adequacy of the proposed financial reserves and the production of longer term revenue and capital plans, based on the proposals set out in the report on the Revenue and Capital Budget Plan 2019/20 and approach to Financial Strategy 2020/21 to 2022/23 (Minute No. 100 refers) and to be presented to the Budget Council meeting on 28 February 2019.

The Head of Corporate Resources indicated that the following features had been considered and were detailed in the report:

- The engagement of Members and Officers in the delivery of a balanced budget;
- The Council had set a three-year budget plan in 2017/18 and the Council was about to enter the third year of that plan. This had enabled a sustainable budget plan to be delivered;
- The Council was experiencing significant budget pressures and had developed a remedial plan following a mid-year review of the Medium Term Financial Plan;
- The Council was giving increased emphasis in the proposed budget for 2019/20 on ensuring that the key services of adult social care, children's social care, schools and families, and locality services start the year with an appropriate budget to meet current demand;
- The provision of a £1m Budget Pressure Fund had been made in the proposed budget for 2019/20;
- The budget pressures bring risks which need to be managed in the delivery of core services;
- There is a lack of certainty on the provision of funding for adults and children's social care, and schools and families
- The Council has a track record of delivering a sustainable budget, it will continue to review budget expenditure every quarter and deliver services in line with the Corporate Performance Framework,
- The Council will need to start work on the development of a new three-year budget plan from 2020/21 to 2022/23 and it was currently predicted that there would be a shortfall of £45m which will need to be managed; and
- As a result of all the issues contained in the report, it is the view that the proposed budget for 2019/20 is a robust budget package.

Members of the Cabinet expressed concern about the absence of any sustainable long-term funding solutions being made available from Central Government in relation to adults and children's social care, and schools and families and that the one-off short-term funding options had failed to meet the resources required. As a result, there had been an increase in the number of people requiring care provision and this was causing more problems for families and increased pressures for local authorities.

Concern was also raised that the results of the Fair Funding Review were still awaited and that the Government had still not published a Green Paper on Adult Social Care.

Cabinet Members expressed concern that the Council would need to address a further estimated budget shortfall of £45m during the period from 2020/21 to 2022/23 in addition to the budget savings of £233m already made since 2010 and they commended the officers for the delivery of those savings made.

Decision 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 2019/20.

Reasons for Decision:

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

Alternative Options Considered and Rejected:

None.

**100. REVENUE AND CAPITAL BUDGET PLAN 2019/20 AND
APPROACH TO FINANCIAL STRATEGY 2020/21 TO 2022/23**

The Cabinet considered the joint report of the Chief Executive and Head of Corporate Resources which provided:

- An assessment of the Council's current financial position and approach to the 2019/20 Budget Plan and preparation for the new three-year budget period 2020/21 to 2022/23;
- Progress that had 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 2019/20;
- The Council's current financial position and the assumptions built into the Medium Term Financial Plan;
- The proposed Budget for 2019/20; and,
- The proposed Capital Programme for 2019/20.

The report set out the financial strategy of the Council and the national and local financial context within which it is operating and indicated that the

Council had a statutory requirement to remain financially sustainable and to balance its budget every year.

The Council's Framework for Change Programme is a comprehensive and ambitious programme that seeks to support the delivery of the Council's core purpose. As would be expected with a programme of this size and complexity that spans a number of financial years, the detailed proposals have been and will continue to be the subject of change as they are developed and ultimately implemented. Within this context, a detailed assessment of the previously approved plans for 2019/20 has been undertaken to confirm their deliverability. In addition, a limited number of additional savings proposals have been identified to balance the budget and ensure long-term financial sustainability.

Decision Made: That

- (1) the pressure arising from the 2018/19 budget; the resulting impact on the 2019/20 budget and the requirement for additional proposals to be approved to support financial sustainability be noted;
- (2) the update of the Medium Term Financial Plan for the period 2019/20 to 2022/23 be noted;
- (3) the Council be recommended to approve the Budget Plan for 2019/20, including the Revenue Budget, the allocation of specific grants (section 10), the Fees and Charges (Appendix D) and the Capital Programme (Appendix E), and authorise officers to undertake the necessary actions to implement the recommendations; and
- (4) approval be given to the commencement of all appropriate activity as detailed including, for example consultation with employees and engagement with partners and contractual changes.

Reasons for Decision:

The recommendations in this report provide the basis on which the budget plan will be balanced for the financial year 2019/20 and will ensure that the Council's statutory obligations are met. In addition, it begins the early planning for the next three-year financial strategy to give the Council sufficient time to identify specific proposal to deliver financial sustainability over that period.

Alternative Options Considered and Rejected:

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

