

CABINET

**MEETING HELD AT THE BIRKDALE ROOM, TOWN HALL,
SOUTHPORT
ON 13 FEBRUARY 2020**

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

ALSO PRESENT: Councillor Sir Ron Watson

108. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Hardy.

109. DECLARATIONS OF INTEREST

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

110. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 6 February 2020 be approved as a correct record.

**111. THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL
AUTHORITIES - PRUDENTIAL INDICATORS 2020/21**

The Cabinet considered the report of the Head of Corporate Resources advising that the CIPFA Prudential Code for Capital Finance in Local Authorities was introduced following the Local Government Act 2003; that it 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 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) set 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 the relevant Prudential Indicators will be revised as required and that any changes will be submitted 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) 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 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.

112. TREASURY MANAGEMENT POLICY AND STRATEGY 2020/21

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; and that in addition, the Council had 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 the Ministry of Housing Communities and Local Government (MHCLG) Statutory Guidance on Local Government Investments 2018. 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 approve:

- (1) the Treasury Management Policy Document for 2020/21;
- (2) the Treasury Management Strategy Document for 2020/21; and
- (3) the Minimum Revenue Provision Policy Statement 2020/21.

Reasons for Decision:

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:

None.

113. CAPITAL STRATEGY 2020/21 TO 2024/25

The Cabinet considered the report of the Head of Corporate Resources indicating 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; that at the heart of the Capital Strategy was the Council's core objective to continue to deliver financial sustainability; and that 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, attached to the report as Annex A, was a statutory document that the Council was 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 Annex A 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.

114. ROBUSTNESS OF THE 2020/21 BUDGET ESTIMATES AND THE ADEQUACY OF RESERVES – LOCAL GOVERNMENT ACT 2003 - SECTION 25

The Cabinet considered the report of the Head of Corporate Resources indicating 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, to give assurance that the budget was robust and that there were adequate reserves and balances.

The report also provided information on the following factors that had been considered:

- Financial Environment for Local Government and Sefton MBC
- Impact of previous years' budget - 2019/20
- Central Government funding
- Maintaining service delivery
- Resources to deliver change
- Inflation and annual cost increases
- Financial management
- CIPFA Financial Resilience Index and the CIPFA Financial Management Code
- Management of risk
- Capital Strategy and Strategic Investment
- External advice
- Reserves Strategy for 2020/21 and beyond

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.

Decision Made:

That the Council be recommended to:

- (1) note that 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; and
 - (c) the production of longer-term revenue and capital plans; and
- (2) have regard to the matters raised in this report during the final stages of determining the budget for 2020/21.

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 this report.

Alternative Options Considered and Rejected:

None.

**115. REVENUE AND CAPITAL BUDGET PLAN 2020/21 – 2022/23
AND COUNCIL TAX 2020/21**

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

- an assessment of the Council's current financial position and approach to the 2020/21 Budget Plan and preparation for the two-year budget period 2021/22 to 2022/23;
- an update on the Government's announcement of resources that were available to the Council for 2020/21;
- the Council's current financial position and the assumptions built into the Medium-Term Financial Plan;
- the proposed Budget for 2020/21; and
- the proposed Capital Programme for 2020/21.

The report set out the financial strategy of the Council and the national and local financial context within which it was operating and indicated that the Council had a statutory requirement to remain financially sustainable and to balance its budget every year.

The report also indicated 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; and 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.

Decision Made:

That the Council be recommended to:

- (1) note the update of the Medium-Term Financial Plan for the period 2020/21 to 2022/23;
- (2) approve the Budget Plan for 2020/21, including the Revenue Budget, allocation of specific grants (section 11), Fees and Charges (Appendix C) and Capital Programme (Appendix D), and authorise officers to undertake the necessary actions to implement the recommendations;
- (3) approve the temporary use of the Transforming Sefton Earmarked Reserve (up to £0.700m) to fund the initial borrowing costs in 2020/21 associated with making an upfront payment to the Merseyside Pension Fund; and note that the Reserve will be repaid from savings made in 2021/22 and 2022/23 as a result of the upfront payment; and
- (4) approve the commencement of all appropriate activity within Framework for Change 2020, as detailed in the report, including, for example, consultation with employees and engagement with partners and contractual and policy changes; and
- (5) 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 Decision:

The recommendations in the report provide the basis on which the Budget Plan will be balanced for the financial year 2020/21 and will ensure that the Council's statutory obligations are met. In addition, it begins the planning for the financial strategy for the following two years to give the Council sufficient time to identify specific proposals 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 has taken due consideration of all financial issues in its development. No additional options are available for inclusion.