Appendix A

MEDIUM TERM FINANCIAL STRATEGY 2025-2028

and

REVENUE & CAPITAL BUDGET 2025/26

CONTENTS

MEDIUM TERM FINANCIAL STRATEGY 2025-2028

INTRODUCTION

1. This Strategy provides an overarching framework setting out the context in which future decisions on resource allocation and budgeting will be taken. Its primary purpose is to provide an indication of the Council's future financial position and, in turn, inform the annual budget setting process. It quantifies the likely level of resources available to deliver the Council's services and achieve its core strategic objectives.

2. It is essential that allocation of resources reflects both statutory responsibilities and strategic priorities, and that annual budget decisions are aligned to those priorities.

3. This Strategy includes:

   - An overview of the financial landscape within which St Helens operates
   - The financial context and a high-level overview of funding changes likely to affect the Strategy
   - An impact assessment of the Revenue Budget 2025/26 on future years
   - Balancing the medium term resources
   - Risks to the Council's financial resilience and sustainability
   - Reserves forecasts and strategy
   - Arrangements for monitoring and review
   - The Treasury Management Strategy
   - Capital and investment plans over the medium term.
   - Robustness of Estimates and Adequacy of Reserves

4. The medium term financial planning process has been developed for the period 2025-2028. It provides a forecast of the cost of continuing to provide existing levels of service and the resources that are likely to be available to the Council over the period. It sets out the extent of the potential budget gap, to inform Cabinet and Council resource allocation decisions and to determine the quantum of efficiencies and cost reductions required over the medium term.

OVERVIEW

5. Local Government as a whole is facing significant challenges as a sector after more than a decade of austerity and government cuts, historically high levels of inflation leading to a cost of living crisis and given the impact of continually increasing demand in both adults' and children's social care.

6. The Local Government Association produced analysis ahead of the Government's Autumn Statement that showed, due to inflation and wage pressures alongside cost and demand pressures, English Councils face a £2.3bn funding gap in 2025/26, rising to £3.9bn in 2026/27. The key cost pressure drivers behind these figures included:
   - Soaring costs in children's social care due to rising complexity and placement expenses and a 62.7% rise in Education, Health and Care Plans between 2018/19 and 2023/24.

- Rising costs and demand in Adult Social Care resulting in a £3.7bn increase in budgeted spend from 2019/20 to 2024/25, while homelessness service costs have surged by 77.4% over the same period.
- Growing pressure on Council's Dedicated Schools Grant budgets due to increased demand for services for children with special educational needs and disabilities.
- Increases of nearly 10 per cent to the National Living Wage in both 2023/24 and 2024/25.

7. These financial pressures are exacerbated by the real-terms reductions in funding that local authorities have faced since 2010. Analysis by SIGOMA, the Special Interest Group of Metropolitan Authorities, shows that the total funding for local authorities in 2024/25 is £13bn less in real terms compared to 2010/11.

8. Against this backdrop of financial pressures and reduced funding, 10 local authorities have been forced to issue Section 114 Notices since 2020, with a large number warning that they also face such action in the near future, if the funding position for local authorities does not improve.

9. Whilst St Helens faces a number of significant pressures and has overspent for the previous 2 financial years (2022/23 and 2023/24), and is forecast to do so again in 2024/25, the authority is not in a critical position. The Council's financial strategy has allowed it to maintain a prudent level of reserves that ensure that its financial viability is secure over the medium term. In the view of the Chief Financial Officer, whilst the financial environment within which the Council operates remains challenging, there is a route towards a more sustainable position.

10. This strategy has been recognised by Grant Thornton, the Council's external auditors, in the Auditor's Annual Report 2023/24, with the auditors recognising that the "Council has a good understanding of its financial pressures and has established clear links between its overall strategy and financial plans."

11. However, the utilisation of reserves to offset overspends is not sustainable and is recognised by Grant Thornton, with them commenting that "an overspend in 2024/25 would be the third consecutive year of overspend and would create a further draw on the Council's reserves, which have already reduced over recent years."

12. To ensure that this does not happen, and to enable the Council to set a deliverable, balanced budget, delivery of previously approved budget savings is vital, alongside rigorous budget planning and monitoring.

AUTUMN BUDGET

13. The new Government's spending plans for the upcoming financial year were set out in the Autumn Budget 2024, when the Chancellor of the Exchequer set out high-level details of the Governments plans for health, education, transport and other public services.

14. Whilst it was hoped that the Government would announce a multi-year settlement, providing greater certainty for local authorities over the funding available in the Medium Term, the Autumn Budget only covered the 2025/26 financial year, with a view to implementing funding reform as part of a multi-year settlement from 2026/27.

15. The focus of Government appears to be on directing funding towards authorities with higher needs, taking local revenues (business rates and council tax) into account, whilst simplifying the funding regime, with Government saying that their intention is:

> "Reforming the approach to funding allocations within the Local Government Finance Settlement by redistributing funding to ensure that it reflects an up-to date assessment of need and local revenues."

16. The timescales for reform are tight for changes to be implemented in 2026/27 and the uncertainty around the impact for individual local authorities make future planning difficult. The Government have confirmed that they "will set out further details through an upcoming local government finance policy paper statement" which is anticipated early in the new calendar year.

17. The intentions of Government appear positive for future years, and this is also reflected in the announcements made for funding in 2025/26.

    A brief outline of the Government's intentions for 2025/26 included:

    - 3.2% real terms increase in Core Spending Power, greater than was expected, predominantly due to an additional £1.3bn grant funding for the sector.
    - Within the £1.3bn is a £600m increase in Social Care Grant and a further £700m to be distributed on a "targeted approach"
    - An additional £230m of grant for homelessness, in addition to the £1.3bn grant funding.
    - An additional £1bn for the special educational needs and disabilities system.
    - An additional £86m for Disabled Facilities Grant.
    - The continuation of Household Support Fund in 2025/26.
    - The continuation of the UK Shared Prosperity Fund, albeit at a reduced level of £900m.
    - National Living Wage increase in of 6.7%.
    - Revenue Support Grant would be uplifted in line with the Baseline Funding Level, which normally increases in line with the increase in the Small Business rates multiplier.
    - The continuation of Retail, Hospitality and Leisure Business Rates Relief, at a lower rate of 40%.
    - Business Rates Pooling would continue into 2025/26.
    - Adult Social Care funding was confirmed as set out in the Autumn Statement 2022 for both 2023/24 and 2024/25.

18. The Government also announced a number of tax increases, including an increase in the rate of employer National Insurance Contributions (NICs) from 13.8% to 15% and a lowering of the threshold when National Insurance is payable. This increase will impact local authorities, but the Government

confirmed that additional funding would be provided to compensate for the increase in NICs for the public sector.

19. Whilst the Autumn Budget provided a number of positive headlines, the detail for individual authorities would only be provided as part of the Provisional Local Government Finance Settlement.

LOCAL GOVERNMENT FUNDING AND SETTLEMENT

20. The 2025/26 Local Government Finance Settlement was published on 3 February 2025, following the consultation period of the provisional settlement, published on 18 December 2024. As anticipated after the Autumn Budget, the settlement only covers a single year, 2025/26. This will result in a seventh consecutive one-year settlement for Councils and continues to limit strategic financial planning and the ability to ensure financial sustainability. However, Government have committed to funding reform and multi-year settlements from 2026/27 and have started consultation around potential funding reform for local authorities.

    The key headlines are:

    - Government have calculated that total Core Spending Power will rise by 6.8% in 2025/26, which includes assumed increases in Council Tax in accordance with the Government's referendum principals.

    - The distribution of Revenue Support Grant (RSG) will not change, but the Government have confirmed that RSG will increase in line with CPI.

    - The small business rates multiplier will continue to be frozen for 2025/26, Local Authorities will continue to be compensated for the loss of income for this decision.

    - The Social Care Grant will be £5.9 billion in 2025/26, an increase of £880 million on 2024/25 and may be used on either adult or children's social care services.

    - Government introduced the Recovery Grant, with a national allocation of £600 million, to target money towards areas with greater need and demand for services, and less ability to raise income locally.

    - Launch of Extended Producer Responsibility for Packaging (pEPR) scheme.

    - Additional Children's Social Care Prevention, SEND and Homelessness Funding.

    - Amalgamation of the Improved Better Care Fund £2.14 billion and the Discharge Support Grant £500m into the Local Authority Better Care Fund.

    - Continuation of the Adult Social Care Market Sustainability and Improvement Fund at the same levels (£1.05 billion) as in 2024/25, with no changes to the method of distribution.

- The cessation of a number of funding streams, including Rural Services Delivery Grant and Services Grant.

- Core Spending Power includes £290 million for the New Homes Bonus (NHB) in 2025/26, the same as in 2024/25. The method for calculating the NHB will not change from 2024/25 and new payments will not attract legacy payments. The threshold over which the bonus is paid remains at 0.4 per cent. Government confirmed that this will be the final year of NHB.

- An intention to reset the business rates retention system, allowing Government to match funding to where it is needed most. Government also announced that business rates generated within designated areas such as Freeports and Investment Zones will be exempt from any reset in line with current policy.

- The Government has extended the flexibility to use capital receipts, to fund the revenue costs of reducing costs and improving efficiency, to March 2030. It has also committed to engage with the sector to explore additional capital flexibility options to enable invest-to-save and transformation initiatives.

21. A summary of the main grants and key headlines included within the Final Settlement and other Government funding announcements are included in the following table:

Grant Name	2024/25 £000	2025/26 £000	Variance £000
Social Care Grant	22,738	26,848	+4,110
Children Social Care Prevention Grant	-	1,278	+1,278
Market Sustainability & Improvement Fund	4,212	4,212	-
Domestic Abuse Safe Accommodation Grant	455	567	+112
Adult Social Care Discharge Fund*	2,451	-	(2,451)
Local Authority Better Care Grant*	10,489	12,940	+2,451
Services Grant	323	-	(323)
Recovery Grant	-	6,296	+6,296
Revenue Support Grant	13,429	13,722	+293
Employer NIC	-	1,553	+1,553
New Homes Bonus	30	61	+31
Public Heath Grant	16,156	17,055	+899
Extended Producer Responsibility	0	2,094	+2,094

**Local authority discharge funding has been consolidated into the Local Authority Better Care Grant, formerly known as the improved Better Care Fund*

22. Core Spending Power is the Government's defined measure of the resources available to local authorities to fund service delivery.

23. The Government's calculation of Core Spending Power is not limited to general Government revenue grant and Business Rates, but also includes estimated Council Tax receipts, New Homes Bonus and other specific grants. This means that the headline percentage changes in Core Spending Power quoted by the Government also take into account income from sources other than core general Government revenue grant, and do not solely represent changes in levels of direct Government funding.

24. The methodology of the Core Spending Power calculation for 2025/26 includes Revenue Support Grant, Business Rates baseline funding, compensation for under-indexing of the Business Rates multiplier, Council Tax, New Homes Bonus, Local Authority Better Care Grant, Social Care Grant, Services Grant, Funding Guarantee, the Adult Social Care Market Sustainability and Improvement Fund, the new Recovery Grant, Employer NIC Funding and the new Children's Social Care Prevention Grant.

25. The Government's published Core Spending Power figures show an increase of 9.3% for the Council in 2025/26, compared to a national average increase of 6.8%, with Core Spending Power increasing from £209.9m in 2024/25 to £229.4m in 2025/26. This is compared to a 7.7% increase in 2024/25.

26. It is important to note that the use of Core Spending Power as a headline indicator can distort the underlying position. For 2025/26, the Council's Council Tax requirement is £101.050m, representing 44% of the Government's published Core Spending Power figures. The equivalent percentage for 2015/16 was 41%, reflecting the increasing reliance on Council Tax income to deliver services.

27. Government has been considering a major overhaul of the local government funding mechanism for a number of years. There have been numerous delays to the previous Government's Review of Relative Needs and Resources (of the methodology determining how much funding each authority receives based on an assessment of its relative needs and resources). Similar delays have been experienced in relation to proposed reforms to Business Rates retention.

28. Along with six consecutive one-year settlements, these delays have resulted in significant uncertainty for the Council in considering future years' budget requirements and present a significant risk to financial planning and sustainability.

29. The new Government have, at the same time as publishing of the provisional local government finance settlement, launched a consultation exercise which starts the process of updating how local authorities are funded through the local government finance settlement. The intention is that further consultation will take place during 2025 which will result in a multi-year settlement for 2026/27, with a focus on providing funding to authorities based upon need and achieving priority outcomes agreed with Government.

BUSINESS RATES RETENTION

30. Since 2017/18, St Helens has participated in a designated Liverpool City Region-wide Business Rates Retention Scheme. The Local Government Finance Settlement confirmed a one year only guaranteed extension of the arrangements for the six authorities in the Liverpool City Region Combined Authority area for 2025/26.

31. The estimated benefit for 2024/25 from participation in the scheme is approximately £7.3m. The Council's financial position could be significantly worse if this arrangement were to be withdrawn. Under the terms of the arrangement St Helens is allowed to retain 99% of any Business Rates growth.

32. Planned reforms to the Business Rates Retention system have been repeatedly deferred. The Local Government Finance Policy Statement for 2025/26 includes the government's plan to implement a full reset of business rates in 2026/27. This reset will update the Business Rates Baselines, which have remained unchanged for over a decade.

33. In the Autumn Budget on 30 October, the Chancellor announced measures to reform business rates and support the high street. These changes, set for 2026/27, include two new business rates multipliers: one for retail, hospitality, and leisure properties, and another for large properties with rateable values over £0.5 million. Additionally, interim support measures will extend relief for retail, hospitality, and leisure sectors for another year and freeze the small business rates multiplier during 2025/26.

34. Despite these announcements, there remain considerable uncertainties in several key areas of the Business Rates Retention scheme that could significantly impact the Council's funding in future years.

35. The new Government have confirmed continued support for the Investment Zones and Freeports Programme across the UK. The Government is not changing the legislation relating to the reliefs available to properties. Instead, the Government will, in line with the eligibility criteria set, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief.

36. Full business rates (100%) relief will be available to eligible businesses in these Investment Zone tax sites in England, once designated. Relief will be available to all newly occupied businesses, and certain existing businesses where they expand in Investment Zone tax sites, until 30 September 2034. Business rates generated at the tax sites will be retained locally for 25 years and reinvested in the area.

37. The settlement also allows for the continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils in 2025/26.

38. Business Rates revaluations are implemented on a three-yearly cycle The next Business Rates revaluation will take effect from 1 April 2026.

39. Whilst the potential impact of the Business Rates reforms referenced above represent significant financial risks to the Council, it is anticipated that the

Government would include transitional protection systems to ensure Local Authorities are not faced with any significant financial cliff edges.

40. The current medium term financial planning assumptions include for these protections and are based on the Council's current funding levels from participation in the Business Rates Retention scheme.

41. There is uncertainty that the Government might not afford protection to the additional funding derived from the Business Rates Retention scheme. This would put additional pressure on the Council's budget in future years.

KEY AREAS OF RISK AND UNCERTAINTY

42. The potential impact of Business Rates reforms, together with the outcome of future Government Budgets and the Funding Formula Review and Resources, determine that Business Rates Retention will be an even more important funding source for the Council. It is uncertain how the results of these reviews will affect funding for the Council and whilst that is the case, this remains a key risk for the Council.

43. The increasing demand for Children's services poses a significant financial risk to St Helens Council, as rising caseloads require greater investment in social work teams, placements, and support services. If demand continues to grow beyond budgeted expectations, the Council will face significant pressures.

44. Local authorities face numerous challenges in providing appropriate care and accommodation for children and young people. These include limited capacity within the external care market, ongoing difficulties in recruiting and retaining foster carers, and a rising number of placement breakdowns due to the complex needs of some children in care. Combined with increasing overall demand, these factors are driving up the cost of care, as councils compete to secure suitable placements for children looked after.

45. In response, the Government has acknowledged these issues and outlined plans to reform the sector, particularly targeting concerns around excessive profiteering by some external providers, through new legislation, regulation, and commissioning reforms. Without effective demand management and preventative strategies, the Council risks long-term financial pressures. Locally, the Council continues to be proactive in taking measures to manage costs and demand, including:

    - the identification and purchase of local properties which, alongside our existing children's home, will significantly increase internal residential home capacity.
    - operating trainer flats under the Staying Close programme to facilitate wider options for those young people who are preparing to transition out of care.
    - participation in programmes such as Foster4 to help continue to increase internal foster carer capacity through a regional partnership and Mockingbird, to nurture and strengthen relationships between children, young people and foster families.

- The establishment of a CYPS Finance and Performance Board to enhance rigor and oversight, particularly regarding agency spend.
- The joined-up Children's and Adults commissioning programme to effectively manage placement costs.

46. Reliance on social care agency staff presents a major financial risk, as agency workers are considerably more expensive than permanent employees. This reliance can lead to budget overspends and undermine long-term financial planning, particularly if permanent recruitment and retention challenges persist. Additionally, agency staff turnover results in repeated recruitment and induction costs, further straining financial resources. The recruitment of skilled and experienced staff remains a widespread challenge across the sector.

47. In response, the Government has introduced market reforms aimed at helping local authorities manage their reliance on agency workers. However, as the associated statutory guidance only came into effect on 31st October 2024, its impact has yet to be seen. To address these recruitment and retention issues, proactive measures have been taken, including reviewing salary levels for qualified social care staff to ensure competitive pay, increasing staffing capacity for non-statutory functions to reduce social worker workloads, implementing training programmes to support staff in achieving qualified social worker status, and running an ongoing recruitment campaign that explores talent pools beyond traditional workforce channels.

48. An ever-increasing demand for adult social care continues to pose a risk to the Council. Requests for support are at an all-time high nationwide, with the largest proportional growth being seen in working-age adults. This is reflective of increasing rates of disability in people aged 18-64. Further risks are posed to the Council by the number of elderly (65+) and very elderly (85+) people in the population, despite the life expectancy in St Helens having fallen by 3% in the last ten years. The Government has committed to tackling hospital waiting lists by pump-priming investment into hospital discharge, but this also accelerates the point at which people require social care and therefore carries a financial risk to the Council.

49. The Council has a legal responsibility to ensure that it pays its care providers a fee that adequately covers the cost of providing care. In recent years providers have seen significant increases in costs relating to inflation, growth in the National Living Wage, rises in energy prices and an increasing reliance upon expensive agency staff in a shrinking Post-Brexit labour market. In order to continue to meet its legal obligations, the Council is required to ensure that the fees it pays meet the fair cost of care in the St Helens market, which necessitates a multi-million pound financial investment each year. There is a risk to the Council's medium term financial strategy that, if providers' costs rise in excess of what has been estimated in the plan, this causes a financial pressure.

50. Over the past 14 years, the Council has had to deliver cumulative savings of over £130m. A savings programme has been previously approved that delivers savings during 2025/26 and 2026/27 that are integral to the Council's MTFS calculations and delivering a balanced budget. However, recent experience has been that, due to the complex nature of the approved savings, there has been slippage against delivery of around 30%.

51. The Council recognises the issues the financial impact of slippage / non-delivery of savings through an exacerbated overspend position, and this has been commented on by Grant Thornton, the Council's external auditor. Rigorous governance processes have been setup to monitor savings delivery and report the position through to Members. It is vital that savings are delivered in a timely manner, or mitigating actions are identified where savings cannot be made in line with proposed timescales, to ensure the Council does not have unexpected calls on reserves through overspends.

52. The delivery of an ambitious Capital Programme carries a number of risks due to inflationary and other pressures. With a number of high value schemes being funded by the Council, it is a priority that any future plans for borrowing are prudent. As the revenue budget position remains challenging, any increases to borrowing to fund key strategic schemes will need to be carefully considered and the revenue impact affordable.

53. It is therefore the Council's strategy to continue to limit new capital expenditure funded by borrowing, where the impact cannot be contained within existing budgetary provision. The Council will seek to address risks and pressures in the capital budget through the use of grant funding, capital receipts and revenue contributions.

54. The Council is a member of the Merseyside Pension Fund on behalf of former, current and future employees. Both the Council and its current employees make contributions to the fund at levels determined by the Fund's actuaries. The actuaries also prescribe the levels at which the Council need to make annual payments to contribute towards any forecast deficit of the Fund (with regards to the St Helens element of the Fund), when comparing the projected assets and liabilities. Where the projections are such that the level of assets exceed the liabilities, the annual contributions are reduced.

55. Every three years, the Pension Fund makes arrangements for the revaluation of the assets and liabilities of the fund on a per-authority basis, with contribution rates and the projected surplus / deficit adjusted for the upcoming valuation period to ensure the fund is sustainable for each local authority.

56. The last triennial valuation by the actuary was at 31 March 2022, when the fund was in surplus with the funding level being at 106% of the projected actuarial liabilities. The next valuation will take place as at 31 March 2025. The Medium Term Financial Strategy assumes that the position with the Pension Fund will be unchanged. However, during the triennial period the performance of the fund may change, and also assumptions made by actuaries between valuation periods may be revised. This introduces a risk that the fund position may not be as positive at the next revaluation and the development of future MTFS will need to reflect any adverse movements.

KEY ASSUMPTIONS

57. The Medium Term Financial Strategy for 2025-2028 is dependent on a number of assumptions within the annual budget for 2025/26. This strategy assumes that:

- an increase of 4.99% is applied to the level of Council Tax for 2025/26 when compared to 2024/25.
- the Council will approve an annual budget that delivers savings totalling £6.4m from savings proposals approved as part of previous Medium Term Financial Strategies.
- the Council receives the estimated Business Rates assumed in the calculation of the baseline funding level and any additional Business Rates included as funding within the approved net revenue budget.
- the assumed costs of delivering the Council's services both directly and indirectly are in line with planning assumptions, including those related to inflation.
- pay negotiations for 2025/26 will result in an average increase in pay of 3% and a National Living Wage increase of 6.7% has been built into financial models.
- general price inflation has been provided at 2.5%, with separate analysis informing increases for specific spend areas such as care providers/direct payments and energy.

58. These assumptions are considered to be a realistic assessment of the underlying financial position as shown in the Medium Term Financial Strategy. A breadth of planning assumptions and budget risks had been considered in arriving at a balanced budget.

COUNCIL TAX INCREASES

59. The Government established a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2025/26 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

60. The Adult Social Care precept will continue for 2025/26, and Government has allowed an additional 2% of flexibility available for those Authorities with responsibility for Social Care.

61. The Council recognises the impact that Council Tax has on local residents and will always take their ability to pay into consideration when setting Council Tax levels and provide support to ensure that entitlements to Local Tax Reduction are maximised.

62. A Council Tax increase of 4.99% has been factored into the Medium Term financial forecast for 2025/26.

63. An increase in Council Tax of 4.99% will generate around £4.8m to fund some of the demand pressures the Council faces in providing its statutory functions and would avoid the need for further reductions in service delivery to the equivalent value.

BUDGET GAP AND SAVINGS

64. The Medium Term Financial Strategy 2024-2027 assessed the potential budget gap over the three-year period and proposed a package of savings proposals that, in conjunction with savings already approved within the Medium Term Financial Strategy 2023-2026, addressed the budget gaps identified.

65. The following table summarises the updated budget gap and approved savings position over the first 2 years of the MTFS period. Saving proposals are detailed within Appendix 1.

	2025/26 £000	2026/27 £000
FORECAST IN-YEAR BUDGET GAP	**6,074**	**2,984**
AGGREGATED FORECAST BUDGET GAP	**6,074**	**9,058**
AGGREGATED APPROVED SAVINGS	**(6,074)**	**(9,058)**
RESIDUAL FORECAST BUDGET GAP	**0**	**0**

66. The identification and approval of these savings proposals allowed the Council to set a balanced budget and show a balanced position over the period of the MTFS, based upon assumptions and estimates at the time of approving the strategy.

67. A review of the underlying assumptions and funding estimates for the period 2025-2027, based upon the Local Government Finance Settlement announced on 3 February 2025 and the wider economic outlook, shows that no further savings are required for that period.

68. Although the Local Government Finance Settlement for 2025/26 has been positive for the Council, it is imperative that the previously approved savings continue to be delivered to ensure that the Council can address the significant financial pressures that exist.

69. In producing the Medium Term Financial Strategy 2025-2028, the period considered has been extended to include the financial year 2027/28 and is included within the Summary Position section below.

70. There has been slippage against delivery of the approved savings previously and it is imperative that, where possible, savings proposals are implemented in line with the profile approved in the MTFS 2025-2028.

SUMMARY POSITION

71. The 2025/26 Local Government Finance Settlement acknowledged that Local Authorities with high levels of need and deprivation required additional funding to allow them to continue to provide valued services to residents.

72. As an authority with recognised high levels of need, additional funding of over £14m was allocated to the Council within the Settlement and other Government Funding announcements.

73. The additional funding which has been allocated to the authority for 2025/26 allows the Council to address the significant pressure areas that it faces, including demand-led pressures within Adult Social Care and Children's Services.

74. The ability to address pressure areas and set a balanced budget is reliant upon the delivery of the previously approved savings programme.

75. Given the above budget strategy, the underlying forecast position over the period of the MTFS, taking into account the key assumptions previously mentioned, is set out in the following table:

	2025/26 £000	2026/27 £000	2027/28 £000
RESIDUAL FORECAST BUDGET GAP	**0**	**0**	**1,728**

76. It must be noted that there is significant uncertainty over the funding position for future years as a result of the Government's intention to deliver significant changes to the funding landscape of local authorities through Funding Reform and the Business Rates Reset. Consultations are currently underway and will continue over the next year, which will result in a new funding formula and, hopefully, a multi-year settlement.

77. Work will be undertaken during the period of the MTFS, as further details of the Government's reform of local government funding is provided. These future announcements from Government regarding changes to funding formulas for local authorities, may increase / decrease the funding gap and will be reported within future MTFS updates, along with plans to address any forecast budget gaps.

78. The Council will continue to consider future priorities and demand pressures over the medium term and will factor these into the Medium Term Financial Strategy. Demand-management strategies, particularly in relation to social care, will continue to be critical in ensuring the financial sustainability of the Council.

SENSITIVITY ANALYSIS AND RISKS

79. The modelling assumes that potential increases in levels of service demand are managed as part of individual demand management strategies or within

additional government funding being made available, particularly those related to social care.

80. Any changes to the above assumptions will impact upon the size of the projected budget gap for future years. The following table shows the impact that a % change, either positive or negative, to the assumptions would make to the model.

Key Assumptions Sensitivity Analysis		
	+/- %	**£m**
Pay Award	1	+/- 1.0
Energy	10	+/- 0.3
Social Care Provision (incl. Direct Payments)	1	+/- 1.2
Other Price Inflation	1	+/- 0.5
Levies	1	+/- 0.2
Council Tax	1	+/- 1.0
Retained Business Rates and S31 Grant	1	+/- 0.8
Inability to deliver approved savings	30	+/- 1.6

81. The following risks have been considered in determining the appropriate level of General Fund balances required within the Medium Term Financial Strategy.

Risk area	Comment and Mitigation	Likelihood	Impact
Asset management	Backlog maintenance (for land, property and infrastructure) is significant and the potential for reactive / responsive repairs exists. The Council has developed an Asset Strategy and Asset Management Plan for 2023-2026. One of the aims of this is to review all assets across the portfolio over the period to develop an appropriate Action Plan. Funding has been built into the Capital Programme to support with capital works identified through these reviews.	Low	Low
Business Rates Retention Scheme (BRRS)	Risks relating to the Council's financial position arising from the Government's review of the existing retention scheme. Government have confirmed they intend to deliver a full reset of the BRRS in 2026/27. This will include the recalculation of Business Rates Baseline and Funding Levels. MHCLG have acknowledged concerns around cliff edges, transitional protection will be considered in aggregate with wider reform.	High	High
Commercial (third party) failure	There is evidenced potential for service provider failure (e.g., in the care or construction sectors) to cause the Council to incur additional costs. These costs could arise	Medium	Low

Risk area	Comment and Mitigation	Likelihood	Impact
	from the need to re-procure and/or integrate new arrangements. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.		
Disaster, major emergency, accident or incident	There will need to be available funds to respond to / recover from any such situation. This could result in uninsured costs arising which are not met by other sources (e.g. the Government's Bellwin scheme). For example, the likelihood of St Helens being affected by extreme weather events cannot be discounted.	Low	Medium
General and Commodity / Service specific inflationary pressures, including the impact of increased Employers National Insurance Contributions	Inflationary cost increases within some specific goods or services could be significantly above general inflation levels. The changes in Employers National Insurance Contributions could impact on the inflationary increases applied to contracts as suppliers and service providers seek to recover / passport the costs through increased charges. The level of inflation built into budget models allows for a general inflationary provision, and factors in changes in respect of the National Living Wage for the care sector. An inflationary reserve exists to support services where cost increases are significantly over and above the inflation provision that is built into the Medium Term Financial Strategy, and where to not allow for these costs would have a direct impact on the delivery of essential services.	High	High
Income collection: Business Rates, fees, rents and service charges	Lower economic activity (e.g. planning and building control fees, rental income), increased competition, market volatility and changes in customer behaviour may reduce the yield of income streams. There is ongoing volatility in relation to the income associated with a number of specific service areas where actions to address these have been taken in formulating budgets and the Medium Term Financial Strategy. Government policy around Business Rates has transferred significant risk linked to business failures and the consequent reduction in Business Rates, which would impact locally. The occupiers and owners of a commercial property have the right to submit an appeal against the rateable value if they believe that it is incorrect. Appeals become a cost to the Council when new appeals are received, and the Council has to set money aside for them. The rate of successful appeals is monitored during the year and the impact this may have on the Council's appeals provision. Potential negative movements in income collection will be considered, with a view to managing any pressures that arise within existing budgets or through the Medium Term Financial Plan.	Medium	Medium

Risk area	Comment and Mitigation	Likelihood	Impact
Litigation against / impacting on the Council	Litigation could be experienced in relation to any aspects of its service delivery and the Council is also potentially exposed to legal judgements brought against other local authorities or organisations.	Medium	Medium
Local authority funding	Potential negative impacts on the Council's financial position arising via one, a combination, or all, of the Local Government Finance Settlement; Spending Review; Local Authority Funding Reform; Business Rates Reform / Revaluation / Baseline Reset. The Council will continue to lobby Government directly and will work with the LGA, SIGOMA, Liverpool City Region partner authorities and other stakeholders in presenting the case for adequate funding for the Council and the wider local government sector.	Medium	High
Major Projects	Risks of cost escalation (above those arising from inflationary pressures) creating a funding gap and/ or requiring an increase in capital financing costs and subsequent impact on the general fund revenue budget. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium	Medium
New Policy / Legislation	Generally, such changes have an appropriate lead in time. However, there are potential risks due to potential policy agendas of the Government and the speed of implementation of changes in some areas, that councils are expected to adhere to, is over ambitious and/or undeliverable. Where relevant these scenarios should be covered by the 'new burdens' doctrine. There is a risk that changes to technical guidance has an impact on revenue budget charges, including new accounting standards.	Medium	Medium
Payments to Levying Bodies	There is a risk that amounts demanded by Levying bodies may rise due to increased costs incurred (e.g. waste disposal costs) or changes to the distribution of those costs arising from other factors such as activity of other Local Authorities.	Low	Low
Pension Fund costs	The last 2022 Actuarial Review set Pension contributions to March 2026 and at that time the Pension fund was in surplus. The next Actuarial Review will take place during 2025/26 and be effective from April 2026. There is a risk that the Pension Fund position may not be as positive at the next revaluation as the performance of the fund and the assumptions underpinning the valuation may change.	Medium	High
Social Care Demand	The Council's social care services, both adults and children's, continue to face significant challenges. The provider market is very fragile and oversaturated, leading to significant increases in costs. Market sustainability is a major concern which has been exacerbated by the prevailing macroeconomic climate. Additional issues such as workforce retention has destabilised the market further	High	High

Risk area	Comment and Mitigation	Likelihood	Impact
	and consequently increased costs, as demand exceeds supply. Relatively minor fluctuations in the demand for social care can result in considerable additional costs. It is evident that the successful delivery of demand management strategies in relation to social care is critical in reducing the risk to the financial position of the Council. Sourcing unique and complex care placements is becoming increasingly difficult and come at significant additional cost There is a significant number of young people who are supported in semi-independent living, whose needs are such that they require high levels of support. Within Adult Social Care, further financial pressures are anticipated due to efforts to improve hospital discharge rates. While additional government funding has been allocated to support local authorities, it remains uncertain whether this will be sufficient to meet the growing financial demands.		
Social Care - Integrated Care Boards	Under the Health and Care Act 2022, Integrated Care Boards (ICBs) were established on 1 July 2022 replacing the former Clinical Commissioning Groups (CCGs). St Helens Borough Council is one of the nine authorities within the Cheshire and Merseyside ICB. Under the new governance arrangements, ICBs will allocate health funding across the nine local authorities. There is a financial risk to the Council due to the uncertainty of on-going funding and ongoing NHS governance/decision making requirements as the ICB continues along its cost-improvement journey.	Low	High
Social Care responsibilities and Funding	Additional funding will be provided in 2025/26 for Social Care responsibilities, but uncertainty remains over its sufficiency and sustainability, given the pressures within children's and adults social care. Local Authorities have the responsibility to support a sustainable care sector market.	Medium	High
Social Care Pooled Budgets	The Council has a Pooled Budget arrangement with Health partners which operates within the s75 framework. The current agreement runs to March 2026; however, should the existing funding arrangements change in the future this could potentially introduce financial risks to the Council.	Medium	High
Dedicated Schools Grant Deficit	The key risks associated with the Dedicated Schools Grant (DSG) projections primarily stem from the High Needs Block, which provides funding for students with special educational needs. Future demand has been estimated based on trends and forecasts related to population growth and increasing complexity of needs; however, actual demand may differ from these projections, and the availability of placements could impact associated costs. Additionally, funding allocations are confirmed annually, creating a risk that actual funding increases may	Medium	High

Risk area	Comment and Mitigation	Likelihood	Impact
	not align with the assumptions made in the MTFS. The Council is currently facing a DSG deficit. Efforts to address this forecasted deficit may prove challenging due to the national demand for Special Educational Needs and Disabilities (SEND) services. A statutory override was introduced at the end of 2019/20 so that local authorities were required to carry forward DSG deficits to their school's budget with no impact on the Council's General Fund budget. However, this provision is set to expire at the end of the 2025/26 financial year. If this provision is not extended, the Council would need to identify adequate funding to cover any DSG deficit, posing a significant financial risk given the limited resources available. It is evident that this national issue requires significant additional resources for resolution. In the Chancellor's Statement to Parliament on July 29, there was a reaffirmation of the Government's commitment to transforming the SEND system to enhance inclusivity and ensure its financial sustainability.		
The deliverability of services within the baseline level of available resources	Alternative actions will be required where transformation and/or savings and/or additional projected income are not deliverable or increases in demand result in costs pressures. Though given the nature of alternatives that may need to be progressed there may be lead in periods for this to be fully achieved.	High	High
Treasury Management	The budget reflects the current Bank Rate and projected movements in interest rates. Economic uncertainty and interest rate movements could negatively impact on either, or both, investment returns and debt servicing costs. The Council mitigates the risk of downward interest rate movements by locking into fixed term deposits with fixed interest rates. Similarly, borrowing is undertaken with fixed interest rates to provide certainty of future debt servicing costs over the lifetime of the borrowing. The Council's investment counterparty criteria seeks to minimise counterparty risk but cannot completely eliminate it.	Medium	Medium
Welfare Reform and employment / unemployment (See New Policy / Legislation)	There are a number of areas of potential risk associated with Welfare Reform, including the potential for increased costs and loss of income e.g. increased cost of Council Tax Reduction Scheme and potential reduction in Council Tax Collection rates as further Welfare reforms impact low-income households in the borough. Further increases to homelessness are possible, whilst financially impacted clients may require increased Social Care interactions. High unemployment rates may require additional services across the Council beyond those already provided.	Low	Medium

Risk area	Comment and Mitigation	Likelihood	Impact
Workforce related matters	Shortages in key areas such as care and professional services are and will have an impact on the Council's ability to deliver services within the current cost envelopes. There may be a need for more costly interim staffing arising from the permanent or temporary loss of existing resource.	Medium	High
Homelessness / Housing	Increases in the number of individuals seeking permanent accommodation may continue to rise to such a level that there is no availability in the market and temporary accommodation becomes a long-term solution at a higher cost.	Medium	High
Other	Other risks – these are potentially diverse in nature e.g. arising from system failure and recovery following a cyber incident or statutory duties to investigate and, where necessary, remediate contaminated land.	Low/ Medium	Low/ Medium

MONITORING & REVIEW

82. The Council operates delegated financial management arrangements. Following approval of the annual budget, Directorates have the responsibility to ensure that monitoring and budgetary control is undertaken and saving plans which have been built into the budget are achieved. The financial position is reported to the Council's Section 151 Officer or his / her deputy on a monthly basis. Financial Monitoring Reports are produced periodically during the year to update Cabinet on the budget position. Executive Directors / Directors ensure their Portfolio Member is fully briefed on financial issues.

83. In the event of any underperformance against budget, corrective action is required, where possible, to ensure a balanced budget by the end of the financial year. The Council's Financial Procedure Rules and Budget Strategy determine that any overspends in one year are ordinarily funded by a corresponding reduction in the Directorate budgets in the subsequent year. However, the Section 151 Officer has the delegations to waive this requirement having due regard to the specific circumstances prevailing at the time. Service underspends at the end of the financial year will be aligned to the General Fund, or earmarked reserves in specific instances. Generally, service underspends are not carried forward. However, in exceptional cases any requests for specific service commitments to be rolled into the following financial year will be considered.

84. The Council is committed to achieving Value for Money in all aspects of its operations. To achieve this, reviews are regularly undertaken to determine whether cost improvements can be made, and to ensure that resources are prioritised and are aligned to strategic intent.

85. The Council seeks to operate on a more commercial basis and continues to develop its actions to increase opportunities from income generation, promote improved procurement and minimise service delivery costs to strengthen the budget position.

86. The Council will carry out three quarterly cycles of budget monitoring during each financial year together with a combined revenue and capital final outturn report, each of which will be reported formally to Cabinet. These will also be reported to the Overview and Scrutiny Commission. Cabinet will recommend for Council approval any adjustments to capital or revenue budgets.

87. The financial modelling projections contained within this Medium Term Financial Strategy are a dynamic model, which will be updated, revised and reported following receipt of business intelligence, changes to underlying assumptions and following announcements on future local government funding.

88. A Budget and Performance Monitoring Board has been established to monitor the delivery of agreed savings, The purpose of this board is to ensure that a robust challenge is in place and that Directorates are accountable for the delivery of approved savings. Individual Departmental savings will be reviewed at the Board Meetings on a quarterly basis, to ensure that due regard is given to each area and Directors have the opportunity to provide a full update on progress against targets – including progress against delivery milestones, identification of any alternative or mitigating actions that may be necessary, and matters arising for decision making. In addition, a quarterly update on savings is provided to the Executive Leadership Team and Cabinet, detailing performance on delivery of savings and necessary mitigations, as part of the Financial Monitoring Report.

REVENUE BUDGET 2025/26

INTRODUCTION AND BACKGROUND

1. This section of the report provides an update on the latest budget position and seeks approval for a 2025/26 Council budget which is affordable, complies with the agreed priorities and budget strategy of the Council and meets the needs of the residents of St Helens.

2. The Council remains dedicated to the ongoing review and evolution of its form and functions as it responds to the challenges it faces along with the wider local government sector. A Council wide transformation programme incorporating digitalisation and modernisation, alongside the continuing review of working practices under the Ways of Working project is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services within the available resource envelope.

3. In supporting this agenda, the Council continues to deliver major changes in the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high-quality care and support.

4. The Council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the Borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. The St Helens Inclusive Growth Strategy 2023-2028 has been constructed with the support of key partners to fit in with the St Helens Borough Strategy 2021-2030 This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth and investment across the borough.

5. The budget has been formulated and agreed against the challenge of significant demand-led pressures, particularly in relation to social care. Opportunities to manage the demand for services through targeted non-statutory, preventative, transformative and early intervention remains key, and it is increasingly evident that the successful delivery of demand management strategies in relation to both children's and adult social care is critical in ensuring the ongoing financial sustainability and resilience of the Council.

6. The aim of the Budget is to provide, within the overarching constraints that exist, the most appropriate balance of resources to deliver the Council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the Council's key ambitions and its existing and emerging corporate priorities and borough level strategic objectives, as set out within the Council's "Our Borough Strategy 2021-2030".

7. Following the approval of the Medium Term Financial Strategy 2024-2027, the financial position for local authorities has changed as a result of the change in Government in July 2024. The Government made some indicative announcements within the Autumn Budget Statement on 30 October 2024 and more detail was provided as part of the Provisional Local Government Finance Settlement, which was provided on 18 December 2024.

8. Following the announcement of the Local Government Finance Settlement 2025/26, this report has been produced recognising the outcome of the settlement, the impact on the budget gap and the further actions necessary in relation to addressing the budget gap for 2025/26 and delivering a sustainable, balanced budget.

9. This report contains proposals that take into account both the current position and the latest financial forecasts and should be considered with due regard to the Financial Monitoring Reports considered and agreed by Cabinet.

BUDGET CONSULTATION

10. A budget consultation exercise was conducted from 16 January to 7 February 2025. The consultation provided information on the Council's revenue budget, capital programme, the financial challenge that the Council faces in setting a balanced budget. The consultation aimed to gather feedback from residents and businesses regarding the Council's priorities, as well as the proposed levels of council tax and social care precept for the 2025/26.

11. The Consultation recognised recent government announcements which provided a much-needed boost to local authorities with additional support to the sector. However, the Council continues to face significant challenges to set a balance budget with particular focus on the increasing demand and costs for social care services.

12. The detailed outcomes of the consultation have been posted on the Council's website.

SPECIFIC GRANTS 2025/26

13. In addition to the grants listed above, commentary is provided below in relation to the most material of the other grant funding expected to be received in 2025/26.

Dedicated Schools Grant

14. The Dedicated Schools Grant (DSG) will continue to comprise four funding blocks in 2025/26:
    - Schools
    - High Needs
    - Early Years
    - Central School Services

    The total value of each block is determined by a national funding formula (NFF).

15. The indicative DSG for St Helens (prior to adjustments for Academy funding, the direct funding of high needs places, and business rates) is £222.957m. This represents an increase of approximately £20.458m over the 2024/25 funding level. The increase broadly comprises:

    - £4.568m due to the increase in the level of the DSG nationally
    - £10.610m from the rolling in of other grants to DSG

- £7.936m to continue to deliver the expanded early years policy reforms
- (£2.296m) reduction due to changes in St. Helens pupil numbers compared to 2024/25
- (£0.360m) reduction for a technical adjustment relating to the residency of pupils attending provision either inside or outside of the borough.

16. The approximate value of grants included within the overall DSG allocation for the first time for the Authority is estimated to be in the region of £10.610m. This includes the Teachers Pay Additional Grant, Teachers Pension Employer Contribution Grant, and Early Years Budget Grant that have been rolled into the DSG for 2025/26.

17. Unlike many other local authorities, the Council did not have a deficit on its DSG as at 31 March 2024. However, this position has changed during 2025/26 and a deficit position is being forecast at 31 March 2025. A statutory override was introduced by Government in 2020 and will continue until 31 March 2026, meaning that the balance can be carried forward in an unusable reserve, to provide opportunity for authorities to address the deficit position.

18. The main area of pressure driving the forecast deficit position relates to expenditure associated with the high needs block of the DSG. High needs funding primarily supports provision for pupils and students with SEND (special educational needs and disabilities) who require additional resources to participate in education and learning. Funding within the high needs block of the DSG is insufficient to meet the underlying level of demand from the number of pupils with Education, Health & Care Plans. These plans determine health, education and social needs, and set out the additional support required to meet those needs. Financial support may be awarded to local schools, via top up payments, to help educate these pupils within a mainstream setting if that is appropriate. However, there is an increasing number of pupils who can't be educated in a mainstream setting and require an alternative placement which is often in a specialist independent provision, usually with significant cost implications.

19. The Authority is taking action to help manage and mitigate the financial implications associated with the underlying level of demand. Future financial years should see the benefit of the Authority's participation in the Delivering Better Value in SEND Programme. This aims to improve the delivery of SEND services for children and young people whilst working towards financial sustainability. In addition, funding is available within the capital programme to create physical capacity to deliver additional places within existing and new special schools and SEND bases. The Authority is working with local schools to identify how this capital funding can be deployed to develop new SEND bases. Places in these settings are usually at a significantly lower cost than out of borough alternatives.

<u>Pupil Premium Grant</u>

20. The Pupil Premium Grant is additional funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority, and supports children and young people with parents in the regular armed forces. The 2025/26 rates have not yet been confirmed.

Core School Budget Grant (Special Schools)

21. A core schools budget grant for special schools and alternative provision will be introduced for 2025/26. This grant consolidates the separate grants for pay and pensions that are allocated in 2024/25 to continue to support these schools in meeting the additional staff costs arising from the teachers' pay awards in 2023 and 2024, and the teachers' pension employer contribution increase and support staff pay increase from April 2024. The methodology for how this grant will be calculated is available, but allocations have not been published yet.

Homelessness Prevention Grant

22. The Homelessness Prevention Grant supports local authorities in delivering services to prevent and tackle homelessness. Its intended use is to protect vulnerable people and families from homelessness by providing temporary accommodation, helping with rent arrears and providing deposits on new accommodation. The Council's allocation for 2025/26 is £766k.

Housing Benefit Admin Subsidy Grant

23. Housing Benefit Admin Subsidy is received as a contribution to the cost for the Council administering Housing Benefit. The provisional 2025/26 allocation is £592k.

Discretionary Housing Payments

24. Discretionary Housing Payments (DHPs) provide financial support to help with rent or housing costs. Grants are awarded to claimants at the discretion of the Council. 2025/26 allocations for DHP's have not yet been released but are anticipated to remain the same as in 2024/25.

Public Health Grant

25. The Public Health Grant is ringfenced for use on Public Heath functions. The 2025/26 Public Health Grant allocation for St Helens is £17.055m. The Grant had previously been awarded at £16.156m. The increased allocation includes an uplift for the additional recurrent pay pressures due to the 2024/25 NHS pay awards

Household Support Fund

26. The Household Support Fund was introduced in October 2021 and has been distributed by Councils in England in small direct payments to support vulnerable households to meet daily needs, such as food, clothing and utilities. The Government has confirmed that the Household Support Fund will continue for 2025/26. The details of the allocation have not yet been released.

Packaging Extended Producer Responsibility

27. Government have provided funding to local authorities, waste disposal and waste collection authorities to cover the net costs of collecting, managing, recycling and disposing of household packaging waste. The allocation for the Council for 2025/26 has been announced as a minimum of £2.094m.

BUSINESS RATES SYSTEM AND RELIEFS 2025/26

28. The government has announced several key changes to the business rates system. The small business rates multiplier will be frozen at 49.9p. Meanwhile, the standard business rates multiplier will increase in line with the Consumer Price Index (CPI), rising from 54.6p to 55.5p.

29. Relief for Retail, Hospitality and Leisure sectors will be extended for another year, though the discount will be reduced from 75% to 40%. Transitional Relief will continue to be provided to support ratepayers facing large increases to their rates bills as a result of the 2023 revaluation.

30. These measures aim to support businesses while preparing for more comprehensive reforms set to take effect in 2026/27.

COUNCIL TAX LEVEL

31. The Government established a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2025/26 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

32. Similarly, the Government has provided the ability for Local Authorities with responsibility for Social Care to raise a further Adult Social Care Precept of up to 2% in 2025/26.

33. It is proposed that a Council Tax increase of 4.99% is agreed, inclusive of the application of a 2% Adult Social Care Precept, with the 2025/26 Band D Council Tax (excluding Parish precepts) being set at £1,881.75. Increasing the Council Tax will provide sustainable income to the Council which will help to protect the delivery of statutory functions and other vital services at a time of increasing service demands and with the challenging economic and funding environment.

BUDGET POSITION 2025/26

34. Portfolios face a number of significant budget pressures and, whilst options to deal with these issues have been explored within services, the extent of the pressures faced make it impossible to address the shortfall in budgets without a significant intervention.

35. As reported earlier, the Finance Settlement has provided a funding boost to authorities, particularly those with high levels of need and deprivations. The additional funding received from Government provides the opportunity to bolster budgets in pressure areas as follows:

Service Area	Amount £000
Children Looked After	4,718
SEND	550
Recycling	1,650
Energy Costs	550
Adult Social Care	750
Homelessness	385
Other	49
TOTAL	**8,652**

36. In addition to the pressure areas listed above, additional budget provision has been built into the MTFS to address a number of other financing issues that have arisen:
    - The increase in Employer National Insurance Contributions that were announced by the Government in the Autumn Budget - £2.1m
    - An additional 1% pay provision - £1.0m
    - Capital requirements for Town Centre Regeneration, Fleet Replacement and Buildings Maintenance - £5.4m

37. The budget for 2025/26 includes savings that have been previously approved within the MTFSs' for 2023-2026 and 2024-2027. Appendix 1 includes detail regarding the approved savings that are required to be made to ensure a balanced budget.

38. Budgets for each portfolio have been calculated with regards to the earlier content of this report, including the previously approved savings in relation to 2025/26. The budgets are at a level that are consistent with the detail and information provided in previous budget reports, allowing for technical adjustments for matters such as support service allocations and capital charges, the financial impact of which are neutral.

39. The portfolio budgets also reflect all previous decisions for the utilisation of earmarked reserves and the uprating of Members Allowances in accordance with the recommendation of the Independent Remuneration Panel in January 2024.

40. Having regard to the issues detailed above and the proposals contained elsewhere in the report the overall budget requirement of the Council is provided in the following table.

2025/26 Budget	**2025/26 £000 Estimate**
TOTAL PORTFOLIO BUDGETS (See Appendix 7 for detail)	**201,494**
Levies	24,230
Treasury Management	9,894
Restructure Costs*	1,000
Net contribution to Earmarked reserves	3,671
Capital Charges	(21,652)
TOTAL SPEND	**218,637**
New Homes Bonus	(61)
2025/26 Green Plant and Machinery Grant	(75)
Recovery Grant	(6,297)
Employers National Insurance Increase Funding	(1,553)
Pension recoupment	(4,099)
PFI (Interest) Grant	(1,888)
Formula 'Top Up'	(20,317)
Business Rates/Section 31 Grants	(80,910)
Collection Fund	(2,387)
COUNCIL TAX REQUIREMENT	**101,050**

* Net of sum applied via Flexible Use of Capital Receipts Strategy as detailed in Appendix 5

41. Portfolio and Priority Budget Summaries are provided at Appendix 7.

42. All actions and decisions related to Treasury Management will be in accordance with the Treasury Management Strategy Statement 2025/26, Annual Revenue Provision Policy Statement and Annual Investment Strategy as provided at Appendix 2. The budget proposed is reflective of this.

MATTERS IMPACTING UPON PREVIOUS BUDGET ESTIMATES

Levying Bodies

43. The levying bodies have informed the Council of their requirements for 2025/26 and these are provided in the following table.

Levying Body	Amount £000	Increase / (Decrease) %
Transport (Mersey Travel)	13,674	1.39%
Merseyside Recycling & Waste Authority (MRWA)	10,022	1.77%
Environment Agency	108	1.18%
Total	**23,804**	

44. Apprenticeship Levy will also be payable at the continuing rate of 0.5% of the Council's pay bill.

Collection Fund 2025/26

45. The Non-Domestic Rate Return for 2025/26 has been submitted in accordance with the delegation provided to the Council's Section 151 Officer at the Cabinet meeting on 11 January 2023, based upon the estimated position at 31 January 2025. Major preceptors have been advised accordingly, and the impact has been fully included within the budget estimates for 2025/26.

46. The estimated Council Tax position of the Collection Fund has also been fully incorporated into the budget estimates.

47. The use of £0.333m of earmarked reserves is required in 2025/26 to smooth the impact of a shortfall in Section 31 grants during that year.

48. Associated additional Business Rates income will be recognised in 2025/26, which is to be used to replenish the temporary use of reserves, ensuring neutrality over the two years. This is necessary due to the (prescribed statutory) mechanics of the Collection Fund.

Local Government Finance Settlement 2025/26

49. The Final Local Government Finance Settlement was announced on 3 February 2025. There were no significant changes to the provisions made in the Provisional Local Government Finance Settlement announced on 18 December 2024 and details of the Settlement are included within the Medium Term Financial Strategy.

TREASURY MANAGEMENT STRATEGY STATEMENT

1. The Treasury Management Strategy Statement (TMSS), set out in Appendix 2, outlines the strategic objectives of the Council in the management of its financial assets, liabilities and liquidity and acts as a bridge between the capital programme and the revenue budget. This is achieved by outlining how the financing of capital projects will be managed in terms of the timing, cost and repayment of borrowing, and the management of the cashflow and budgetary implications of these decisions on the revenue budget.

2. The TMSS ensures that the financing of capital projects is integrated within the management of the Council's day-to-day finances, helping to align both the capital programme and revenue budget in a way that maintains financial stability and supports the long-term objectives of the Council.

3. Decisions regarding Treasury activity are dictated to a large degree by the interest rate environment, with decisions regarding borrowing and investments being driven by available rates in the market. The rates at which the Council can borrow and invest are largely a factor of the Bank of England base rate, with a high rate resulting in increased investment returns but higher borrowing costs.

4. The Capital Programme 2025-2028, set out in the following section, contains significant capital expenditure, particularly in relation to the regeneration of the Town Centre, which will need to be financed through external borrowing. The delivery of these schemes will either increase the borrowing costs of the Council or, if decisions are taken to delay borrowing due to high interest rates, reduce cash balances, thereby reducing investment income that the Council achieves.

5. The TMSS details how the current interest rate environment, the Councils level of reserves and liquidity needs are considered when deciding the appropriate method of financing such expenditure.

CAPITAL PROGRAMME 2025-2028

1. A summary of the approved Capital Programme is provided in the following table, with the detailed programme included at Appendix 4(b).

Capital Programme 2025/26 to 2027/28	2025/26 £000	2026/27 £000	2027/28 £000
Children & Young People	16,339	1,808	1,250
Integrated Health & Social Care	25	0	0
Supporting Neighbourhoods	4,936	3,868	3,643
Business, Culture & Leisure	1,428	0	0
Finance & Governance	210	0	0
People, Performance & ICT	600	0	0
Transport & Environment	23,354	14,618	9,620
Inclusive Growth & Regeneration	64,788	43,073	33,246
Cross Portfolio	3,956	4,177	0
Total	**115,636**	**67,544**	**47,759**
FINANCED BY			
Grants and Other Contributions	83,059	32,968	11,913
Capital Receipts	5,169	4,582	0
Revenue Contribution	5,024	2,400	2,400
Borrowing	21,695	27,594	33,446
Tax Increment Financing (Borrowing)	689	0	0
Total	**115,636**	**67,544**	**47,759**

2. The Council has an ambitious capital programme over the period of the MTFS and is investing significantly in the borough, with over £231m of schemes, including:

   - £141m of regeneration projects incorporating St Helens and Earlestown Town Centres and a new bus station
   - Investment of £47m in Transport & Environment, including fleet replacement, highways maintenance and specific highways schemes
   - Spend of over £19m on Children and Young Peoples Services

3. The Capital Programme is financed from a number of different sources, including Government grants and third-party contributions, capital receipts, contributions from the revenue account and borrowing. Where schemes are funded through borrowing, there is impact on the Council's revenue budget through both minimum revenue provision payments for the debt liability and interest charges on borrowing.

4. Further to the significant investment that the Council has already committed to, a decision has been taken to minimise the impact on the revenue budget of funding schemes through further borrowing. Grant funded schemes have continued to be added to the capital programme. The Council also set aside £10m of capital receipts to fund essential capital maintenance and health and

safety works on Council assets to ensure continued service provision, and to leverage match funding for key strategic schemes in 2024-2027.

5. A number of schemes were approved and added to the 2024/25 capital programme funded from the £10m capital receipts, and the balance has been included in the programme to fund further essential schemes in 2025/26 and 2026/27.

6. There are a number of risks within the Capital Programme, where current design estimates exceed budgetary provision due to inflationary and other pressures. These include key regeneration schemes as well as operational budgets essential for continued service provision, such as fleet replacement, where historic rolling allocations are no longer sufficient to cover significant rises in prices.

7. The Council must ensure that any future plans for borrowing are prudent. As the revenue budget position remains challenging, any increases to borrowing to fund key strategic schemes will need to be carefully considered and the revenue impact remains affordable. It is therefore the Council's strategy to continue to limit new capital expenditure funded by borrowing, where the impact cannot be contained within existing budgetary provision. The Council will seek to address risks and pressures in the capital budget through the use of grant funding, capital receipts and revenue contributions. Additional revenue contributions have been included in the capital programme to:

   - Increase budget provision by a maximum of £2.0m for the St Helens Town Centre Phase 1.
   - Provide an additional annual Fleet Replacement budget of £1.9m; and
   - Enhance Building Capital Maintenance budgets by £0.5m to allow greater maintenance work to take place and reduce responsive repairs costs in the long run.
   - Increase budget provision for The Gamble building by £0.2m to allow the next phase of the design to proceed ahead of a future decision by Council.

8. The Council is governed by the Prudential Code for Capital Finance in Local Authorities (the Code), which ensures that the objectives of affordability, prudence and sustainability are met. The Code specifies arrangements for Councils to set and monitor prudential indicators and impose limits for the current and next three financial years.

9. The prudential indicators, their purpose and method of calculation are detailed within The Treasury Management Strategy 2025/26 and are based on the currently approved capital programme and assumptions consistent with the budget. These are provided at Annex 3 of Appendix 2.

10. Included at Appendix 3 is the Capital Strategy which provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how associated risk is managed; and the implications for future sustainability.

RESERVES AND BALANCES

RESERVES & BALANCES

50. Earmarked reserves are held for specific purposes, either as strategic reserves to allow flexibility in the use of financial resources (such as providing temporary support to manage unexpected financial shocks) or as ringfenced reserves for priority-driven needs. They should only be used for the specific purpose for which they were set aside.

51. The specific purposes for which the Council's reserves are held are included in Appendix 8.

52. It is recognised that use of reserves to support the revenue budget is not good practice or sustainable over the medium to longer term. The Council's reserves are not excessive and given the degree of financial and funding uncertainty that still exists, despite additional funding for 2025/26, it remains prudent to protect and enhance earmarked reserves where there are opportunities to do so. This policy has afforded the Council additional resilience to changes in funding, inflationary pressures and other unexpected events in previous years.

53. The Council recognises that its reserves levels must reflect the operational and financial risks it faces. These risks will change over time, and the consequences of not having prudent levels of reserves can be significant.

54. The Council maintains general balances to provide short-term emergency funds for exceptional circumstances and to cover risks that could impact the Council as a going concern. The Medium Term Financial Strategy provides an updated Budget Risk Assessment. It is important to recognise that this assessment cannot be considered exhaustive, due to the complexity of the Council's activities and the environment within which it operates.

55. Having due regard to the risks identified in the Budget Risk Assessment together with the overall budget strategy, it is considered that an underlying level of general balances of £12 million remains appropriate when setting the budget for 2025/26. It must also be acknowledged that a number of identified risks are regarded as contingent liabilities, and that a specific reserve exists to assist in addressing any such liabilities that might crystalise.

56. In view of this, the Revenue Budget 2025/26 proposes a realignment of earmarked reserves to set general balances at £12m for 2025/26, which is 5.5% of the proposed net revenue budget. This is considered a prudent level set aside to ensure that the Council remains financially liquid. It has been benchmarked against that of comparator authorities, as defined by CIPFA's Financial Resilience Index, with most comparator authorities' general reserves levels being between 3% and 8% of net revenue expenditure. This will ensure that there continues to be an appropriate balance between reserves established to support key service objectives and those retained to manage corporate priorities and ensure financial resilience and sustainability.

57. The table below shows the forecast position for the Council's General and Earmarked Balances on the basis the proposals within this report are approved. The forecast includes currently approved commitments to and from the reserves

through to 31 March 2028. The Reserves Strategy, which contains further detail, can be found at Appendix 8.

	March 2025 £000	March 2026 £000	March 2027 £000	March 2028 £000
Earmarked Reserves	44,371	41,616	45,959	47,864
General Fund Balances	6,447	12,000	12,000	12,000
Total	**50,818**	**53,616**	**57,959**	**59,864**

58. The Council's reserves levels must reflect the financial risks it faces. These risks will change over time, and the consequences of not having sufficient reserves can be significant.

59. In arriving at a view on the adequacy of reserves, it is necessary to take into account:
    - The purpose of holding reserves and balances.
    - The risks and uncertainties that may have financial consequences.
    - The potential impact of those risks and uncertainties and the likelihood of them arising.
    - Any mitigations that could limit the impact of risks that crystallise.
    - The opportunity cost of holding reserves and balances.

60. The Council maintains appropriate reserves levels as a result of sound financial management. This has safeguarded the Council's financial position when faced with significant funding reductions and economic volatility. Decisions around appropriate levels of reserves are a key part of the budget-setting process and must be balanced with the need to ensure that resources work towards the delivery of Council priorities.

61. The Council's risk profile must be assessed in the context of changes in its spending power, coupled with:
    - Increases in general inflation.
    - Increases in demand and expectation.
    - Increases in prices for specific commodities.
    - Any new, emerging and continuing global, national and local factors impacting on the Borough's businesses and residents.

    As reported regularly to Cabinet, local authorities face significant financial challenges that must be factored into decisions around reserves and balances, highlighting the need for a longer-term view.

Capital Receipts

62. The Council holds unapplied capital receipts from the sale of assets it previously owned. These are held to allow the Council to purchase assets, to support capital schemes where prudential borrowing is not considered appropriate, and to provide potential match funding for schemes where no other funding source is available. Capital receipts funding has been built into the approved capital programme to fund essential capital schemes to ensure continued service provision and leverage match funding for key strategic schemes.

63. Under normal rules, capital receipts can only be used to fund capital expenditure. However, to support local authorities in delivering more efficient and sustainable services, in recent years, the Government has provided some opportunity for capital receipts flexibility.

64. In December 2023, the Secretary of State announced that the flexible use of capital receipts scheme would be extended to March 2030. This allows capital receipts from the disposal of certain assets to provide an alternative way of funding one-off transformation costs and upfront investment associated with delivery of recurring savings, which are required to deliver a balanced budget in future years.

65. The use of capital receipts is not a free resource, as these funds have been used to 'internally borrow', to reduce the Council's exposure to interest rate movements and credit risk. Therefore, as the receipts are used, replacement borrowing may need to be taken out, with consequent additional cost. This is not a barrier to use but must be fully considered when assessing whether they should be used. The current level of capital receipts after taking into account capital funding and other previously agreed commitments, is £7.9 million.

66. The Council is required to produce a Flexible Use of Capital Receipts Strategy for 2025/26 if it intends to make use of the flexibility. Given the continued level of revenue savings required in the medium term, the strategy proposes further use of the flexibility to fund one-off transformation costs in 2025/26. The updated Strategy is included at Appendix 5.

67. In addition to £1m set aside under the Flexible Use of Capital Receipts Strategy, it is proposed to earmark an additional £1m of capital receipts to support with key regeneration capital priorities.

Earmarked Reserves

68. The Council's Reserves Strategy is focused on supporting performance, transformation, regeneration and growth, as well as ensuring financial sustainability and resilience. The Reserves Strategy is included at Appendix 8.

69. A review of earmarked reserves has been undertaken as part of the budget process. This is to ensure that reserves remain relevant and adequate, particularly in the context of the Council's strategic, operating, financial and risk environments.

70. A detailed description of reserves, and the process for using them, is given at Appendix 8

71. The Pension Reserve was previously created to provide the Council with the opportunity to realise future revenue savings from the prepayment of pension liabilities to Merseyside Pension Fund following actuarial revaluation of the fund. Following a review of the Council's Reserves Strategy it is proposed that £5.553m is released to the General Fund to replenish General Fund balances to the £12m assessed as a prudent level. In addition, it is proposed to transfer £0.250m to a new reserve, the Strategic Priorities Fund, which will be provided to support local initiatives across the borough. Finally, it is proposed to transfer the balance of £4.197m to the Funding Reform and Volatility Reserve.

72. It is further proposed that in order to enhance the Council's Financial Resilience and sustainability a contribution of £1.009m and £2.143m are made to the Inflation Reserve and Funding Reform and Volatility Reserve respectively. Local Government Financing is undergoing a period of significant change and although the Local Government Finance Settlement was positive for 2025/26, there is still a high degree of uncertainty with regard to the methodology for allocating resources and the actual level of funding allocations for future years. In addition, the implications of any changes in the Business Rates Pilot scheme and the re-set of the Business Rates Baseline is unknown and has the potential to have a significant impact.

73. The following table provides details of forecast reserves at 31 March 2026 if the proposed realignment of reserves is approved.

	Forecast Balances at 31 March 2025 £000	**Proposed Realignment of Reserves £000**	**Forecast Balances at 1 April 2025 £000**	**Commitments To/(From) Including Transfers £000**	**Balances Available for Investment at 31 March 2026 £000**
Transformation Reserve	3,806	-	3,806	82	3,888
Growth Reserve	4,375	-	4,375	144	4,519
Funding Reform & Volatility Reserve	6,968	4,197	11,165	2,375	13,540
Revenue Grants & Contributions	2,292	-	2,292	(1,006)	1,286
Waste Management Development Fund	66	-	66	444	510
Insurance & Contingent Liability Reserve	2,817	-	2,817	-	2,817
Inflationary Reserve	5,340	-	5,340	1,009	6,349
Restructuring Reserve	3,707	-	3,707	-	3,707
Pension Reserve	10,000	(10,000)	0	-	-
Tax Increment Financing (TIF)	5,000	-	5,000	-	5,000
Strategic Priorities Fund	0	250	250	(250)	0
SUB-TOTAL – General earmarked reserves	**44,371**	**(5,553)**	**38,818**	**2,798**	**41,616**
General Fund Balances	6,447	5,553	12,000	-	12,000
TOTAL – All revenue reserves	**50,818**	**-**	**50,818**	**2,798**	**53,616**

74. The balances shown can be committed in line with the process identified in Appendix 8. Options for the use of the above are considered in the light of their impact on service provision and/or ability to contribute to, or enable, the delivery of key priorities or objectives.

APPENDIX 1: APPROVED SAVINGS PLAN 2025-2027

The savings shown in the tables below were approved as part of the budget process for 2024/25 for implementation during 2025/26 and 2026/27. Based upon the estimates contained within the Medium Term Financial Strategy 2025-2028, no further savings are required until the third year of the MTFS period. This will be reviewed as part of future MTFS refreshes following the Government's funding reform consultation and changes.

SUMMARY

	2025/26			2026/27		
Service Area	**Expenditure £000**	**Income £000**	**Total £000**	**Expenditure £000**	**Income £000**	**Total £000**
Corporate	672	431	**1,103**	-	12	**12**
Integrated Health and Care	1,783	150	**1,933**	1,410	-	**1,410**
Children and Young People	1,243	-	**1,243**	518	-	**518**
Public Health	-	31	**31**	-	31	**31**
Place	295	125	**420**	613	100	**713**
Council-Wide	1,807	96	**1,903**	300	-	**300**
Sub Total	**5,800**	**833**	**6,633**	**2,841**	**143**	**2,984**
Previously approved temporary savings reversal	**(559)**	**-**	**(559)**	**-**	**-**	**-**
Total	**5,241**	**833**	**6,074**	**2,841**	**143**	**2,984**

CORPORATE SERVICES

			2025/26		2026/27	
Reference Number	**Service Area**	**Summary of Saving**	**Reduction in Expenditure Costs £000**	**Increase in Income £000**	**Reduction in Expenditure Costs £000**	**Increase in Income £000**
PY-CORP06 & PY-CORP18	Finance & Governance / People Performance & IT	Review of Licences and other Supplies & Services	42	-	-	-
CORP02	Finance & Governance-Collection Fund	Council Tax - Second Home Premium	-	420	-	-
CORP04	Finance & Governance / People Performance & IT	Reduction in Staffing Establishment	505	-	-	-
CORP06	Finance & Governance	5% increase in Registration Services Discretionary Fees	-	11	-	12
CORP07	Finance & Governance / People Performance & IT	Review of Senior Management	125	-	-	-
	Total		**672**	**431**	**-**	**12**

NTEGRATED HEALTH AND CARE

			2025/26		2026/27	
Reference Number	**Service Area**	**Summary of Saving**	**Reduction in Expenditure Costs £000**	**Increase in Income £000**	**Reduction in Expenditure Costs £000**	**Increase in Income £000**
PY-IH&SC01	Integrated Health and Care	Care Package Reviews	550	-	-	-
PY-IH&SC02	Integrated Health and Care	Additional Double Handed Care Reviews	159	-	-	-
PY-IH&SC03	Integrated Health and Care	Financial Assessment Reviews	-	150	-	-
PY-IH&SC06	Integrated Health and Care	Day Support	54	-	-	-
IHC03	Integrated Health and Care	Review of Quality Monitoring Service	-	-	365	-
IHC04	Integrated Health and Care	Review of Respite Services for Adults with a Learning Disability	304	-	-	-
IHC05 & IHC06	Integrated Health and Care	Review of Internal and External Mental Health Floating Support Service	185	-	-	-
IHC08	Integrated Health and Care	Review of Domiciliary Care Hours	531	-	1,045	-
	Total		**1,783**	**150**	**1,410**	**-**

CHILDREN AND YOUNG PEOPLE

2025/26	2026/27

Reference Number	Service Area	Summary of Saving	Reduction in Expenditure Costs £000	Increase in Income £000	Reduction in Expenditure Costs £000	Increase in Income £000
CYP04	Children & Young People	H2ST/Expand Provision for SEND	50	-	-	-
CYP06	Children & Young People	Foster Carer Recruitment	518	-	518	-
CYP07 & CYP08	Children & Young People	Residential Care Provision	675	-	-	-
	Total		**1,243**	**-**	**518**	**-**

PUBLIC HEALTH

2025/26	2026/27

Reference Number	Service Area	Summary of Saving	Reduction in Expenditure Costs £000	Increase in Income £000	Reduction in Expenditure Costs £000	Increase in Income £000
PH2	Public Health	Review of Grant Application	-	31	-	31
	Total		**-**	**31**	**-**	**31**

PLACE SERVICES

			2025/26		2026/27	

Reference Number	Service Area	Summary of Saving	Reduction in Expenditure Costs £000	Increase in Income £000	Reduction in Expenditure Costs £000	Increase in Income £000
PY-SG01	Regeneration and Planning	Offices Rationalisation	190	-	-	-
REG01	Regeneration and Planning	Alternative use of land	100	-	-	-
ENV01 & ENV02	Environmental Services & Climate Change	Reduction in Residual Waste Collection (Including Levy Saving)	-	-	613	-
ENV03	Strategic Transport	Highways Commuted Sums	-	25	-	-
ENV04	Transport & Environment	Charging for out-of-Town-Centre Parking	-	100	-	100
ENV06	Environmental Services & Climate Change	Cessation of Flower Planting at The Town Hall	5	-	-	-
	Total		**295**	**125**	**613**	**100**

COUNCIL WIDE

2025/26	2026/27

Reference Number	Service Area	Summary of Saving	Reduction in Expenditure Costs £000	Increase in Income £000	Reduction in Expenditure Costs £000	Increase in Income £000
PY-CORP01	Council Wide	Procurement Savings	800	-	-	-
PY-OPS05	Council Wide	Car Lease Scheme	-	96	-	-
STH05	Council Wide	Deferral of Capital Pipeline Schemes	1,000	-	300	-
STH04	Council Wide	Review of Mobile Phone Contracts	7	-	-	-
	Total		**1,807**	**96**	**300**	**-**

APPENDIX 2: TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26, ANNUAL REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

BACKGROUND

1.1 The Local Government Act 2003 (the Act) and the associated CIPFA Prudential Code require the Council to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The Strategy for 2025/26 covers:

- the current treasury position
- prospects for interest rates
- borrowing requirements and strategy
- Annual Revenue Provision policy statement
- the Investment Strategy
- the extent of debt rescheduling opportunities, and
- treasury management limits and prudential indicators for the period 2024/25 to 2027/28.

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Section 32 of the Act requires a local authority to include the revenue costs that flow from capital financing decisions when calculating its budget requirement for each financial year. Therefore, increases in capital expenditure must be limited to a level whereby the associated increases in revenue expenditure from:

(i) increases in interest charges caused by increased borrowing to finance additional capital expenditure; and

(ii) any increases in running costs from new capital projects

are affordable within the projected income of the Council for the foreseeable future.

1.5 The Council uses MUFG Corporate Markets Treasury Limited (previously named Link Treasury Services Limited) as its external treasury management advisors. The Council recognises that the ultimate responsibility for treasury management decisions always remains with the Council and will ensure that it is not over-reliant on its external advisors.

The Council also recognises that there is value in employing external providers of treasury management services to access specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.6 In December 2021, CIPFA issued revised Prudential and Treasury Management Codes, which updated the Codes of 2017. This strategy is produced in accordance with the 2021 Codes.

1.7 The aim of the report is to ensure that all Council Members fully understand the overall strategy, governance arrangements, protocols and procedures within which treasury management decisions are taken.

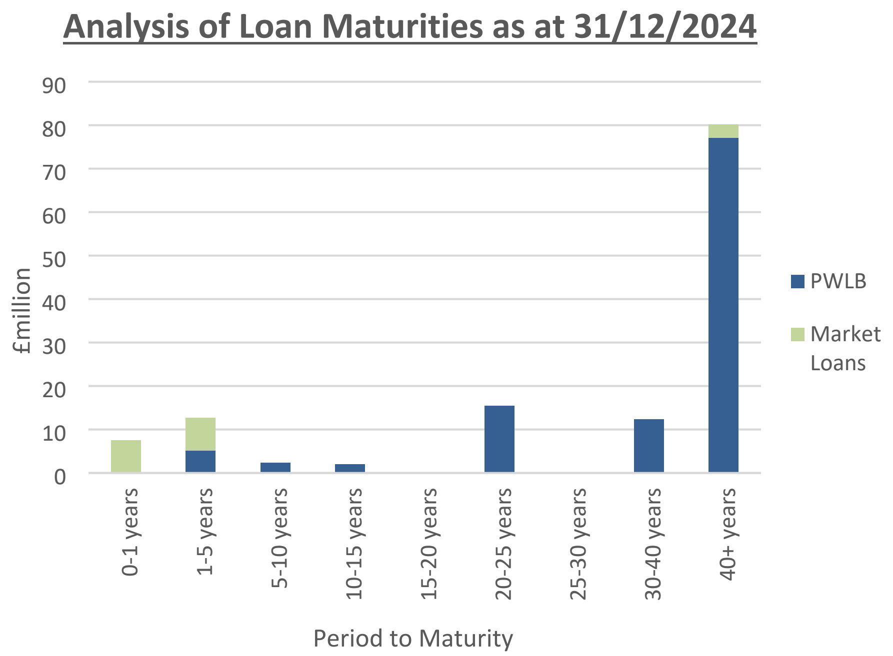
CURRENT TREASURY POSITION

Borrowing

2.1 At the time of writing this report the Council had outstanding external borrowing of £132.502m, which comprised:

Outstanding Debt at 31/12/2024	Principal (£m)	Average Rate (%)
Public Works Loan Board Debt	114.502	3.394
Market Debt	18.000	4.068
Total Debt	132.502	3.486

2.2 £15.000m of the market debt is held in the form of LOBO loans, where there are certain options on the part of both the Council, as borrower, and the lender at specified points in the loans' existence. The profile of the Council's borrowing, both market and Public Works Loan Board (PWLB), is detailed in the following chart.



2.3 In accordance with the Prudential Code, the maturity of borrowing should be determined by the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable (as is the case with a LOBO loan), then this should be treated as a right to require payment. In accordance with this guidance, the maturity dates of the Council's LOBO loans have been profiled as the next call date for each loan.

2.4 The Council's current and projected future external debt position is given in the table below. The table enables a comparison of the levels of existing external debt commitments against the underlying capital borrowing need, as measured by the Capital Financing Requirement (CFR). This demonstrates an under-borrowed position relative to underlying need.

External Debt	**2024/25 Actual £m**	**2025/26 Estimate £m**	**2026/27 Estimate £m**	**2027/28 Estimate £m**
Debt as at 1 April	132.509	132.495	188.693	234.525
Forecast Change in Debt	(0.014)	56.198	45.832	21.524
Other Long-Term Liabilities (OLTL)	33.374	31.611	29.890	28.222
Expected Change in OLTL	(1.763)	(1.721)	(1.668)	(1.733)
Projected Gross Debt as at 31 March	**164.106**	**218.583**	**262.747**	**282.538**
Capital Financing Requirement	229.206	245.419	266.268	292.810
(Under) / Over Borrowing	**(65.100)**	**(26.836)**	**(3.521)**	**(10.272)**

2.5 Within the prudential indicators there are a number of key indicators to ensure that the Council operates within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for that and the following two financial years. As shown in the table above, the Council's gross debt is currently significantly lower than its CFR, due to previous strategy decisions to use available resources to negate the need to incur additional borrowing. This is currently forecast to rise over the MTFS period, as provision has been included for the Council to reduce its under borrowed position should interest rates move favourably but will remain within the total of the CFR.

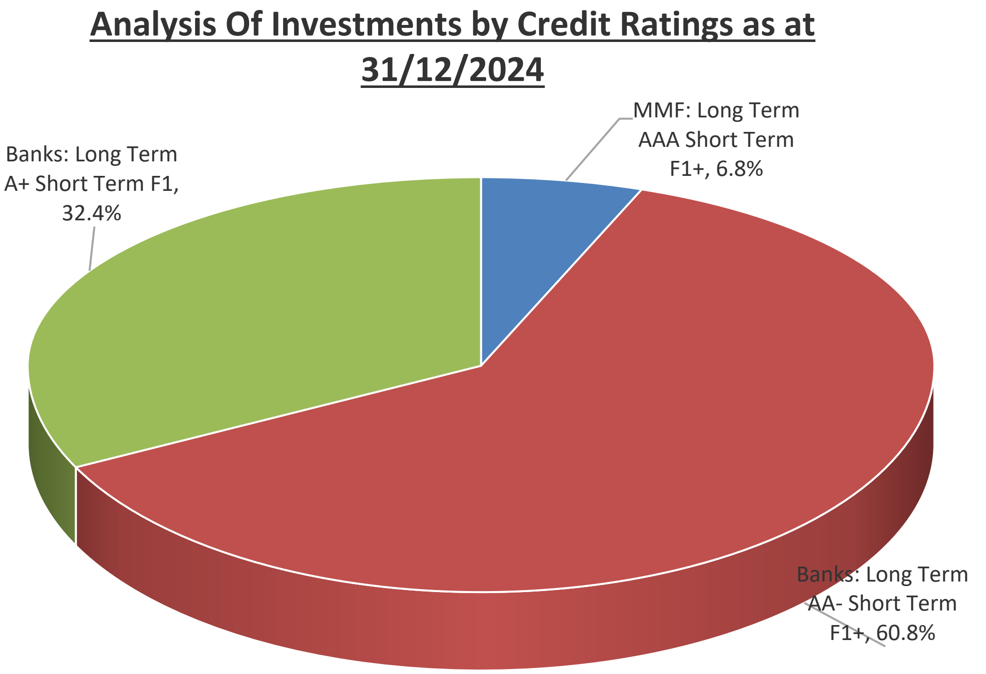
2.6 The Strategy adopted in previous years has proved to be largely successful. However, this flexibility within the Treasury Management Strategy is contingent on the availability of cash-backed reserves to facilitate this strategy. As cash-backed reserves have reduced, allowance has now been made for the Council to undertake some additional external borrowing.

2.7 A new accounting standard (International Financial Reporting Standard 16 – Leases) was due to be introduced with effect from the 1 April 2020. However, implementation was deferred until April 2024. The impact of this standard is that leases of a material value will move onto the balance sheet. As a consequence of this, there are implications on a number of the prudential indicators, including the Capital Financing Requirement, External Debt (Other long-term liabilities), the authorised limit and operational boundary. The Council's Prudential Indicators reflect these changes.

2.8 The acquisition of investments bought primarily for a financial return, that are not linked to core Council functions and are solely for investment returns would impact on the availability to borrow from PWLB. Any activity of this nature would mean that the Council would be unable to secure any PWLB borrowing for three years to finance any expenditure within its capital programme.

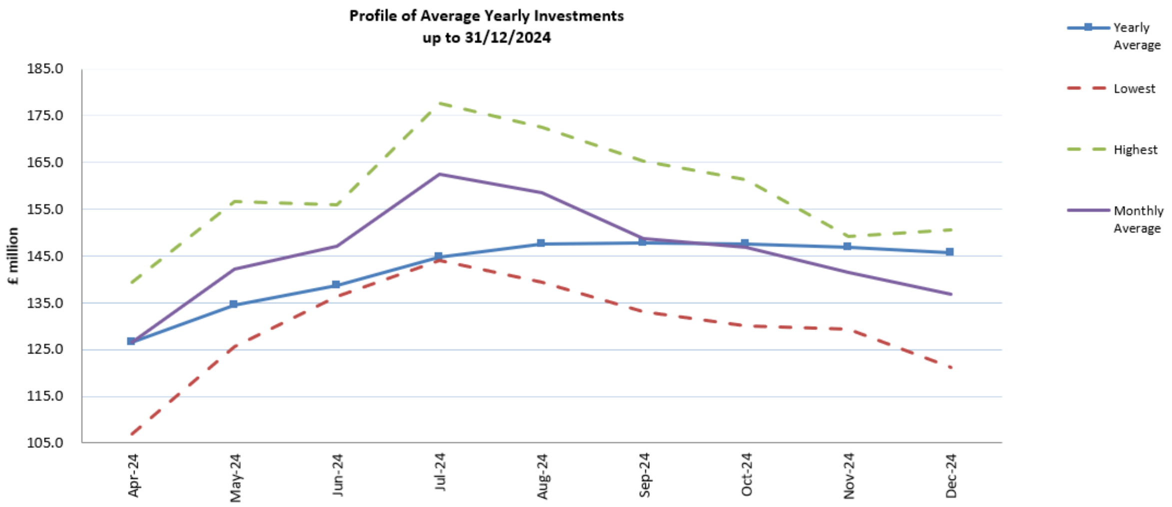
Investments

2.9 On 31 December 2024, the Council had investments of £123.3m. The chart below shows the split of the Council's investment by type and the credit rating assigned to the different groups of Counterparties.



These investments include (circa.£16m) funds held on behalf of Schools & Merseyside Recycling and Waste Authority.

2.10 The average daily sum invested thus far during 2024/25 is around £145.7m and this level of investments is key to the borrowing considerations as detailed in Paragraphs 2.1 to 2.6. The profile of average investment levels thus far is as detailed in the following chart.

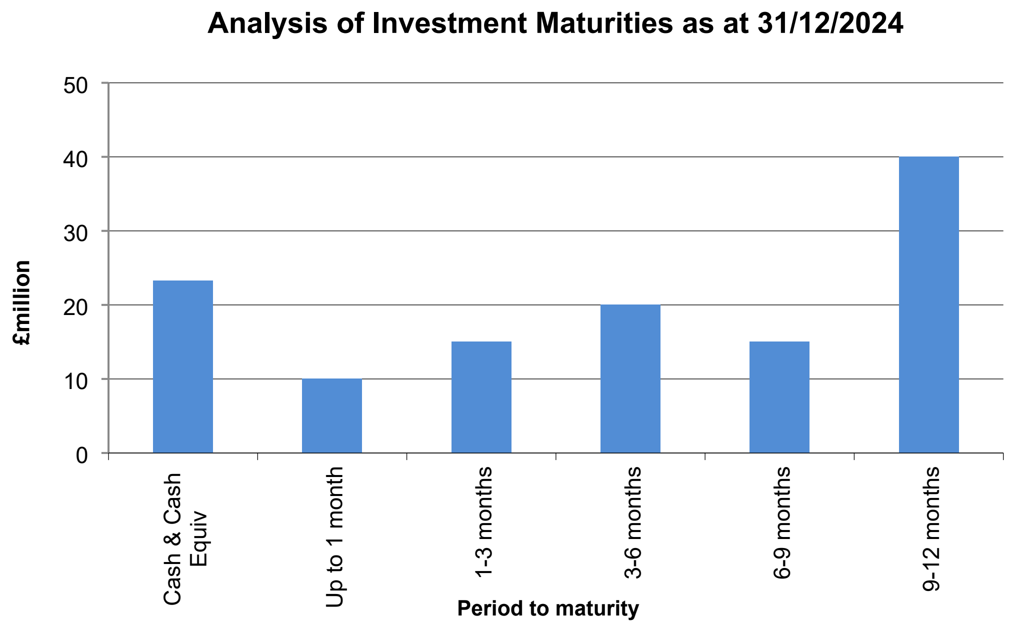


2.11 The levels of investments forecast at 31 March 2025 are expected to be circa £100.0m. It is forecast during 2025/26 that the Council will undertake borrowing of £40m to address an element of historic underborrowing; therefore, the balance of funds available for investment during 2025/26 is forecast to increase from the time that this borrowing is undertaken.

2.12 Merseyside Recycling and Waste Authority (MRWA), under a Service Level Agreement (SLA), utilise a number of St Helens Council support services. One of those is Treasury Management services. Historically MRWA have had funds which have been invested with the Council's investments. This has been the position throughout the current financial year to date.

2.13 While interest rates have been high, the Council has sought to maximise its returns on investment by making longer-term placements wherever possible; however, cashflow liquidity considerations have necessitated some shorter-term placements in the last year.

2.14 The profile of investment maturities as at 31 December 2024 are detailed in the following chart.



PROSPECTS FOR INTEREST RATES

3.1 The Council has appointed MUFG Corporate Markets Limited (MUFG) as a treasury advisor and part of their service is to assist Officers to formulate a view on interest rates. Annex 1 provides an overview of current City forecasts for both short and longer-term interest rates. As expected, the Monetary Policy Committee (MPC) continues to demonstrate its heavy focus on bringing inflation down.

3.2 MUFG anticipates that the Bank of England will seek to gradually reduce the Bank Rate during 2025/26, with 4 further rate cuts: reaching 3.75% by the end of March 2026 and falling further to 3.50% by December 2026. Rate cuts are expected when CPI inflation and wage/employment data unequivocally support such a move; but “with heightened uncertainty in the economy, it is difficult to commit to when, or by how much, rates will fall in the coming year."

3.3 At the last meeting of the MPC on 5 February 2025, the interest rate was reduced again to 4.5%. However, at the same time, the Committee noted that latest forecasts suggested an increase in inflation during 2025, predominantly due to recent developments in global energy costs, reaching a high of 3.7% before falling back to the 2% target. The Committee also noted that, “to ensure inflation stays low, we will be careful in deciding by how much and when to cut Bank Rate”.

3.4 Economic and interest rate forecasting remains difficult with so many macroeconomic and geopolitical factors weighing on the UK. The forecasts in Annex 1 will be liable to further amendment depending on how economic data and developments in financial markets transpire over the short to medium term.

3.5 The current economic outlook, structure of market interest rates and Government debt yields have some key treasury management implications:

- Investment returns are expected to gradually reduce during the course of the 2025/26 financial year.
- Borrowing rates are expected to fall from their current levels by the end of the year, contingent on the Bank of England maintaining inflation stability.

3.6 In the current economic climate interest rates remain high so the Council will therefore defer, where possible, any decisions on undertaking new borrowing until rates become more attractive. At such a time, there could potentially be a cost of carry to any additional new borrowing undertaken that would increase cash balances at a time when the levels of return available on investments dips. This would result, however, in a favourable reduction in the Council's external interest payments.

BORROWING REQUIREMENT AND STRATEGY

4.1 The Council's 'in year' borrowing requirements for the next, and subsequent two financial years, are based on those requirements arising from the proposed capital programme as included in the Budget Report and are calculated as follows.

Description	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**
Unsupported Borrowing	22,384	27,594	33,446
Revenue Provision	(6,171)	(6,745)	(6,904)
In-Year Capital Financing Requirement	**16,213**	**20,849**	**26,542**

4.2 These requirements are calculated as:

(i) that element of the proposed capital programme not financed by specific grant or contributions, capital receipts or earmarked balances, and

(ii) less the Annual Revenue Provision as calculated by reference to the Capital Finance and Accounting Regulations 2008 (and explained further in section 5).

4.3 As is evident, the in-year Capital Financing Requirement over the three-year period is positive. The Council's current borrowing profile, whereby levels of actual borrowing are below the implied underlying need to borrow, puts the Council in a sound position.

4.4 The current position is a product of previous strategy decisions to use cash arising from its available reserves and balances to negate the need to borrow. The Council's avoidance of new external borrowing in prior years has minimised borrowing costs in the short term and reduced exposure to interest rate and credit risk. With several significant capital schemes planned over the next two years, however, it is likely that more external borrowing will be required to finance planned and/or historic activity.

4.5 The need to borrow will be influenced by calls on capital receipts and other reserves and balances. Borrowing is to be timed when rates are considered to be at their most favourable - some flexibility is given by the availability of cash-backed reserves.

4.7 Additional borrowing will be required, in line with the Capital Strategy and the specified governance arrangements.

4.8 Caution will be adopted with the 2025/26 treasury operations. Officers will continue to monitor prevailing interest rates and market forecasts and will adopt a pragmatic approach to any changing circumstances, with reports submitted on actions taken in line with the reporting requirements of the Council's Treasury Management Practices.

ANNUAL REVENUE PROVISION STATEMENT

5.1 Under Regulation 27 of the 2003 Capital Finance Regulations, Local Authorities are required to charge their revenue account for each financial year Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 in the Capital Finance and Accounting Regulations 2008. The current regulation 28 sets out a duty for a Local Authority to make an amount of minimum revenue provision, which it considers to be prudent.

5.2 Under regulation 28, Authorities are provided with several alternative approaches, which can be adopted for the purpose of calculating a ‘prudent provision’. The approach by an authority should be outlined in a statement and submitted to Council for consideration. The statement below outlines the approach that the Council has adopted to the calculation of its revenue provision.

5.3 The Council has had due regard to the Capital Finance Regulations and the associated Capital finance: guidance on Minimum Revenue Provision in preparing the Annual Revenue Provision Statement. No departures from the guidance have been made.

5.4 The Council will calculate its Annual Revenue Provision (RP) by applying the Asset Life Method, unless the borrowing is for a Loan Financial Investment. Under the guidance there are two approaches which can be applied to calculating the RP charge under the Asset Life Method, those being the Equal Instalment Approach and the Annuity Approach.

5.5 For all borrowing that was previously supported through the Local Government Financial Settlement and the Council’s Private Finance Initiative scheme, the Annuity Method will be applied to the calculation of an annual RP charge.

5.6 For borrowing undertaken under the Prudential System to fund schemes of a regeneration and/or infrastructure nature through the Council’s main capital programme, for the element of the scheme for which there has been/is no Government support, the Council will make a provision using the Annuity Method Approach. The use of this method represents a more prudent option for the Council for schemes of this nature and has the advantage of linking the revenue charges to the flow of benefits from an asset, where the benefits are expected to increase in later years.

5.7 For borrowing undertaken under the Prudential System as part of any Tax Increment Financing (TIF), either the Annuity Method or the Equal Instalment Method will be applied. The method employed will be based on the closest match to the expected benefits of the schemes and that which ensures a prudent charge to revenue.

5.8 Where borrowing is undertaken for a non-commercial Loan Financial Investment, as described in the former Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments (3rd Edition) but treated as Capital Expenditure in accordance with the Local Government Act 2003, Regulation 25, the Council will not make a Revenue Provision charge.

5.9 This is predicated on the basis that the Loan will be repayable at some date in the future and, at such point, the capital receipt will be used to offset the associated debt. However, should the Council subsequently recognise a credit loss on a loan issued to a third party, the Council will then make a charge to the Revenue Provision in respect of the loan, over the lifetime of the associated capital expenditure. For loans issued from 7 May 2024, the Council shall include a charge in the current financial year equal to the value of any credit loss, less any element of the loan which has already been financed through prior year MRP charges or funded through other resources.

5.10 From 1 April 2024, the Council adopted IFRS 16 for the treatment of leases. This has removed the distinction between operational and finance leases, resulting in a number of leases being brought on balance sheet. MRP for these leases will be calculated as equal to the element of the rent that goes to write down the balance sheet liability. Where an asset leased by the Council under a finance lease is subleased to a third party under a finance lease, any capital receipts received under such an arrangement will be used to offset the associated MRP charge in respect of the asset.

5.11 For all other borrowing undertaken under the Prudential system for which there has been/is no Government support, the Council will make a provision using the Equal Instalment Approach; that is to say the MRP charge will be calculated based on the estimated life of the asset for which the borrowing is undertaken.

5.12 As set out in paragraphs 5.8 & 5.9, capital receipts from repayment of capital loans financed by borrowing and capital receipts from subleases of finance leases will be used to offset the revenue provision as set out in the amended Local Authorities (Capital Finance and Accounting) Regulations. There is no other planned use of capital receipts to reduce historic balances included in the capital financing requirement nor plans to voluntarily overpay the MRP in the current MTFS. Capital receipts may be used to fund capital expenditure in year or new capital schemes in order to reduce the level of borrowing required and its associated impact on the revenue budget. Any changes to the proposed use of capital receipts would be considered by Cabinet as part of the regular financing monitoring reports.

5.13 In determining a prudent revenue provision, the Council has included all debt-financed capital spend with the exception of capital loans (as set out in paragraph 5.8) and capital expenditure on assets which were not yet operational as at the end of the previous financial year, as permitted under statute.

5.14 The following elements of the Policy have been updated for 2025/26:

- The Policy has been expanded to specify the Revenue Provision that would be charged in respect of Loan Financial Investments subject to an actual or expected credit loss, as set out in the amended Regulations.
- The Policy has been expanded to provide details on the use of capital receipts from subleases of finance leases to offset the associated Revenue Provision charge, following the movement to accounting for such leases under IFRS16 and as set out in the amended Regulations.
- The Policy has been updated to provide additional detail on how the Council determines a prudent revenue provision as set out in the Capital Finance: Guidance on Minimum Revenue Provision issued by the Secretary of State.

ANNUAL INVESTMENT STRATEGY

6.1 The Council will have regard to the MHCLG Guidance on Local Government Investments and CIPFA's Code of Practice in conducting its investment activity and the overriding priorities are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and to minimise the risk to investments, the Council has a clearly stipulated minimum acceptable credit quality of Counterparties for inclusion on the Council’s lending list. The creditworthiness methodology used to create the Counterparty list takes account of the ratings provided by FITCH, one of the three main ratings agencies. All investments made during 2025/26 will be in accordance with the Annual Investment Strategy, which is detailed at Annex 2.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period investments where opportunities and Counterparty Criteria permits, whilst maximum strategic use of its call account facilities has been made during periods of forecast increases in investment rate and to ensure sufficient liquidity. This practice will continue during 2025/26, subject to:

(i) the outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are lower than forecast levels and there is a forecast pick-up in rates over the medium term),

(ii) the management of counterparty risk,

(iii) any opportunities to repay debt using available cash balances, and

(iv) the Council's liquidity requirements.

6.4 MHCLG and CIPFA have previously extended the definition of investments to include non-financial investments which are defined as non-financial assets that organisations hold primarily, or partially, to generate a profit. The strategy in relation to this kind of investment is covered within the Capital Strategy.

DEBT RESCHEDULING

7.1 Debt rescheduling has historically been undertaken in order to:

(i) generate cash savings at minimum risk

(ii) amend debt maturity profiles and/or the balance of volatility

(iii) aid fulfilment of the Council's overall borrowing strategy

7.2 Consideration will also be given to the potential for making savings by repaying debt prematurely. This is dependent upon the prevailing interest rate environment which, although was higher at the start of the year, is now reducing and is forecast to continue to do so, albeit less steeply, over the short to medium term. This may provide opportunities for the Council to achieve a discount on the repayment of part of its debt.

7.3 It should be noted that the Prudential Code allows for the funding of premium costs arising from debt rescheduling to be financed by usable capital receipts. This adds another option for consideration in that such transactions could serve to reduce the Council's liabilities arising from its borrowing activity and reduce revenue costs over the longer term.

7.4 Should rescheduling opportunities arise, prudence will be exercised at all times and any actions by Officers will be reported in accordance with the reporting requirements of the Council's Treasury Management Practices.

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2024/25 to 2027/28

8.1 It is a statutory duty under Section 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".

8.2 The Council must have regard to the Prudential Code when setting this limit. The Code also sets a series of other limits and indicators that the Council must consider.

8.3 The proposed limits and indicators required for approval for the period 2024/25 to 2027/28 are contained in Annex 3.

CIPFA CODE OF PRACTICE: TREASURY MANAGEMENT IN THE PUBLIC SERVICES (THE CODE)

9.1 Formal adoption of the Code has been reiterated by Council over a number of years, most latterly by Council in approving the 2024/25 Treasury Management Strategy.

9.2 All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. It is an historic requirement of the Code that the Council should formally adopt the Code and specifically the four Clauses contained at Annex 4 and the Treasury Management Policy Statement at Annex 5.

Annexes

1 Outlook for Interest Rates

2 Annual Investment Strategy 2025/26

3 Treasury Limits and Prudential Indicators 2024/25 to 2027/28

4 Liability Benchmark

5 Adoption of the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes

6 Treasury Management Policy Statement

ANNEX 1 - OUTLOOK FOR INTEREST RATES

The data below shows a variety of forecasts published by two institutions: MUFG Corporate Markets and Capital Economics (an independent forecasting consultancy).

The data shows rates at the time of issue of the forecasts, January 2025. The forecast within the strategy has been drawn from these diverse sources and Officers' own views.

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Mar 2026	Jun 2026	Sep 2026	Dec 2026	Mar 2027	Jun 2027	Sep 2027	Dec 2027
Bank Rate												
MUFG Corporate Markets	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Economics	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%	3.50%	3.50%	-	-	-	-
5-year PWLB Rate												
MUFG Corporate Markets	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	4.00%	3.90%
Capital Economics	5.10%	4.90%	4.80%	4.60%	4.60%	4.60%	4.50%	4.40%	-	-	-	-
10-year PWLB Rate												
MUFG Corporate Markets	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%	4.40%	4.30%	4.20%	4.20%	4.10%
Capital Economics	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.60%	4.60%	-	-	-	-
25-year PWLB Rate												
MUFG Corporate Markets	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.60%	4.50%	4.50%
Capital Economics	5.70%	5.50%	5.30%	5.00%	4.90%	4.90%	4.80%	4.70%	-	-	-	-
50-year PWLB Rate												
MUFG Corporate Markets	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.60%	4.50%	4.40%	4.30%	4.30%
Capital Economics	5.30%	5.20%	5.20%	5.10%	5.00%	4.90%	4.80%	4.80%	-	-	-	-

ANNEX 2 - ANNUAL INVESTMENT STRATEGY 2025/26

1.0 Purpose

1.1 This Strategy is submitted to Council for approval in adherence with the guidance issued by the then ODPM under Section 15(1)(a) of the Local Government Act 2003 and in accordance with the Statutory Guidance on Local Government Investments (3rd Edition), issued in 2018 by the then MHCLG.

1.2 It covers the financial period to 31 March 2026 and is complimentary to the Treasury Management Strategy 2025/26 and the adopted Treasury Management Practices as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 The Council's investment policy has regard to the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

1.4 In doing so the Annual Investment Strategy sets out:

- which investments the Council may use for the prudent management of its surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments
- the utilisation of Loan Financial Instruments and the governance arrangements that must be followed when decisions are made
- the procedures for determining the use of each asset class
- the maximum periods for which funds may be prudently committed in each class
- the upper limits to be invested in each class
- the extent to which prior professional advice need be sought from the Council's Treasury Advisors prior to the use of each class
- the minimum amount to be held in short-term investments

2.0 Investment Objectives and Principles

2.1 The general policy objective for the Council is the prudent investment of its surplus funds. The Council's investment priorities are the security of capital and liquidity of investments.

2.2 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks, as detailed in its Treasury Management Practices.

2.3 The Council will seek to ensure that temporary borrowing will not be made whilst the Council has investment funds available, and its longer-term borrowing activity will have full regard to the content of CIPFA's Prudential

Code and the Council's own approved Treasury Strategy. In particular, the Council will not engage in treasury borrowing activity that is solely for the purposes of investment or on lending to make a return.

3.0 Specified, Loans and Non-Specified Investment Types

3.1 Financial investment instruments are broadly classified within government guidance as being Specified, Loans or Non-Specified.

3.2 An investment is a Specified Investment if:

i) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.

ii) the investment is not a long-term investment.

iii) the making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended)

iv) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the United Kingdom Government, a Local Authority in England or Wales (as defined in Section 23 of the 2003 Act), a Parish or Community Council.

3.3 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. Local authorities can make such loans whilst continuing to have regard to the guidance if they can demonstrate in their Strategy that:

i) Total financial exposure to these types of loans is proportionate.

ii) They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of the loan portfolio.

iii) They have appropriate credit control arrangements to recover overdue repayments in place.

iv) The local authority has formally agreed the total level of loans by type that it is willing to make, and their total loan book is within the self-assessed limit.

3.4 Non-specified Investments are those investments not meeting the definition of a specified investment or a loan and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification as part of an overall strategy, and as a result, a small number are identified as being potentially suitable for use, subsequent to prior consultation and advice from the Council's appointed Treasury Management advisors.

3.5 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery/achievement of the Council's investment objectives and principles, Annex A has been prepared to detail those instruments that it is proposed may be used as part of the investment strategy. The utilisation of Loan Financial Instruments has additional restrictions placed upon them and the detail of the decision-making process for their use is set out in Section 9.

4.0 Credit and Counterparty Policies

4.1 The Council relies on credit ratings published by FITCH, an independent rating agency, to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit rating lists are reviewed on an ongoing basis to ensure prompt action to remove institutions whose ratings fall below the Council's threshold. The policy is fully documented in the Council's Treasury Management Practices.

4.2 Delegation has been granted to the Executive Director of Corporate Services in relation to the criteria by which the Council's lending list is compiled for its internally managed investments. The criteria proposed for adoption during 2025/26 is contained at Annex B.

4.3 The criteria proposed is unchanged from that applied currently.

5.0 Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the Council's cash transactions and resource is one of the key objectives of the Treasury function and liquidity risk management is fully considered and documented in the Council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule, the Council will aim to ensure that it has 15% of its investments held with a maturity period of less than one week. Where cashflow expectations or specific circumstances dictate an absolute minimum of 10% if its investments will always be held with a maturity period of less than one week.

6.0 Investment Strategy - Internally Managed Investments

6.1 All investments made during the duration of this Strategy will be in full compliance thereof.

6.2 Decisions, taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may come available.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period fixed rate deals where opportunities and Counterparty criteria permits. This practice will continue during 2025/26, subject to:

i) the outlook for medium term interest rates (i.e., to avoid locking into deals whilst investment rates are at lower than forecast levels and there is a forecast pick-up in rates over the medium term)

ii) the management of Counterparty risk

iii) any opportunities to repay debt using available cash balances.

iv) the Council's liquidity requirements

6.4 Maximum strategic use will be made of the Council's call account facilities and the AAA rated money market funds to which the Council has access during the period where prevailing rates are competitive.

7.0 Investment Strategy - Externally Managed Funds

7.1 The Council currently does not engage any Fund Managers to invest monies on its behalf following a previous review of Fund Manager activity and the decision to repatriate funds held by its then Fund Manager.

7.2 Arrangements for the re-engagement of Fund Managers at some point in the future will be considered in consultation with the Council's appointed Treasury Management advisors. Where it is considered that the engagement of a Fund Manager is warranted, then a full tender exercise will be conducted in accordance with Contract Procedure Rules.

8.0 Reporting Arrangements

8.1 Cabinet will receive reports on Treasury Management activity and risks as part of the Financial Monitoring Report, which shall also be considered by the Overview and Scrutiny Commission.

8.2 Council will receive, via Cabinet, an end of year report in relation to the activity undertaken in the preceding year and a review of performance relative to the approved Strategy. This report will also be considered by the Audit and Governance Committee.

8.3 As a minimum, a mid-year Strategy review will also be undertaken, and the Audit and Governance Committee will consider this.

9.0 Capacity, Skills and Culture

9.1 The Council has a responsibility to ensure that the Members and Officers undertaking decisions in relation to Investments have the necessary amount of training and information to enable them to make informed decisions as to whether to enter into a specific investment and to ensure that governance processes around decision making are robust and appropriate.

9.2 To enable the Members and Senior Officers involved in the investments decision making process to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority, formal training is provided in conjunction with the Council's appointed advisors, MUFG Corporate Markets.

9.3 Due to the complex nature of potential strategic investments, external advice and assessment will be commissioned, where necessary, to ensure that an independent evaluation is undertaken; this may also include support in negotiating commercial deals. In these circumstances, the organisation commissioned to undertake this role will be made aware of the regulatory regime within which the Council operates and of the core principles of the prudential framework.

Annex A

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED VERSUS NON-SPECIFIED INVESTMENTS

Previous Guidance has defined Local Government investments as being either 'Specified' or 'Non-Specified'. The Guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative 'products' are frequently being introduced it would be extremely problematical, if not impossible, to do so.

Much focus and emphasis is therefore placed on that element of the Guidance which states that Specified investments should require 'minimal procedural formalities'. The Council's appointed Treasury Management advisors have discussed this issue with the then-DCLG (now MHCLG), who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risk and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The latest Statutory Guidance on Local Government Investments by MHCLG, issued on 2 February 2018, introduced a new category of Financial Investment – Loans; this additional category has been included in the guidance to reflect up to date working practices of Local Authorities and is reflected in the tables below.

The following tables have been prepared on that basis.

LOCAL GOVERNMENT INVESTMENTS (England)
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated with maturities of up to 1 year

Investment	Repayable/ Redeemable within 12 Months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with the UK Government or with UK Local Authorities (i.e., Local Authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year.	Yes	High security although LAs not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies), with maturities up to 1 year.	Yes	See*	Yes	1 year
Money Market Funds CNAV/LVNAV/VNAV (i.e., a collective investment scheme as defined in SI 2004 No. 534) *These funds do not have any maturity date*	Yes	Yes: AAA	Yes	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements.*
Forward deals with credit rated Banks and Building Societies < 1 year (i.e., negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year.	Yes	See*	Yes	1 year
Notice Account Facilities with credit rated deposit takers (Banks and Building Societies) (Maximum notice period 180 days)	Yes	See*	Yes	N/A
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	N/A

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Council’s Section 151 Officer in accordance with approved Treasury Management Practices

LOCAL GOVERNMENT INVESTMENT (England)
LOAN INVESTMENTS

Investment	Repayable/ Redeemable within 12 months?	Loan Book Limit	Maximum Maturity of Investments
Loans with joint ventures	No	£15,000,000	15 years

LOCAL GOVERNMENT INVESTMENT (England)
NON-SPECIFIED INVESTMENTS

Investment	Repayable/ Redeemable within 12 months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Maturity of Investments
Term deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	2 years
Term deposits with the UK Government or with UK Local Authorities with maturities greater than 1 year	No	High Security although LAs not credit rated	Yes	2 years
Banking facility for Merseyside Recycling and Waste Authority	Potentially	High Security although LAs not credit rated	Yes	N/A
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) *Custodial arrangement required prior to purchase*	Potentially	See*	Yes – after consultation with Treasury Advisors	2 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	2 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e., negotiated deal period plus period of deposit)	No	See*	Yes – after consultation/advice from Treasury Advisors	2 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	N/A	Potentially – after consultation with Treasury Advisors	2 years

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Council's Section 151 Officer in accordance with approved Treasury Management Practices.

Annex B

COUNTERPARTY CRITERIA 2025/26

	Counterparty Category	Credit Ratings				Maximum Investment (1)	Maximum Period
(i)	Money Market Funds (MMF)	AAA Rated **(2)**				£20m per MMF (£40m total)	On call
(ii)	Other Local Authorities and Public Bodies **(3)**	AA Rated				£100m total	
						£15m per LA	12 months
						£5m per LA	2 years
FITCH Ratings		**Long Term**	**Short Term**	**Viability**	**Sovereign**		
(iii)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating) **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£25m	2 years
		A and above	F1 and above	a- and above	AA- and above	£15m	12 months
(iv)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£20m	On call
		A and above	F1 and above	a- and above	AA- and above	£15m	On call
(v)	Building Societies which hold a suitable credit rating	A- and above	F1 and above	a- and above	AA- and above	£10m (£40m total)	12 months

Notes to Counterparty Criteria

1. For each institution meeting the criteria identified above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £15m (excluding MRWA).

2. Each individual Money Market Fund used must be separately approved by the Council's Section 151 Officer by way of an Operational Decision.

3. The Banking Facilities provided to MRWA are excluded from the Maximum Investment levels and Maximum Period.

4. The legal arrangements of some banks are such that transactions may be available with a subsidiary company that does not have its own viability rating; where this is the case, the viability rating of the parent company will be used to assess the creditworthiness, or otherwise, of the financial institution, against the criteria above. This includes institutions where a viability is not available due to the institutions close links to the presiding Government of the country where the institution is based.

ANNEX 3 - TREASURY LIMITS AND PRUDENTIAL INDICATORS 2024/25 to 2027/28

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2024/25 to 2027/28			2024/25 Revised	2025/26 Estimates	2026/27 Estimates	2027/28 Estimates
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	**Capital Expenditure (£m)**	70.756	115.636	67.544	47.759
1(ii)	Additional in-year borrowing requirement for capital expenditure.	**In Year Capital Financing Requirement (CFR) (£m)**	9.897	16.213	20.849	26.542
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has not yet been paid for by either revenue or capital resources.	**Capital Financing Requirement as at 31 March (£m)**	229.206	245.419	266.268	292.810
3	The "net borrowing" position represents the net of the Council's gross external borrowing and investments sums held.	**Net Borrowing Requirement:** External Borrowing £m) Investments Held (£m) Net Requirement (£m)	132.495 (94.500) **37.995**	188.693 (131.167) **57.526**	234.525 (152.834) **81.691**	256.049 (149.501) **106.548**
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	**Ratio of financing cost to net revenue stream**	3.33%	5.04%	6.16%	6.68%
5	The Council's Budget Strategy, as a general principle is that no unsupported borrowing should be undertaken as a means of financing capital expenditure plans.	**Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent**)	Nil	Nil	Nil	Nil

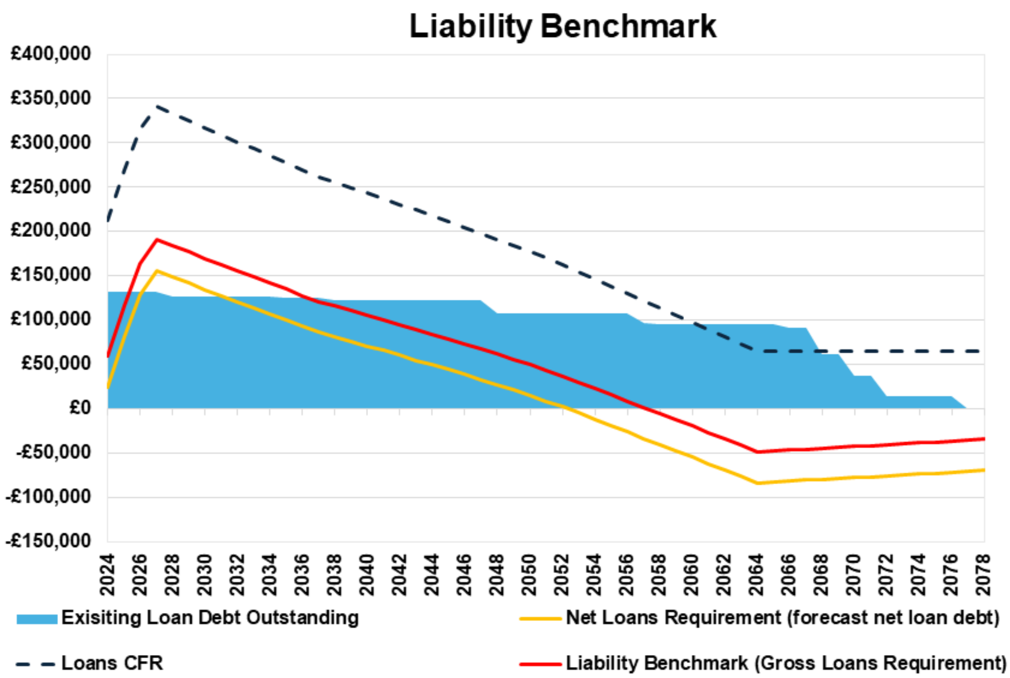
TREASURY LIMITS AND PRUDENTIAL INDICATORS 2024/25 to 2027/28			2024/25 Revised	2025/26 Estimates	2026/27 Estimates	2027/28 Estimates
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	**Authorised Limit for External Debt (£m)**	254.216	257.656	289.655	312.370
7	This is the limit beyond which external debt is not normally expected to exceed.	**Operational Limit for External Debt (£m)**	198.428	243.475	281.719	303.180
8	These limits seek to ensure that the Council does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt.	**Upper Limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper Limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	**Upper Limit for Sums Invested over 365 Days**	60%	60%	60%	60%
10	This indicator is used to highlight where an authority may be borrowing in advance of need.	**Gross Debt and the CFR (£m)**	65.100	26.836	3.521	10.270

ANNEX 4 – LIABILITY BENCHMARK

The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. Due to only approved prudential borrowing being included in the calculation a peak will appear after four years as no further borrowing will be approved at this point.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast. This becomes a negative due to the position the Authority is in as a result of the balance of treasury investments, which are in excess of borrowing; this allows the Authority flexibility in regard to the timing of taking out future borrowing and therefore allows it to make sound treasury management decisions.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



ANNEX 5 - ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN THE PUBLIC SERVICES CODE OF PRACTICE AND CROSS-SECTORAL GUIDANCE NOTES

The CIPFA Code recommends that all public service bodies formally adopt four specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. For completeness it is recommended that Council formally approve the following:

1. The Council will create and maintain, as the cornerstones for the effective Treasury Management:

    - A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities.

    - Suitable treasury management practices (TMPs), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2. The Council will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of Treasury Management decisions in accordance with its Constitutional provisions to the Executive Director of Corporate Services, who will act in accordance with the Council’s approved Policy Statement and TMP’s and the CIPFA Standard of Professional Practice on Treasury Management.

4. The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

ANNEX 6 - TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Treasury Management function are defined as follows:

1. Treasury Management is "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".

2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.

3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the Council is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

APPENDIX 3: CAPITAL STRATEGY 2025/26 TO 2027/28

Capital Strategy
St Helens Council
2025/26 to 2027/28

ST HELENS
BOROUGH COUNCIL

INTRODUCTION

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy outlines the principles and framework that shape the Council's capital investment proposals. The Strategy sets the framework within which the Council's Investment plans will be delivered. The strategy is a live document, and it is intended to update this on an ongoing basis and develop it over time.

The Strategy is aligned with the proposed Council Budget, its objectives, and priorities. The Strategy also has links to other Council Management Plans and Strategies, such as the Strategic Asset Management Plan; Treasury Management Strategy; Land and Property Acquisition Strategy; IT Strategy and the Council's Medium Term Financial Strategy (MTFS). It is an integral part of the MTFS and sets the principles for prioritising capital investment under the prudential system.

OBJECTIVES

To provide a clear set of objectives and a framework, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the strategic aims, objectives, and priorities of the Council.

- To prioritise projects that focus on delivering a number of long-term benefits:

    - Deliver Corporate objectives
    - Invest to Save (either cost reduction or income generation)
    - Create sustainable income – Business Rates or council tax
    - Attract significant grant, third party or private funding
    - Address major infrastructure investment
    - Deliver economic outcomes of jobs growth
    - Deliver Asset Management Plan outcomes
    - Assist in the delivery of Budget decisions

  It should be demonstrated that a rigorous programme of options appraisal has been considered, identifying evidence of need, cost, risk, outcomes and method of financing.

- To consider options available for capital funding and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment.

- To identify resources available for capital investment over the MTFS planning period.

- To establish effective arrangements for the management of capital expenditure, including, the assessment of project outcomes, profiling spend against budget, value for money and security of investment.

- To identify future asset base requirements and ensure the necessary assets are fit for purpose and available to deliver services.

PRIORITIES

The Council has an approved Capital Programme which has already committed significant resources to support schemes for 2025/26 and future years. The Council is committed to the regeneration of the borough and transformation of Council services through several initiatives including:

Town Centres

The Council is committed to the redevelopment of both St Helens and Earlestown town centres, which will bring forward significant transformation and the opportunity to stimulate further economic growth across the borough.

Significant capital expenditure on both schemes has been included in the approved capital programme, to transform the Town Centres in line with the Town Centre Masterplan Development Framework.

Phase 1A of the St Helens Town Centre development comprises delivery of a new hotel, market hall, retail, residential and bus station components, together with related and connecting public realm improvements. The ambition is for a high-quality aspirational development that will act as a catalyst for the radical transformation of St Helens town centre and improve the viability for delivery of future phased initiatives in accordance with the adopted Masterplan Development Framework. Alongside delivery of Phase 1A, the Council will continue to seek appropriate funders, partners and occupiers to facilitate Phase 1B of the development, comprising provision of new offices and the refurbishment/reuse of the former Marks and Spencer building.

Investment in Earlestown Town Centre aims to revitalise the historic market square and surrounding public realm; reimagine its Grade-II listed Town Hall as a community and workspace hub; and improve safety and amenity at its rail station. The projects will drive regeneration and reinvigorate Earlestown as a place in which to live, work, visit and invest.

St Helens Multi Modal Interchange

Aligned to the St Helens Town Centre Masterplan, the Council has approved investment in the creation of the St Helens Multi Modal Interchange which will provide an extended state-of-the-art bus station to meet the long-term future public transport needs and provide essential improved facilities for passengers and operators. The Council has been successful in securing grant funding from the Liverpool City Region Combined Authority to progress this scheme, in addition to Town Deal Capital Funding and Council borrowing.

Parkside

The Council has made a commitment through its Joint Venture partnership, Parkside Regeneration LLP, to the long-term regeneration of the former colliery site to create future economic activity. The site is being brought forward through a phased approach and is supported by a variety of funding sources including Council equity and loan investment, private sector investment and Freeport investment. The Parkside Link Road is scheduled to open in the Spring, providing the highways infrastructure to support the development. Planning consent has been granted for Phase 1 and a hybrid planning application submitted for Phase 2.

As part of the Freeport arrangements, a Retained Rates Investment Strategy has been approved whereby the Council has the ability to invest in capital projects aligned to the agreed Freeport objectives and to be funded by future retained business rate income.

Liverpool City Region Life Science Investment Zone

An investment zone has been launched across the Liverpool City Region with a focus on Life Sciences. This will offer the opportunity for further use of Tax Increment Financing to invest in the area and is supported by a Retained Rates Investment Strategy.

Housing

Initiatives involve working with Registered Social Landlords and the Private Sector to deliver affordable homes using a combination of public and private sector funding. Plans for the regeneration of St Helens Town Centre include delivery of a residential element in the Town Centre. The Council will also continue to consider where its land assets can be used to support additional housing.

Locality Working Model

The Council has committed to the development of a Locality Service Delivery Model to improve customer service and address need at a local level. Capital investment may be required to support the delivery of Locality Hubs that meet identified local need and service provision.

Council Modernisation – IT & Property Improvement/Maintenance

The Council is progressing an internal modernisation programme which places the customer (our residents, businesses and partners) at the heart of everything we do. The delivery plan is broken down into eight work streams to build a modern, flexible and efficient council. Part of this will include investment in our IT systems and investment, maintenance and rationalisation of Council office buildings.

IT Strategy

As the Council goes through significant transformation, IT and Digital transformation is a key support and driver of this change.

The Council has an ICT Strategy and Technology Roadmap which covers the period 2024 to 2027. This describes how the Council will transform its IT & Digital platforms over the coming years including a continued adoption and migration to cloud computing.

A more technically integrated and Digital Council will also support the Council's interactions with residents.

Children's Residential Homes

The Council continues to progress the delivery of additional Children's Residential Homes, through a combination of new acquisitions and refurbishments, in order to create additional in Borough high quality placements for children and young people under the care of the Local Authority.

Fleet Replacement

The Council is continuing to invest in the modernisation of its fleet. This will reduce revenue maintenance costs and the risks of operational disruption due to vehicle repairs. Where financially and technologically possible, low emission vehicles will be procured, in line with the Council's Carbon Action Plan.

GROWTH AND REGENERATION

The Council has developed a strategic partnership with English Cities Fund (ECF) that will grow an inclusive economy to maximise the extensive range of opportunities presented to deliver significant future growth in St Helens and deliver key priorities, including town centre regeneration, social wellbeing and providing appropriate infrastructure to support future development. The partnership provides a proven delivery mechanism for the comprehensive regeneration of the borough, including the provision of quality family housing, new commercial activity, upgraded infrastructure and the overall improvement of the social and economic viability of the borough on a phased basis.

ECF is a highly successful Joint Venture Partnership between Muse, Legal & General and Homes England, designed to drive institutional and private investment in English towns and cities to deliver regeneration schemes. The combination of partners provides a unique capability to deliver exceptional regeneration schemes drawing on ECF's development experience and investment expertise in place-making that has led to true transformational programmes in some of the most challenging and complex areas of the country.

CAPITAL EXPENDITURE AND FINANCING

Capital Expenditure is where the Council spends money on assets, such as property, infrastructure, vehicles or equipment, which will be used for more than one year. The Council's currently approved Capital Programme and sources of financing are detailed in the MTFS and summarised below.

Portfolio	2025/26 £000	2026/27 £000	2027/28 £000
Children & Young People	16,339	1,808	1,250
Integrated Health & Social Care	25	0	0
Supporting Neighbourhoods	4,936	3,868	3,643
Business, Culture & Leisure	1,428	0	0
Finance & Governance	210	0	0
People, Performance & ICT	600	0	0
Transport & Environment	23,354	14,618	9,620
Inclusive Growth & Regeneration	64,788	43,073	33,246
Cross Portfolio	3,956	4,177	0
Total	**115,636**	**67,544**	**47,759**

The following table summarises how these currently approved capital expenditure plans are financed.

Source of Funding	2025/26 £000	2026/27 £000	2027/28 £000
Grant/ Other Contributions	83,059	32,968	11,913
Capital Receipts	5,169	4,582	0
Revenue Contribution	5,024	2,400	2,400
Borrowing	21,695	27,594	33,446
Tax Increment Financing (Borrowing)	689	0	0
Total	**115,636**	**67,544**	**47,759**

In order to reduce the impact on the revenue budget, the Council made the decision for 2024-27 to pause new schemes funded through borrowing which would cause a net increase in revenue expenditure. Grant funded schemes will continue to be added to the capital programme. Schemes will also be considered for inclusion where they can demonstrate that they will generate revenue savings that exceed the cost of any capital financing, or where borrowing costs can be contained within existing budgets.

The Council also set aside £10m of capital receipts to fund essential capital health and safety and capital maintenance to ensure that the Council can continue to utilise its assets to deliver services and meet its duty of care to staff and service users. In addition, this funding may be used as match funding where it can be demonstrated that this will leverage significant external investment. The balance of this funding is included in the approved programme in 2025/26 and 2026/27.

The Council must ensure that any future plans for borrowing are prudent, affordable and sustainable. As the revenue budget position remains challenging, any increases to borrowing to fund key strategic schemes will need to be carefully considered and the revenue impact affordable. It is therefore the Council's strategy to continue to limit new capital expenditure funded by borrowing, where the impact cannot be contained within existing budgetary provision. The Council will seek to address risks and pressures in the capital budget through grant, revenue contributions and capital receipts, enabling some increases to Council operational capital budgets and key strategic regeneration schemes.

CAPITAL INVESTMENT PRIORITISATION

The first call on resources will be the financing of any previously approved schemes from previous years. Subject to exceptional circumstances, all schemes already approved within the capital programme or contractually committed will be supported and sufficient resources will be provided to proceed or complete.

The strategy requires a mechanism for determining the Council’s most important schemes that will implement change in Council services yet operate within the financial constraints. Potential new schemes will be considered by the Capital Asset and Investment Group to ensure resources are targeted to priority areas, before recommending them for inclusion into the Capital Programme presented to Cabinet and Council for approval.

The appraisal and prioritisation process will take into account a range of factors, including:

- links to the Council’s key and strategic objectives
- legislative requirements including those related to Health and Safety
- benefits of the scheme
- affordability, achievability and financial viability
- ability to lever in additional funds
- an assessment of risk
- ability to meet an identified need

<u>Economic Development</u>

The Council will seek investment that generates longer term growth. The growth strategy will involve public sector intervention to stimulate private sector investment or take the lead where the market is failing to deliver.

To meet future service requirements and address funding pressures, the Council will need to rely on tax revenues it can generate locally from Business Rates and council tax, which places further emphasis on the growth strategy.

<u>Highways and Transport</u>

The Council will work collaboratively to maximise the borough’s transportation assets to establish St Helens as a well-connected location for national road and rail, whilst delivering a safe and sustainable transport offer.

Highways schemes are supported by the Department of Transport (DfT) through grants provided to the Liverpool City Region Combined Authority (LCRCA) in the form of the City Region Sustainable Transport Settlement (CRSTS). The CRSTS funding aims to create a more consolidated and devolved model of transport funding, delivering significant improvement for users. In addition, Transforming City Funding

(TCF) and Single Investment Funding (SIF) allocations also support major highway infrastructure schemes.

The Council is required to submit details of proposed schemes for the CRSTS funding to the LCRCA. The funding has been top sliced to provide an allocation for maintenance of the Key Route Network (KRN).

Officers need to demonstrate which of the City Region Mayor's priorities the schemes meet. These are:

- Linkages to Growth sites
- Promotion of Cycling and Walking
- Public Transport Improvements
- Accessibility / Connectivity
- Reducing Pollution / Carbon
- Improving Road Safety

Schools

The Council will ensure that capital investment in schools is undertaken in accordance with its relevant statutory responsibilities, particularly in respect of ensuring there are sufficient school places available to meet local demand. Moreover, the Council will fulfil its responsibilities in respect of the health and safety of pupils and staff, and the ability of disabled pupils to access education, in determining its capital investment priorities.

In addition to the above, ongoing investment in the maintenance and improvement of the condition of school buildings provides an improved learning environment for pupils.

Housing

Investment in minor adaptations, through the Disabled Facilities Grant process, enables frail or vulnerable residents to be supported in their own homes, and aims to reduce the risk of hospital or residential care admissions arising from falls or accidents.

Capital investment in home insulation and heat efficiency programmes will reduce fuel poverty and lessen the risks posed by cold-related physical and mental health conditions.

Public Buildings

The Council has, over a number of years consolidated and rationalised its Estate which has resulted in its occupation of several core buildings within the Town Centre.

An Asset Strategy and Asset Management Plan has been adopted for the financial years 2023-26. This sets out the framework for managing the Council's property portfolios, including how strategic property decisions are made that will underpin the Council's priorities and ensure that its property portfolios are sustainable, efficient, and fit for the purpose of delivery of vital services to communities.

As well as assessing the suitability and sufficiency of our property portfolios the programme of reviews will challenge the use, utilisation and management of the Council's land and buildings. This will focus on the scope for rationalisation and delivering changes required to the portfolios, including potential property disposals, investments required through capital works or acquisitions and facilitate community outcomes through partnership working.

The outputs of the asset management plan work programme will include a pipeline of property disposals, capital projects, acquisitions and other reviews. The financial implications arising from the asset management plan will be integrated and continuously reviewed within the Capital Programme and MTFS.

SOURCES OF CAPITAL FUNDING

Borrowing

Local Authorities have access to preferential rates from the Public Works Loan Board (PWLB) to support service spending (Education, Highways and Transport, Social Care etc.), Housing, Regeneration, Preventative Action and Treasury Management. However, since November 2020, the Government has introduced a clause to restrict the use of PWLB borrowing in certain circumstances.

Should the Council intend to purchase any assets primarily for yield within a three-year period, irrespective of whether alternative funding sources other than PWLB borrowing are being utilised, the Council would not be able to access PWLB borrowing facilities for the three-year period.

The level of borrowing to fund the capital programme must take into account the affordability of ongoing revenue implications. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice and in accordance with the Treasury Management Policy.

Borrowing should only be used on the following basis:

- On the basis of Invest to Save, where the income or savings are greater than the cost of borrowing
- Where the proposed capital project is assessed to be a strategic priority and the costs can be contained within the overall budget provision
- Where the scheme is essential to meet Council legislative requirements and no other appropriate sources of funding are available

Leasing

The Council can enter into lease arrangements to secure the use of an asset over a number of years. Leasing may be used by the Council where an asset is only required for a limited number of years, to allow flexibility, where financially advantageous or where other financing options are not available to secure a key strategic asset.

Tax Increment Financing

The Council is able to use Tax Increment Financing in relation to two key sites in the Borough – the Parkside Freeport site and the St Helens Manufacturing and Innovation Campus Investment Zone. The Council is able to retain additional business rate income generated within these sites and borrow against the future business rate income in order to invest in schemes that support the objectives of the sites.

Capital Grants and Contributions

Some capital projects are financed either wholly or partly through external grants and contributions. Government grants to support capital expenditure plans are generally reducing, with a significant proportion being wholly ring-fenced or strictly conditional in relation to the expenditure they support.

Capital Receipts

Capital Receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Capital Receipts may be used to fund new capital investment or offset future debt or transitional costs.

Capital receipts from the repayment of housing capital loans or grants may be reallocated to the housing capital programme for future financial years. However, general capital receipts should not be ringfenced by area or hypothecated for a specific scheme or purpose.

The use of Capital Receipts should be judged against the following criteria and should be aligned with scheme prioritisation via the Strategic Asset and Investment Group:

- to fund essential capital maintenance on Council Assets to ensure continued service provision when no other source of external funding is available
- to meet health and safety and other legislative requirements when no other source of external funding is available
- to leverage match funding for key strategic schemes
- when they generate income or reduce expenditure which is greater than the loss of investment income

Private Developer Funding

Contributions from Private Developers are usually provided under Section 106 agreements. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects. Developers may also contribute to Highways Infrastructure through Section 38 and 278 agreements to facilitate their development.

Revenue

Capital expenditure may be funded directly from revenue. In addition to specific earmarked balances previously set aside, such as the Transformation Reserve and Growth Reserve, there may be limited instances where capital expenditure is funded from within specific service revenue budgets.

GOVERNANCE ARRANGEMENTS

Over the next two years, investment in new capital schemes, additional to those in the programme set out in Appendix 4, is primarily expected to be limited to:

- Schemes fully funded by external grants
- Schemes which generate net savings to the revenue budget
- Essential capital health and safety works
- Essential capital maintenance works on Council assets
- Schemes where Council match funding can leverage significant external investment.

The use of borrowing to support additional key strategic capital schemes would only be considered where this can be contained with existing budget estimates and remain within prudent levels.

There are a number of governance arrangements in place, primarily depending on the proposed financing arrangements for the scheme.

Fully Externally Funded Schemes

Funding applications, acceptance of funding and proposals to allocate to schemes will be considered by Cabinet or under delegated authority.

The funder may set out additional governance requirements as part of the grant submission or grant conditions.

Schemes Requiring Additional Council Investment

Outline submissions are initially considered by Departmental Management Teams, before recommendation to the Capital Asset & Investment Group (CAIG), comprised of Executive Directors and other key officers.

If approved, a business case, setting out the need for investment, strategic alignment, options appraisal, financial detail, procurement route and project management will be completed and presented to CAIG.

Once approved the scheme will be considered by Cabinet or under delegated authority. This process is set out in the Capital Gateway Process, at Annex 2.

Schemes funded under Tax Increment Financing

The Retained Rate Strategies set out the objectives for use and prioritisation of the retained rates funds.

Projects will be assessed through a gateway process, with a group to be convened by the Director of Finance, supported by key representatives of the growth and finance teams and, where necessary, an independent expert to support with project appraisal. Schemes will subsequently be recommended to Cabinet or approved under delegated authority.

Leases

Where lease payments can be met from within existing budget allocations, new leases and lease extensions will be considered by Cabinet or under delegated authority.

Strategic Land & Property Acquisitions

Strategic property acquisitions are considered by the Land and Property Acquisition Group, as set out in the Land and Property Acquisition Strategy

The group is chaired by the Leader of the Council and consists of the Deputy Leader, Cabinet Members for Regeneration and Planning and Corporate Services, the Executive Director of Place and Executive Director of Corporate Services, with others as appropriate.

Strategic acquisitions will be supported by a Business Case and will be assessed against the criteria set out in the Land and Property Acquisition Strategy, including how it fits with current policies, measurable benefits and furtherance of strategic priorities. The risks, costs, and returns will be taken into consideration and must be funded into the overall resources of the Council.

Governance of the above follows the established decision-making process within the Council. The Land and Property Acquisition Group recommends to Cabinet and Council those investments it deems beneficial to the Borough.

Monitoring and Reporting

Monitoring will be via the Financial Management Report submitted quarterly to Cabinet that identifies any detailed changes to the capital programme to reflect:

- New resource allocations
- Slippage in programme delivery
- Virements between schemes
- Changes to spend profiles and / or funding
- Schemes that have been reduced or removed

Updates will also be provided monthly as part of the Financial Monitoring processes.

Major Capital schemes (those over £5m) will be allocated a project sponsor at Executive Director, Director or Assistant Director level.

Reporting will be an integral part of the project management of major schemes so that members are kept informed of progress and potential problems throughout the duration of the project.

For all major capital schemes, risks should be identified, and costs attributed to those risks. In addition, a sensitivity analysis should be undertaken at the outset of the project.

A Post-Project Evaluation will be undertaken on major schemes with a view to identifying where the capital programming and monitoring could be improved. This will report on the procurement process, timeliness of scheme, final cost against estimate, outputs of scheme compared to targets in the original business case with the results being fed back into the Capital Asset and Investment Group.

KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with delegated responsibility for making capital expenditure, borrowing and investment decisions. They follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

Where necessary, use is made of external advisors that are specialists in their field. The Council currently employ MUFG Corporate Markets (previously named Link Treasury Services) as treasury management advisors to provide advice on capital and treasury implications when considered necessary. Other advisors have been, and will continue to be, engaged to provide advice on the significant regeneration projects being undertaken by the Council.

Training will be provided to members to ensure they have the up-to-date skills to make capital and treasury decisions.

CONSIDERATIONS AND RISK IN PROPERTY ACQUISITIONS

Any strategic land and property acquisitions will be undertaken having given due consideration to the specific risks involved, in accordance with the Land & Property Acquisition Strategy.

The strategy for acquiring property assets for holding and regeneration purposes is therefore for:

- Place making, as part of regeneration and economic development activity
- Development in our Town Centres to improve economic performance and encourage future private sector investment
- Economic Development – to ensure an adequate supply of employment and housing sites allowing creation and retention of high-quality sustainable homes and employment within the Borough
- Opportunities that have strategic importance within St Helens and address issues such as heritage and culture, social welfare, deprivation and protecting the most vulnerable
- Supporting environmental sustainability

TREASURY MANAGEMENT & PRUDENTIAL INDICATORS

The Treasury Management Strategy is also approved by Full Council annually as part of the Budget setting process.

The Strategy is also considered by the Audit and Governance Committee annually, with an interim report submitted mid-year and outturn report post year end.

Quarterly updates on the Treasury Management position are included within the Financial Monitoring Reports presented to Cabinet and considered further by the Overview and Scrutiny Commission.

Treasury Management is subject to regular Internal and External Audit review.

There are close links between the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy. The Capital Strategy will determine the underlying and future borrowing needs of the Council, with the Treasury Management Strategy addressing financing and cash flow planning to ensure that the Council can meet its capital spending obligations, whilst the Medium Term Financial Strategy will manage debt servicing resource cover and the affordability of capital investment insofar as the revenue budget is concerned.

The Treasury Management Strategy includes a set of Prudential Indicators that demonstrate that the capital investment plans of the Council are affordable, prudent and sustainable.

Contribution from Investments

Investments can take different forms and be held for different purposes. The table below shows the different types of investment that the Council currently holds and the contribution that these investments make towards service delivery objectives and / or place making role of the local authority.

TYPE OF INVESTMENT	PURPOSE
Treasury Management Investments	To support effective treasury management activities
Other Investments (e.g., equity investment in regeneration ventures)	• Regeneration • Economic benefit / Business Rate growth
Non-financial investments (Investment Properties)	• Economic benefit / Business Rate growth • Yield / profit
Loans	• Regeneration • Economic benefit / Business Rate growth • Responding to local market failure

ASSET MANAGEMENT PLAN

The Asset Management Plan (AMP) sets out the vision, purpose and strategic direction for the effective management of land and buildings. It establishes governance arrangements and the activities that will shape the asset base over the 3 years of the plan. Through a series of reviews, it seeks to align the Council's asset base to the Our Borough Strategy, council priorities and service objectives. The outcome of these reviews will help inform future capital investment.

SECTION 151 OFFICER ASSURANCE

This Capital Strategy is compiled in line with the requirements of the current CIPFA Prudential and Treasury Management Codes. The Section 151 Officer views the Strategy to be prudent, affordable and integrated with the Council's Medium Term Financial Strategy, Treasury Management Strategy and other Strategic Plans.

RISK

There are a number of risks that the Council could be exposed to, including:

- Financial risk – related to the investment of the Council's assets and cash flow, market volatility, currency etc.
- Macroeconomic risk- related to the growth or decline of the local economy, interest rates, inflation and the wider national economy.
- Procurement/contractual risk – related to the ability to secure goods or services and for third parties to meet contractual terms.
- Credit risks - related to investments and loans to third parties.
- Operational risks – related to operational exposures within the Council, its partners and commercial interests.
- Strategic risks – related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help meet the Council's goals.
- Reputational risk – related to the Council's dealings and interests and the impact of adverse outcomes on the Council's reputation and public perception.
- Environmental and social risk – related to the environmental and social impact of the Council's strategy and interests.
- Governance risks – related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making.

Managing the Council's risk is an area of significant focus for senior management and Members, with the aim of minimising its exposure to risk.

ANNEX 1: QUALITATIVE INDICATORS

	2025/26 Estimate	2026/27 Estimate
Debt to Net Service Expenditure (NSE)	41.95%	49.14%
Investment Property Income to NSE Ratio	0.14%	0.15%
Loan to Value Ratio	27.12%	30.08%
Gross Income from Investment Properties	£1.113m	£1.135m
Net Income from Investment Properties	£0.747m	£0.777m

The indicators above provide information in regard to the Council's reliance upon investments to fund service expenditure and the exposure of the Council to borrowing.

ANNEX 2: CAPITAL PROJECT GATEWAY PROCESS

The purpose of the Gateway Process is to ensure that:

- Projects find their way into the programme in a consistent, structured and objective way.

- Officers are clear as to the governance route for accessing capital funding.

- Projects have defined budgets and timescales and any variances are identified and managed.

- Risks are identified and appropriate mitigations put in place.

- Before a project is accepted into the capital programme:

  - appropriate feasibility works are commissioned and completed to provide cost certainty / deliverability.

  - the costs, benefits and risks are properly assessed.

  - there is a proper assessment of readiness to deliver.

  - the procurement route is determined.

- Projects continue to meet corporate objectives and provide value for money as they proceed to the delivery stage.

- Lessons are learned and disseminated across the Council.

The Gateway Process

Gate 1 - Proposal to Capital Asset & Investment Group (CAIG)

Gate 2 - Business Case to Strategic Asset & Investment Group (CAIG)

Gate 3 - Approval of scheme, submission of Report to Cabinet or via delegated executive decision (as appropriate)

Gate 4 - Tender evaluation report

Gate 5 - Lessons learned report to Capital Asset & Investment Group (CAIG)

The information required at each Gate will be commensurate with the size and complexity of the project in question. CAIG may agree that for the purposes of this gateway process projects may, where appropriate, be combined.

Gate 1	
Following consideration at the respective Directorate's DMT, the proposal is submitted to CAIG for assessment, along with any supporting evidence. **Submissions** Proposal **Evaluation Criteria** At this stage proposal should be evaluated and reviewed to consider: • Strategic Fit with the Council's Priorities • Fit with Internal & External Partners • Economic Value • Risk & Deliverability • Financial Implications • Social Value • Borough Priorities • Timescales • General Affordability At this stage, it should be considered whether a feasibility study will be required. This should include a proposed timescale in which it will be carried out and funding for the feasibility study identified. The scheme will be evaluated and prioritised against other current and future financial commitments.	
Outcome	Proceed to Gate 2 or reject. CAIG may make recommendations for amendments or further information to be included in the proposal. Gateway 1 should be repeated until CAIG provide confirmation that the proposal may proceed to Gate 2. Funding for feasibility costs need to be identified as part of this gateway.
Gate 2	
The Business Case is submitted to CAIG for review. **Submissions** • Full Business Case – including Procurement Proposals & detailed Timescales. • Resource & Funding Plans • Options Appraisal & Feasibility Assessment (if required) • Risk Register **Evaluation Criteria** • Cross portfolio Strategic fit with other projects and strategies • Fit with Capital Strategy • People Management Requirements	

• Deliverability and Resource Requirements • Cost forecasts & budgets • Amount and source of any required funding • Full lifetime costing of the project or asset. • Impact of capital financing costs on the revenue budget where borrowing is used. • Planned outcomes to be delivered. • A full risk assessment including mitigating actions. • Appropriate due diligence in the form of financial and legal scrutiny (including external support when appropriate) • The revenue impact and financial affordability • VAT Implications including partial exemption implications. A business case model has been designed based on the Treasury's 5 Case Model, with different degrees of detail required based on the value of the project.	
Outcome	Proceed to Gate 3 or reject. Confirmation granted that the project will be recommended for inclusion in the Capital Programme or whether the project will be deferred.
Gate 3	
A detailed report is submitted to Cabinet requesting formal approval for the project to be included in the capital programme with approved capital budget or provisional capital allocation. The report should also provide for delegation to the appropriate Executive Director in conjunction with the Executive Director of Corporate Services to subsequently undertake an appropriate procurement process and award the contract via delegated executive decision. **Submissions** Business Case Resource Plan Procurement Strategy Confirmed Budgets and Costs **Evaluation Criteria** • Strategic Fit with Capital Programme • Strategic Fit with Council's Priorities • Formal Financial approval	
Outcome	Proceed to Gate 4 or reject. The project is included in the Capital Programme along with budget approval. The project may proceed to procurement in accordance with the procurement proposals outlined in the business case & procurement strategy.

<table>
<tr><th colspan="2">Gate 4</th></tr>
<tr><td colspan="2">A tender evaluation report including details of all tenders received, the evaluation process used for selection and reasons for selecting the preferred tender. This report should be approved via delegated executive decision with reference to the Cabinet report and delegations previously approved.

Submissions
Tender Evaluation Report

Evaluation Criteria
• Delivery Resource Requirements
• Affordability against Budget</td></tr>
<tr><td>Outcome</td><td>The contract is awarded to the preferred tender option.

Proceed to Gate 5</td></tr>
<tr><th colspan="2">Gate 5</th></tr>
<tr><td colspan="2">A benefits review should be carried out and be submitted to CAIG post project to review how the project has met the desired outcomes.

Submissions
Lessons Learned Report
Performance Review Report
Benefits Realisation Report

Evaluation Criteria & Actions
Assess whether the anticipated outcomes are being achieved.
Assess how realistic the justifications within the business case were.
Share Lessons Learned Report
Share Benefits Review
Include Project in Annual Performance Review</td></tr>
<tr><td>Outcome</td><td>Confirmation received that the reports are satisfactory and that no further information is required.

Project Close.</td></tr>
</table>

APPENDIX 4(a) - SUMMARY CAPITAL PROGRAMME 2025/26 to 2027/28

Portfolio	2025/26	2026/27	2027/28
	£000	£000	£000
Children & Young People	16,339	1,808	1,250
Integrated Health & Care	25	0	0
Supporting Neighbourhoods	4,936	3,868	3,643
Business, Culture & Leisure	1,428	0	0
Finance & Governance	210	0	0
People, Performance & ICT	600	0	0
Transport & Environment	23,354	14,618	9,620
Inclusive Growth & Regeneration	64,788	43,073	33,246
Cross Portfolio	3,956	4,177	0
TOTAL	**115,636**	**67,544**	**47,759**
Source of Funding	**2025/26**	**2026/27**	**2027/28**
	£000	**£000**	**£000**
Grants / Other Contributions	83,059	32,968	11,913
Capital Receipts	5,169	4,582	0
Revenue Contribution	5,024	2,400	2,400
Borrowing	21,695	27,594	33,446
Tax Increment Financing (Borrowing)	689	0	0
TOTAL	**115,636**	**67,544**	**47,759**

APPENDIX 4(b) - DETAILED CAPITAL PROGRAMME 2025/26 TO 2027/28

CHILDREN & YOUNG PEOPLE PORTFOLIO	2025/26	2026/27	2027/28	Total	Funding: Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools									
Allanson Street – Structural	35	0	0	35	0	0	0	0	35
Allanson Street – Windows	90	0	0	90	0	0	0	0	90
Allanson Street – Heating	90	0	0	90	0	0	0	0	90
Bleak Hill – Drainage	70	0	0	70	0	0	0	0	70
Bleak Hill – Lighting	45	0	0	45	0	0	0	0	45
Broad Oak – Windows	90	0	0	90	0	0	0	0	90
Broad Oak – Structural	45	0	0	45	0	0	0	0	45
Ecclestone Lane – Heating	90	0	0	90	0	0	0	0	90
Grange Valley – Roof	55	0	0	55	0	0	0	0	55
Merton Bank Structural Works	49	0	0	49	0	0	0	0	49
Merton Bank – Dining Room Damp	45	0	0	45	0	0	0	0	45
Merton Bank – Dining Room Windows	90	0	0	90	0	0	0	0	90
Rectory – SEND Provision	220	0	0	220	0	0	0	0	220
Rivington – Roof	75	0	0	75	0	0	0	0	75
Rivington – Windows	90	0	0	90	0	0	0	0	90

CHILDREN & YOUNG PEOPLE PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Robins Lane – Roof	90	0	0	90	0	0	0	0	90
Robins Lane – Windows	140	0	0	140	0	0	0	0	140
Sutton Manor Health & Safety Works	45	0	0	45	0	0	0	0	45
Sutton Oak Boiler Replacement	75	0	0	75	0	0	0	0	75
Thatto Heath Structural Works	20	0	0	20	0	0	0	0	20
Thatto Heath – Heating	90	0	0	90	0	0	0	0	90
Thatto Heath – SEND Provision	220	0	0	220	0	0	0	0	220
Wargrave – Drainage	35	0	0	35	0	0	0	0	35
Secondary Schools									
De La Salle SEND Base	944	0	0	944	0	0	0	0	944
Special & Other Schools									
Launchpad Roof Renewal	100	0	0	100	0	0	0	0	100
Pupil Referral Unit Heating	35	0	0	35	0	0	0	0	35
Other Schemes									
School Devolved Formula Capital	1,000	250	250	1,500	0	0	0	0	1,500
Children's Residential Homes	1,049	0	0	1,049	1,049	0	0	0	0
Various Schools – Fire Safety	190	0	0	190	0	0	0	0	190
ACM Removal	45	0	0	45	0	0	0	0	45

CHILDREN & YOUNG PEOPLE PORTFOLIO	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	Borrowing £000	TIF £000	Capital Receipts £000	Revenue £000	Grants / Conts. £000
Uncommitted Grant Funding									
Health Pupils Capital Funding	125	0	0	125	0	0	0	0	125
Higher Needs Capital Grant	4,873	0	0	4,873	0	0	0	0	4,873
Basic Need Uncommitted	690	558	0	1,248	0	0	0	0	1,248
School Condition Funding Uncommitted	5,394	1,000	1,000	7,394	0	0	0	0	7,394
TOTAL	**16,339**	**1,808**	**1,250**	**19,397**	**1,049**	**0**	**0**	**0**	**18,348**

SUPPORTING NEIGHBOURHOODS PORTFOLIO	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	Borrowing £000	TIF £000	Capital Receipts £000	Revenue £000	Grants / Conts. £000
Disabled Facilities Grants and Adaptations	4,473	3,463	3,643	11,579	438	0	0	0	11,141
Emergency Fund (Housing)	80	80	0	160	80	0	80	0	0
General Fund Housing (Housing Assistance)	75	75	0	150	36	0	114	0	0
Housing Clearance and Enforcement	50	50	0	100	50	0	50	0	0
Insulation Measures and Fuel Poverty	258	200	0	458	250	0	200	0	8
TOTAL	**4,936**	**3,868**	**3,643**	**12,447**	**854**	**0**	**444**	**0**	**11,149**

FINANCE & GOVERNANCE PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
New Revenue & Benefits System	210	0	0	210	0	0	210	0	0
TOTAL	**210**	**0**	**0**	**210**	**0**	**0**	**210**	**0**	**0**

PEOPLE, PERFORMANCE & ICT PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
ICT Device & Systems Refresh	600	0	0	600	0	0	0	600	0
TOTAL	**600**	**0**	**0**	**600**	**0**	**0**	**0**	**600**	**0**

TRANSPORT & ENVIRONMENT PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highway Schemes									
KRN Levelling Up (A580 Structures)	1,650	0	0	1,650	0	0	0	0	1,650
Active Travel Fund – Tranche 3	1,076	0	0	1,076	0	0	0	0	1,076
Peasley Cross Roundabout	2,048	0	0	2,048	0	0	0	0	2,048
Active Travel Fund – Tranche 4	650	0	0	650	0	0	0	0	650
CRSTS – Indicative Estimate	0	0	7,020	7,020	0	0	0	0	7,020
CRSTS – Active Travel-City Region	870	870	0	1,740	0	0	0	0	1,740
CRSTS – Strategic Maintenance	3,810	3,310	0	7,120	0	0	0	0	7,120
CRSTS – Bridges	810	710	0	1,520	0	0	0	0	1,520
CRSTS – Technology & Comms Upgrade	1,310	1,010	0	2,320	0	0	0	0	2,320
CRSTS – Potholes	410	410	0	820	0	0	0	0	820
CRSTS – Flooding / Drainage	1,110	710	0	1,820	0	0	0	0	1,820
CRSTS – Resource Funding	825	638	0	1,463	0	0	0	0	1,463
Cowley Hill Link Road	4,370	4,360	0	8,730	0	0	0	0	8,730
Environmental Schemes									
Climate Change Emergency Response Fund	46	0	0	46	46	0	0	0	0
St Helens Cemetery and Crematorium Flood Alleviation Scheme	285	0	0	285	0	0	190	0	95
Resources and Waste Strategy	590	0	0	590	590	0	0	0	0
Fleet Replacement Programme	3,100	2,600	2,600	8,300	2,600	0	0	5,700	0
Hardshaw Brook Depot Drainage and Surface Improvements	394	0	0	394	0	0	394	0	0
TOTAL	**23,354**	**14,618**	**9,620**	**47,592**	**3,236**	**0**	**584**	**5,700**	**38,072**

BUSINESS, CULTURE & LEISURE PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Libraries ICT Refresh	44	0	0	44	44	0	0	0	0
Parr Swimming & Fitness Centre Demolition	1,032	0	0	1,032	1,032	0	0	0	0
Sutton Leisure Centre – Swimming Provision	352	0	0	352	352	0	0	0	0
TOTAL	**1,428**	**0**	**0**	**1,428**	**1,428**	**0**	**0**	**0**	**0**

INCLUSIVE REGENERATION & GROWTH PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chalon Way Meanwhile Use	142	0	0	142	142	0	0	0	0
Building Capital Maintenance	500	500	500	1,500	0	0	0	1,500	0
St Helens Town Centre Masterplan	1,800	0	0	1,800	1,800	0	0	0	0
St Helens Town Centre Phase 1 Investment	12,842	26,894	32,746	72,482	65,911	0	0	2,000	4,571
The Gamble Building (Phase 4)	356	0	0	356	136	0	220	0	0
Earlestown Regeneration	391	0	0	391	391	0	0	0	0
Earlestown Market	8,588	0	0	8,588	2,649	0	0	0	5,939
Earlestown Town Hall (Internal)	5,364	0	0	5,364	1,276	0	0	0	4,088
Earlestown Railway Station	9,177	0	0	9,177	3,258	0	0	0	5,919
Parr Footbridge Art Installation	25	0	0	25	25	0	0	0	0
Town Deal - Glass Futures Ph 2	1,844	0	0	1,844	0	0	0	0	1,844
Town Deal - Cannington Shaw	277	0	0	277	0	0	0	0	277
Town Deal - Digital Infrastructure	1,639	0	0	1,639	0	0	0	24	1,615
Town Deal - Health Hub	715	0	0	715	0	0	0	0	715
Town Centre Bus Station Strategic Acquisitions	580	0	0	580	580	0	0	0	0
St Helens Multi Modal Interchange	18,679	15,679	0	34,358	0	0	0	0	34,358
Bold Forest Garden Masterplan	160	0	0	160	0	0	160	0	0
Evelyn Avenue – Remedial Works	1,020	0	0	1,020	0	0	0	0	1,020
Life Science Investment Zone TIF									
Project Halo pre-development	689	0	0	689	0	689	0	0	0
TOTAL	**64,788**	**43,073**	**33,246**	**141,107**	**76,168**	**689**	**380**	**3,524**	**60,346**

CROSS PORTFOLIO	2025/26	2026/27	2027/28	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital Receipts Funding for Essential Capital Works	3,956	4,177	0	8,133	0	0	8,133	0	0
TOTAL	**3,956**	**4,177**	**0**	**8,133**	**0**	**0**	**8,133**	**0**	**0**

TOTAL	**115,636**	**67,544**	**47,759**	**230,939**	**82,735**	**689**	**9,751**	**9,824**	**127,940**

APPENDIX 5: FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2025/26

The Government have provided a time limited flexibility to use capital receipts from the disposal of property, plant and equipment assets to fund the revenue cost of service transformation and costs that support invest-to-save and efficiency projects designed to provide revenue savings in the future. In December 2023, the Secretary of State announced that the flexibility would be extended to March 2030.

Revenue expenditure qualifies to be funded from the capital receipt flexibility if it has been incurred on any project that is designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services in future years for the Council or any of its public sector delivery partners.

The flexibility provides an alternative way of funding the one-off transformation costs and up-front investment associated with delivery of recurring savings which are required to deliver a balanced budget in future years.

As previously agreed, the Council's Medium Term Financial Strategy includes a requirement for Council wide revenue savings from the restructuring and reconfiguring of Council services to meet the existing and forecast future funding gaps.

For 2024/25 approval was provided to use £1m capital receipts to cover the costs associated with the reconfiguration of services, restructuring or rationalisation. The actual use will be reported to Cabinet at outturn.

For 2025/26, it is proposed to again make use of the flexibility to fund £1m of expenditure associated with the reconfiguration of services, restructuring or rationalisation.

The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing this Strategy. The expenditure to be incurred will be included in the capital programme to be funded by capital receipts generated in the financial year. The capital expenditure prudential indicators will be calculated, amended and approved as appropriate.

These receipts have not been earmarked for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required within the Council's Statement of Accounts.

This strategy will be monitored throughout the financial year.

APPENDIX 6: PORTFOLIO / PRIORITY BUDGET SUMMARIES 2025/26

INDEX OF APPENDIX 6

The following tables analyse portfolio and priority budgets across services and detail the nature of expenditure and income.

Service Analysis – Children and Young People Portfolio   Appendix 6(i)

Children and Young People	**Allowed Budget 2025/26 £000**	**Allowed Expenditure 2025/26 £000**	**Allowed Income 2025/26 £000**
Schools – Delegated Budget			
Early Years	0	24,962	(24,962)
Primary	0	81,332	(81,332)
Secondary	0	19,769	(19,769)
Special	0	12,530	(12,530)
Schools Total	**0**	**138,593**	**(138,593)**
Non-Schools			
Alternative Provision	56	3,626	(3,570)
Child Protection	14,717	15,359	(642)
Children Looked After	34,451	45,213	(10,762)
Children's Centres and Early Help	1,554	4,318	(2,764)
CWD Services	2,209	2,687	(478)
Family Support Services	903	2,836	(1,933)
LA/Corporate Expenditure Attributable to Schools	6,812	18,535	(11,723)
Other Education Functions	10,459	20,172	(9,713)
Service Strategy - Education	0	666	(666)
Service Strategy - Social Care	124	799	(675)
Youth Justice Services	733	2,089	(1,356)
Non Schools Total	**72,018**	**116,300**	**(44,282)**
Total	**72,018**	**254,893**	**(182,875)**

Service Analysis – Integrated Health and Care Portfolio **Appendix 6(ii)**

Integrated Health and Care	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
People's Services Directorate			
Physical Support - Frail and Elderly	16,036	42,092	(26,056)
Sensory Support	740	965	(225)
Support with Memory and Cognition	9,133	17,989	(8,856)
Learning Disability Support	28,572	45,075	(16,503)
Mental Health Support	4,798	5,967	(1,169)
Assistive Equipment and Technology	1,462	3,683	(2,221)
Care Management - Assessment and Review	8,259	12,860	(4,601)
Transport and Generic Services	354	1,738	(1,384)
Management, Commissioning and Support Services	0	5,480	(5,480)
Total	**69,354**	**135,849**	**(66,495)**

Service Analysis – Public Health Portfolio **Appendix 6(iii)**

Wellbeing, Culture and Heritage	**Allowed Budget 2025/26 £000**	**Allowed Expenditure 2025/26 £000**	**Allowed Income 2025/26 £000**
People's Services Directorate			
Sexual Health	1,954	1,954	0
Primary Care	82	82	0
Public Health Advice	640	640	0
Obesity	791	791	0
Physical Activity	648	648	0
Substance Misuse	2,629	4,578	(1,949)
Stop Smoking Services & Interventions	417	628	(211)
Healthy Child Programme	4,378	4,378	0
Miscellaneous Public Health Services	2,128	2,128	0
Management & Support Services	0	0	0
Public Health Grant	(13,566)	0	(13,566)
Total	**101**	**15,827**	**(15,726)**

Service Analysis – Finance & Governance Portfolio **Appendix 6(iv)**

Corporate Services	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Corporate Services Directorate			
Local Tax Collection	1,381	4,311	(2,930)
Contact Centre	0	1,958	(1,958)
Emergency Planning	144	144	0
Local Welfare Assistance Schemes	237	3,797	(3,560)
Grants and Donations	39	40	(1)
Non-Distributed Costs	1,155	1,178	(23)
Finance	0	7,078	(7,078)
Audit and Risk	0	1,429	(1,429)
Coroners Court Services	340	340	0
Registration of Births, Deaths & Marriages	64	313	(249)
Democratic Representation & Management	1,735	1,735	0
Elections	386	439	(53)
Legal Services	0	276	(276)
Governance & Administration	0	2,097	(2,097)
Housing Benefit Administration	905	44,469	(43,564)
Corporate Management	1,474	1,474	0
Other Services	0	129	(129)
Total	**7,860**	**71,207**	**(63,347)**

Service Analysis – People, Performance & IT Portfolio **Appendix 6(v)**

Corporate Services	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Corporate Services Directorate			
People Management	0	3,866	(3,866)
I.T	0	6,391	(6,391)
Press & Public Affairs	0	1,608	(1,608)
Policy Development	0	2,665	(2,665)
Organisational Development	0	1,193	(1,193)
Total	**0**	**15,723**	**(15,723)**

Service Analysis – Business, Culture & Leisure Portfolio Appendix 6(vi)

Economy, Business and Skills	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
People's Services Directorate			
Adult Community Learning	24	784	(760)
People's Services Directorate Total	**24**	**784**	**(760)**
Place Services Directorate			
Arts Development and Support	377	424	(47)
Archiving	255	610	(355)
Sports Development	(35)	330	(365)
Indoor Sports & Recreation	1,677	5,579	(3,902)
Outdoor Sports & Recreation	516	673	(157)
Library Services	2,556	2,702	(146)
Tourism and Events	20	20	0
Place Services Directorate Total	**5,366**	**10,338**	**(4,972)**
Total	**5,390**	**11,122**	**(5,732)**

Service Analysis – Transport & Environment Portfolio **Appendix 6(vii)**

Transport & Environment	**Allowed Budget 2025/26 £000**	**Allowed Expenditure 2025/26 £000**	**Allowed Income 2025/26 £000**
Place Services Directorate			
Parking Services	304	1,425	(1,121)
Highways Maintenance	10,726	13,248	(2,522)
Street Lighting	2,325	2,483	(158)
Traffic Management and Road Safety	794	1,085	(291)
Transport Planning, Policy & Strategy	553	553	0
Parks & Open Spaces	2,972	3,127	(155)
Street Cleansing	2,553	2,747	(194)
Cemetery and Crematorium	(526)	2,194	(2,720)
Waste Collection	3,509	4,334	(825)
Recycling	4,417	9,570	(5,153)
Climate Change	27	52	(25)
Direct Services	155	25,166	(25,011)
Management & Support Services	0	1,076	(1,076)
Total	**27,809**	**67,060**	**(39,251)**

Service Analysis – Inclusive Growth & Regeneration Portfolio Appendix 6(viii)

Regeneration & Planning	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Place Services Directorate			
Economic Development	249	1,272	(1,023)
Building Control	459	839	(380)
Development Control	716	1,806	(1,090)
Planning Policy	533	708	(175)
Estates - Industrial & Commercial Premises (including Town Centre)	690	6,014	(5,324)
Market Undertakings	641	1,013	(372)
Growth Delivering Prosperity	7,042	18,428	(11,386)
Management & Support Services	0	1,705	(1,705)
Building Support Services	0	7,123	(7,123)
Estates Management	0	740	(740)
Total	**10,330**	**39,648**	**(29,318)**

Service Analysis – Supporting Neighbourhoods Portfolio   Appendix 6(ix)

Safer Communities	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Place Services Directorate			
Housing Services	4,477	10,559	(6,082)
Homelessness	136	1,799	(1,663)
Community Safety	2,001	2,769	(768)
Environmental Health	1,158	1,648	(490)
Trading Standards	592	607	(15)
Licensing & Land Charges	268	974	(706)
Total	**8,632**	**18,356**	**(9,724)**

Service Analysis **Appendix 6(x)**

Priority 1 – Ensure children and young people have a positive start in life

	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Schools Delegated Budgets	0	138,593	(138,593)
Total Schools	**0**	**138,593**	**(138,593)**
Alternative Provision	56	3,626	(3,570)
Child Protection	14,717	15,359	(642)
Children Looked After	34,451	45,213	(10,762)
Children's Centres and Early Help	1,554	4,318	(2,764)
CWD Services	2,209	2,687	(478)
Family Support Services	903	2,836	(1,933)
LA/ Corporate Expenditure Attributable to Schools	6,812	18,535	(11,723)
Other Education Functions	10,459	20,172	(9,713)
Service Strategy - Education	0	666	(666)
Service Strategy – Social Care	124	799	(675)
Youth Justice Services	733	2,089	(1,356)
Total Non-Schools	**72,018**	**116,300**	**(44,282)**
Total	**72,018**	**254,893**	**(182,875)**

Service Analysis **Appendix 6(xi)**

Priority 2 – Promote good health, independence and care across our communities.

	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Assistive Equipment and Technology	1,462	3,683	(2,221)
Care Management - Assessment and Review	8,259	12,860	(4,601)
Healthy Child Programme	4,378	4,378	0
Learning Disability Support	28,572	45,075	(16,503)
Management, Commissioning and Support Services	0	5,480	(5,480)
Mental Health Support	4,798	5,967	(1,169)
Miscellaneous Public Health Services	2,128	2,128	0
Obesity	791	791	0
Physical Activity	648	648	0
Physical Support - Frail and Elderly	16,036	42,092	(26,056)
Primary Care	82	82	0
Public Health Advice	640	640	0
Public Health Grant	(13,566)	0	(13,566)
Sensory Support	740	965	(225)
Sexual Health	1,954	1,954	0
Stop Smoking Services & Interventions	417	628	(212)
Substance Misuse	2,629	4,577	(1,949)
Support with Memory and Cognition	9,133	17,989	(8,856)
Transport and Generic Services	354	1,738	(1,384)
Total	**69,455**	**151,676**	**(82,221)**

Priority 3 – Create safe and strong communities and neighbourhoods for all

	Allowed Budget 2025/26 £000	**Allowed Expenditure 2025/26 £000**	**Allowed Income 2025/26 £000**
Community Safety	2,001	2,769	(768)
Environmental Health	1,158	1,648	(490)
Homelessness	136	1,799	(1,663)
Housing Benefits Administration	905	44,469	(43,564)
Housing Services	4,477	10,559	(6,082)
Licencing and Land Charges	268	974	(706)
Trading Standards	592	607	(15)
Total	**9,537**	**62,825**	**(53,288)**

Priority 4 – Support a strong, thriving, inclusive and well-connected local economy.

	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Adult & Community Learning	24	784	(760)
Building Control	459	839	(380)
Development Control	716	1,806	(1,090)
Economic Development	249	1,272	(1,023)
Estates – Industrial & Commercial Premises (including Town Centre)	690	6,014	(5,324)
Growth Delivering Prosperity	7,042	18,428	(11,386)
Management & Support Services	0	1,705	(1,705)
Market Undertakings	641	1,013	(372)
Parking Services	304	1,425	(1,121)
Planning Policy	533	708	(175)
Transport Planning, Policy & Strategy	553	553	0
Total	**11,211**	**34,547**	**(23,336)**

Service Analysis **Appendix 6(xiv)**

Priority 5 – Create green and vibrant places that reflect our heritage and culture

	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Archiving	255	610	(355)
Arts Development and Support	377	424	(47)
Climate Change	27	52	(25)
Direct Services	155	25,166	(25,011)
Highways Maintenance	10,726	13,248	(2,522)
Indoor Sports & Recreation	1,677	5,579	(3,902)
Library Services	2,556	2,702	(146)
Outdoor Sports & Recreation	516	673	(157)
Parks & Open Spaces	2,972	3,127	(155)
Recycling	4,417	9,570	(5,153)
Sports Development	(35)	330	(365)
Street Cleansing	2,553	2,747	(194)
Street Lighting	2,325	2,483	(158)
Tourism & Events	20	20	0
Traffic Management & Road Safety	794	1,085	(291)
Waste Collection	3,509	4,334	(825)
Total	**32,844**	**72,150**	**(39,306)**

Service Analysis **Appendix 6(xv)**

Priority 6 – Be a responsible Council.

	Allowed Budget 2025/26 £000	Allowed Expenditure 2025/26 £000	Allowed Income 2025/26 £000
Audit and Risk	0	1,429	(1,429)
Building Support Services	0	7,123	(7,123)
Estates Management	0	740	(740)
Cemetery and Crematorium	(526)	2,194	(2,720)
Contact Centre	0	1,958	(1,958)
Coroners Court Services	340	340	0
Corporate Management	1,474	1,474	0
Democratic Representation & Management	1,735	1,735	0
Elections	386	439	(53)
Emergency Planning	144	144	0
Finance	0	7,078	(7,078)
Governance & Administration	0	276	(276)
Grants & Donations	39	40	(1)
IT	0	6,391	(6,391)
Legal Services	0	2,097	(2,097)
Local Tax Collection	1,381	4,311	(2,930)
Local Welfare Assistance Schemes	237	3,797	(3,560)
Management and Support Services	0	1,076	(1,076)
Non-Distributed Costs	1,155	1,178	(23)
Organisational Development	0	1,193	(1,193)
People Management	0	3,866	(3,866)
Policy Development	0	2,665	(2,665)
Press and Public Affairs	0	1,608	(1,608)
Registrar of Births, Deaths and Marriages	64	313	(249)
Other Services	0	129	(129)
Total	**6,429**	**53,594**	**(47,165)**

APPENDIX 7: OVERVIEW AND SCRUTINY COMMISSION STATEMENT

1.1 The Overview and Scrutiny Commission (Commission) established a cross-party Task Group to examine the robustness of the 2025/26 budget setting process undertaken by Cabinet Members and officers. To examine the budget setting process, the Task Group held a meeting on 16 January 2025. Cabinet Members and senior officers attended the meeting to provide an overview of the processes they undertook to determine the decisions that were required to set a balanced budget. The Commission is thankful to all Cabinet Members and 77 7 Senior Officers for their commitment to supporting the scrutiny process.

1.2 The Commission notes the overspends and undelivered savings that have occurred this year as documented within the Financial Monitoring Reports for Quarter 1 and Quarter 2. The reasoning behind the Council's financial position following quarter 2 is well understood by officers and Cabinet members and the Commission notes the efforts that have been taken to address those budget pressures.

1.3 The Commission recognises that demand for Children's and Adults' services together with inflationary pressures have contributed hugely to an increase in costs to the Council that are difficult to mitigate and are unavoidable. The Commission also notes the pressure pay increases and increases in employer national insurance contributions have had across the Council but particularly in Place where a large proportion of staff are employed.

1.4 The Commission is reassured with regard to the stability of the Council's financial position given the additional funding from Grants, Business Rates and in-year savings that have enabled the Council to again set a balanced budget. The Commission notes, however, that increased revenue will not lead to additional spending power but rather cover the increased costs that the Council is facing.

1.5 Overall, the Commission is satisfied that the Council's budget setting process has been robust and that decisions regarding spending plans are well understood and relevant information has been taken into account.

1.6 The Commission acknowledges that the public consultation process was ongoing during the work of the Task Group so feedback from the public was not available for Members to consider as part of their deliberations. The Commission notes that as budgets had already been projected as part of the MTFS the consultation process is different this year. The Commission is assured that the feedback from the public will be given due consideration during the finalising of the Council's budget.

1.7 The Commission will continue to play its role in holding services to account for the delivery of savings through its work on the Quarterly Financial Monitoring Reports and contribute to efforts to communicate effectively with the public on this issue where appropriate.

APPENDIX 8: RESERVES STRATEGY

BACKGROUND

The Council continues to face significant financial challenges and although additional funding has been provided there still remains uncertainty with regard to future funding levels. Nonetheless, the Council remains committed to delivering its ambitious strategic priorities and being a modern, efficient Council and it will continue to prioritise resources for key service objectives whilst at the same time delivering services within budget constraints. Ensuring financial sustainability over the medium term is a priority for the Council.

Reserves play a vital role in offering transitional support, to act as a financial buffer as the Council adapts to organisational changes. They offer time-limited opportunities for investment, to aid strategic delivery.

It is imperative that the Council has a robust Reserves Strategy that reflects its future needs. Reserves must be set at a level that adequately mitigates risk and uncertainty whilst also providing opportunities for investment (within the confines of overall affordability and resource availability). As part of the budget-setting process, a minimum level of general reserves has been determined for the Council to be considered a going concern.

Wherever possible the Council's policy will look to build reserves over the medium term, to support its strategic priorities and enhance resilience. This strategy has served the Council well and will continue to be reviewed in future versions of this strategy.

The Reserves Strategy also sets out the protocol for use of reserves and reassesses the adequacy of reserves.

LEGISLATIVE/REGULATORY FRAMEWORK

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are no statutory minimum levels imposed, and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA) or other external agencies to give prescriptive guidance on the minimum or maximum level of reserves required, either as an absolute amount or a percentage of the budget.

The adequacy of reserves levels is therefore a matter of local judgement, bearing in mind the level of risk the Council faces and the requirement to provide non-recurring support for strategic priorities.

Reserves management strategies are subjective, and particularly during periods of challenging financial environments. Professional and regulatory bodies suggest that reserves should be increased over the medium term, to ensure financial sustainability, whilst previous governments have argued that councils should utilise their reserves over the short to medium term.

The Council's auditors will assess levels of reserves part of their annual audit and may make recommendations about the adequacy of those levels with regard to the financial sustainability of the Council.

ROLE OF THE CHIEF FINANCIAL OFFICER

Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer to advise the local authority about the level of reserves it should hold and to ensure that there are clear protocols for their establishment and use.

This requirement is also reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted, and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

PURPOSE OF RESERVES & BALANCES

Reserves can be classed as general or earmarked reserves. They represent funds that are not part of the normal recurring budget of the Council but are a discrete resource of finite funds.

General reserves are set aside to cushion against uncertainty, to act as an emergency fund in exceptional circumstances and to ensure that the Council remains a going concern. They are funds of last resort, to be used for unknown risks when all other reserves or budgets have been completely depleted.

The Council's current level of general reserves is set at £12m, which is 5.5% of the proposed 2025/26 net revenue budget. This is considered a prudent level set aside to ensure that the Council remains financially liquid. It has been benchmarked against that of comparator authorities as defined by CIPFA's Financial Resilience Index, with most comparator authorities' general reserves levels being between 3% and 8% of net revenue expenditure.

Earmarked reserves are held:

- To mitigate against specific risks that the Council faces
- To cushion against uncertainty
- To provide for anticipated liabilities
- To provide for short-term investment in strategic priorities
- To support the operational delivery of specific services
- To provide resource cover for invest-to-save opportunities
- To smooth the impact on the revenue budget where there may be timing differences between expenditure incurred and related income receivable

These reserves are either held for strategic purposes to give flexibility in the use of corporate resources, or as ringfenced reserves for operational needs.

It has in recent years been difficult to increase Council reserves but opportunities to augment reserve levels will be taken as opportunities arise. It is important that clear protocols are in place for the use of each earmarked reserve, setting out:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- An assessment of the adequacy of the reserve in light of risk factors
- Procedures for the reserve's management and control

- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

RISK FACTORS

The table below identifies the key risks that are mitigated and managed through this Reserves Strategy.

Risk	Reserve
Short-term liquidity and cash flow	General
Unforeseen emergencies	General
Strategic service transformation and ability to ensure services remain fit for purpose and deliver value for money.	Transformation
Achievement of high-priority strategic objectives that require pump-priming or inward investment.	Growth / Transformation/ Strategic Priorities
Financial risks inherent in major developments and projects that are aligned to strategic priorities.	All reserves as appropriate to project
The need for interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform outside the Council's direct control.	Insurance & Contingent Liability
Fluctuations, loss and uncertainty in funding or income levels, coupled with the Council's ability to respond in a timely way, providing a buffer to enable the Council to adapt.	Funding Reform & Volatility
Variations in Business Rates yield due to the impact of appeals and other factors which can reduce funding availability.	Funding Reform & Volatility
Cost increases significantly above the inflation provision built into the budget.	Inflationary
Changes in demand for services	Transformation
Volatility of pension fund position	Funding Reform & Volatility

Risk	Reserve
Crystallisation of risks/events of uncertain timing	Insurance and Contingent Liability
Impact of timing delays between borrowing costs incurred under TIF regulations and the associated receipt of additional Business Rates income.	Tax Increment Financing
Impact of timing delays between costs incurred to deliver other strategic objectives and the associated receipt of additional income.	Funding Reform & Volatility

REPORTING FRAMEWORK

The Medium Term Financial Strategy includes a forward forecast of future balances for the relevant period. The Council's annual revenue budget includes a statement showing the forecast movements in reserves during the one-year budget period.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Financial Officer and/or their deputy. The protocols covering all reserves are set out in the following table.

EARMARKED RESERVES PROTOCOL

Purpose	Process for Use (subject to statutory and Council decision-making protocols, e.g. relating to limits of approval) *
Transformation Reserve Access to the fund is available for services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes. In addition, the fund can also be utilised to ensure equipment supports the latest advancements in technology and/or delivers the Council's modernisation programme. The fund may also be accessed to promote the climate change agenda and support the development of services which create a greener and sustainable environment.	Individual projects will require clearly defined and measurable outputs which enable or deliver key transformation objectives. Accessed via Operational/Delegated Executive Decision by the Chief Executive or Executive Directors.
Growth Reserve The use of this reserve will be to support the delivery of developments which would enhance the economic growth of the Borough, attracting new business/employment opportunities and securing the long-term viability of the Borough's town centres and localities.	Proposed usage must be linked to regeneration of the Borough and demonstrate wider benefits, including supporting the growth agenda and the attraction of new businesses. Accessed via Operational/Delegated Executive Decision by the Chief Executive, Executive Director of Place Services and the Director of Finance (Section 151 Officer).
Funding Reform & Volatility Reserve The purpose of this reserve is to afford the Council resilience to the uncertainties in future changes in government funding and finance reform, and to smooth out resources during the transition period. It is also used to absorb smoothing related to: (i) the complex arrangements for Business Rates and the volatility of the Business Rates mechanism, which can involve reconciling payments over a number of years. (ii) timing delays between costs incurred to deliver strategic objectives and the associated receipt of additional income.	The use of the funding must be agreed by the Director of Finance (Section 151 Officer).

(iii) the potential volatility of payments and commitments to the Pension fund, based on changing valuations of the funds' assets and liabilities.	
Waste Management Development Fund Merseyside Recycling and Waste Authority (MRWA) previously arranged for the distribution of its Waste Development Fund to its constituent districts. As part of this arrangement, the Council entered into a Memorandum of Understanding with MRWA as to how these funds should be used to deliver the Joint Recycling and Waste Management Strategy (JRWMS) targets and objectives.	Proposals must relate to necessary service changes to achieve the delivery of the JRWMS. Accessed via Operational/Delegated Executive Decision by the Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Insurance & Contingent Liability Reserve To provide resource cover for additional and unforeseen insurance claims which may be brought in the future, and also financial risks that the Council may face in the form of contingent liabilities. In addition, the reserve may provide interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform outside the Council's direct control.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Inflationary Reserve The use of this reserve is to support services where cost increases are significantly above inflation, and where not allowing for these costs would have a direct impact on the delivery of essential services.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Restructuring Reserve This reserve exists to support the Council's transformation programme in reshaping and modernising service delivery in order to achieve its key strategic priorities.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Tax Increment Financing (TIF) Reserve This reserve is to be used to smooth the impact on the revenue budget where there are timing delays between costs incurred relating to borrowing under TIF regulations, and the receipt of Business Rates income from new properties within the boundaries of the Freeport site.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Strategic Priorities Fund	

This reserve will be to support specific project initiatives for which a specific business case and / or project appraisal has been undertaken.	The use of the funding will be agreed by the Leader of the Council, the portfolio holder for Finance & Governance and the Director of Finance (Section 151 Officer).

* Agreement of the Director of Finance (Section 151 Officer) is required as part of the approval/decision making process.

APPENDIX 9: ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

Robustness of Estimates and Adequacy of Reserves

Overview

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves.

The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer (CFO) is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.

Determining the outcome involves a complex range of information, factors, assumptions, projections, controls, procedures and processes which will inform the Council's position. It is not just a financial exercise and requires Council wide involvement in supporting an integrated approach to the preparation, delivery, monitoring and review of soundly based plans if the budget is to be evidenced as being truly robust.

When considering the this the CFO should take into account the following:

- An overview of current financial standing.
- An assessment of the 2025/26 budget setting process for both capital and revenue.
- An assessment of key risks that may impact the budget.
- Non-Financial factors such external assessment from External Auditor, Ofsted, CQC, LGA Peer Review and others
- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council.
- An indication of future direction of travel for the Council beyond 2025/26.

Key Points

Much of the detail relating to the above is set out in this report. For the purposes of this statement the CFO has highlighted the following points:

1. The Council will record an overspend position for the third consecutive financial year and it is therefore important that the Council continues to work hard to address and reverse this trend.
2. The national living wage is pushing wage inflation both within the Council and for key contracts within adult social care. Increases in Employers National Insurance Contributions have further exacerbated this pressure.
3. Inflation remains above the Bank of England target rate of 2.0% and as a result interest rates remain high.
4. The Council is working hard to control in year pressures though we are not yet seeing a clear reduction in this, particularly within Childrens Services. It does have a clear Transformation Programme and is investing in ICT to help improve service to residents whilst increasing productivity.

5. Sensitivity analysis on the forecast shows that the MTFS as set out is reasonable and deliverable.
6. The Local Government Finance Settlement showed that the Government recognises the considerable financial pressure within the local authority system with additional funding for key areas as children services, waste, adult social care and homelessness.
7. The Council's DSG position has moved in the financial year 2024/25 to a negative balance which is an emerging risk for the Council.

External Assessment

The Council remains committed to delivering existing savings and has received excellent reports from External Auditors in its 2023/24 Audit Findings Report and Auditors Annual Report. St Helens was the first metropolitan authority to sign off its 2023/24 Statement of Accounts.

Furthermore, it has a Good Ofsted Rating, it is awaiting the outcome of a CQC Inspection in December 2024 and received a Corporate Peer Challenge team in February 2025. The CIPFA Resilience Index shows that the Council is in reasonable financial health compared to its neighbours and the other benchmarking indicators are all within acceptable ranges.

Capital Programme

The capital programme is an emerging concern as inflation in the construction sector has created funding gaps in the regeneration programme which the Council cannot afford to fund in their entirely. The Council may need to consider alternative options for some schemes if additional funding is not forthcoming, particularly if additional schemes are sought.

Conversely the slippage in the capital programme and the higher than anticipated interest rates are helping to offset Portfolio overspend in year. As and when the regeneration programme moves forward, the Council will have to manage its Treasury Management function carefully in order to identify the most opportune time to borrow.

Governance

The Council has a strong governance function and the Council's Constitution contains a clear Budget and Policy Framework, which allows for flexibility in budget management. The budget timetable is well communicated, and mechanisms exist to review options for service delivery which link into the budget process and to facilitate service improvement and investment of resources in current and emerging Council priorities.

Executive Directors have processes in place to identify and report budget pressures and risks on an ongoing basis as part of the budget process.

Actions to operate within agreed budgets are regularly approved by Cabinet. Savings options have been considered and formulated having regard to Council priorities and with a primary objective of having the least negative impact on residents. Impact assessments relating to all savings proposals were considered and will be updated as part of the decision-making process. The Budget and Performance Board provide oversight of this process.

The Council's Overview and Scrutiny Commission is involved throughout the budget process and provides an additional layer of challenge and assurance.

Financial Outlook

Much uncertainty remains over the direction of local government financing and in particular over business rates and fair funding, as well as within adult social care and children services, including schools. Whilst this uncertainty exists it will remain challenging to plan.

Adequacy of Provisions, Reserves and Balances

The Reserves position is set in the main report and in Appendix 8.

The Council is seeking to maintain its General Fund balance at £12.000m which is 5.5% of the Net Revenue Expenditure.

Earmarked Reserves remain in a reasonable position despite the continued overspend position.

Overall Opinion

The CFO considers that, whilst the financial environment remains challenging, there is a route towards a more sustainable position.

The Local Government Settlement is a positive first step towards achieving a sustainable financial position as it recognises the structural funding issues within the Sector. Put alongside the Devolution White Paper, continued work with the combined authority, multi-year settlements and the Fair Funding / business rates review there is now a clearer pathway ahead towards financial stability.

However, the following things need to happen over the next three years to deliver a balanced financial position.

- To continue to deliver its agreed savings plan,
- To manage the demand pressures, specifically within adult social care and children's services, such that it can begin to control its expenditure,
- Government funding continues to support the sector as set out in the Settlement.

Should either of these not happen then it is very likely that the Council will continue to require reserves to fund the revenue budget, and this is turn will increase the likelihood of a Section 114 notice.

Whilst the risk of the Council having to issue a Section 114 Notice is substantial i.e. it is likely in the future, it is not likely over the period of this Medium Term Financial Strategy. Based on the above evidence, it is the view of the Council's Section 151 Officer that the proposals for 2025/26 are robust and provide sufficient resource to enable the Council to set a balanced budget.

APPENDIX 10: EQUALITY IMPACT ASSESSMENT

Title of Proposal:	Medium Term Financial Strategy 2025-2028 and Revenue & Capital Budget 2025/26
Service:	Finance & Accountancy
Department:	Corporate Services
Responsible Officer:	Jon Ridgeon
Date Completed:	07 February 2025

QUALITY IMPACT ASSESSMENT

a. **EIA Author**: Lisa Sturgess
Job Title: Finance Manager
Directorate: Corporate
Start Date: 11/12/2024.

Title of draft proposal being assessed? - An Equality Impact Assessment must be undertaken for all Full Council, Cabinet, and Delegated Executive Decisions, and for relevant Committee Decision.

Setting a balanced Budget for 2025/26 as part of the St Helens Council Medium Term Financial Plan 2025-28.

b. **Which decision making route will the proposal take for approval?** - e.g., DED, Committee, Cabinet, Full Council. If unknown put "to be confirmed"

Full Council

c. **Is the proposal a "Key Decision"? -** NB a "Key Decision" is one which must be published on the Council's Public Notice of Key Decisions webpage

Yes

d. **Does your draft proposal cover Healthcare, Housing, or Education Function?**

Yes If yes then, in addition to completing this Equality Impact Assessment, you must also complete an Armed Forces Covenant Impact Assessment, which is a statutory requirement under the Armed Forces Act 2021. The Armed Forces Covenant Impact Assessment template and guidance can be accessed through this link Armed Force Covenant Impact Assessment - Connect (sthelens.gov.uk)

e. **The draft proposal has the potential to affect**

Service Users:	Council Workforce:	Borough Communities	Other	If other, please state	
Yes	**Yes**	**Yes**	**Yes**		Providers of Commissioned Services and Support

f. **What stage has the EIA reached?** **[NB When beginning your EIA, please complete stages 1 and 2 (on pages 5 & 6) before completing this section]**

Summary of Current Position Table provides a summary of progress and must be maintained as the EIA is developed over time. Please ensure you note the stage reached and any consultation or engagement carried out. Simple activities may not need all these stages.

Any reports to senior managers during the development of the draft proposal, for example feasibility or options appraisal reports, should include content on the latest analysis and findings from the EIA, even though further development of the EIA may be required before it can fully inform the draft proposal, and receive the 'sign off' necessary to proceed through the decision-making processes.

Summary of Current Position - Stages	Date	Summary of Current Position
Stage 1: Setting out the Proposal: What are the elements of the proposal being assessed; including the main purpose and aims?	07.02.25	Completed
Stage 2: Evidence gathering: identifying the target population and/or individuals likely to be affected by the proposal	07.02.25	Completed
Stage 3: Engagement/Consultation: With groups and individuals likely to be affected	07.02.25	Completed
Stage 4: Impact Assessment. Identify potential or actual discriminatory impact and mitigation	07.02.25	The Cumulative equality impact assessment is informed by the local government finance settlement 2025 to 2026 for St Helens Borough Council. The Council do not have to set any additional budget saving options. Therefore, only the equality implications of any undelivered savings options from 2024/25 will be included in the cumulative equality impact assessment. Currently, the cumulative EIA demonstrates that remaining saving options still to be delivered in 2025/26, to ensure the budget gap is closed could have had a potential disproportionate impact on Older People, Disabled people, and on people who are carers, and people who are socio-economically disadvantaged.

Summary of Current Position - Stages	Date	Summary of Current Position
Stage 5: Reporting the findings. Please set out the findings of the Impact Assessment and the Mitigation Action Plan.	07.02.25	The Cumulative equality impact assessment shows that the remaining saving options, identified in 2024/25, still to be delivered in 2025/26, to ensure the budget gap is closed could have a potential disproportionate impact on Older People, Disabled people, and on people who are carers, and people who are socio-economically disadvantaged. The consultation carried out in 2024 in relation to these savings, identified that Adult and Older People Social Care savings options linked to domiciliary care hours and the internal and external mental health floating support service, were all felt to be disagreeable by the majority of respondents. Conversely, the consultation identified that saving options linked to children social care, such as the investment in children's residential care, and foster care recruitment, were felt to be amongst the more agreeable budget options. The impact assessment does evidence that budget saving options will have a potential positive impact on Children in Care, especially those living outside the borough or placed in care, as more of these children will have the opportunity: • to return to the borough through the increase in council-operated children's residential care homes, or • to experience positive foster care placements, through the continuation of the foster carer recruitment campaign to reduce the number of external residential care placements. The impact assessment also evidences that all adult social care budget saving options will have a potential cumulative negative impact on disabled and older people. These saving options will also have a potential negative impact on carers, who could see a decrease in respite and support as a result of the saving options. The majority of carers still being female, this creates a potential indirect negative impact on women. To mitigate against the potential cumulative negative equality impact, the Council must ensure that it takes the potential equality impact of saving options into consideration with other relevant aspects of the Medium-Term Financial Plan 2025-

Summary of Current Position - Stages	Date	Summary of Current Position
		28, such as the requirement to meet statutory functions, the wider benefits of delivering a balanced budget, and identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that the remaining savings options need to be delivered to ensure the budget gap is closed. As such, the Council will ensure that it makes full use of its equality impact assessment processes to inform the operational development of each saving option. This will enable the Council to clearly understand who will be impacted and how, and, where there are negative implications, to identify mitigation before implementing actions necessary to ensure sustainability of the Council's financial position

g. Sign Off

Equality, Diversity, and Inclusion Lead (for all EIAs)						
Simon Cousins	Name	Simon Cousins	Job Title	Equality, Diversity, and Inclusion Lead	Date	12/02/25
Assistant Director or if there is no Assistant Director then Head of Service (for all EIAs)						
Jon Ridgeon	Name	Jon Ridgeon	Job Title	Assistant Director Finance	Date	07/02/25
Director (always to sign when the EIA is for a Key Decision)						
Richard Gibson	Name	Richard Gibson	Job Title	Director of Finance, Section 151 Officer	Date	13/02/25
Monitoring Officer (only when the EIA is for a Key Decision)						
Jan Bakewell	Name	Jan Bakewell	Job Title	Director of Legal & Governance	Date	13/02/25
Executive Director (only when the EIA is for a Key Decision)						
Cath Fogarty	Name	Cath Fogarty	Job Title	Executive Director Corporate Services	Date	13/02/25

Equality Impact Assessment Process

1 Setting out the Proposal.

What proposal is being assessed; including the title of the proposal, and the main purpose and aims; what is being proposed and why?
To review progress through the Council's Medium Term Financial Plan for 2025-28 and set a balanced budget for the Council for 2025/26. The local government finance settlement 2025 to 2026 for St Helens Borough Council has clarified the funding that will be provided to the Council by the Government, as well as the referendum limits for Council Tax and business rates increases. The funding that is provided is not enough to meet the increasing demands that are placed upon the Council and will result in a significant budget pressures. This report asks Cabinet to agree the final budget to be recommended to Full Council (before 31-03-25) and the actions to address budget pressures.

In relation to the proposal being assessed, please set out the following
What must the LA provide under statute? List all statutory duties and regulations relevant to the proposal. The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs…" and the Local Government Act 2000 requires Full Council to approve the council's budget and council tax demand.
Any discretionary element of provision or function? What elements of the proposal does the council have choice over? The Council has discretion on how it sets a balanced budget, however the budget must ensure that the Council delivers against its statutory functions.
What is currently provided? St Helens Borough Council has clarified the funding that will be provided to the Council by the Government, as well as the referendum limits for Council Tax and business rates increases, is not enough to meet the increasing demands that are placed upon the Council and will result in a significant budget pressures if the previously agreed savings are not delivered. Every council must have a balanced and robust budget for the forthcoming financial year and also a 'medium term financial strategy (MTFS)' which is also known as a Medium Term Financial Plan (MTFP). This projects forward likely income and expenditure over at least three years. The MTFS ought to be consistent with the council's work plans and strategies, particularly the corporate plan. Due to income constraints and the pressure on service expenditure through increased demand and inflation, many councils find that their MTFS estimates that projected expenditure will be higher than projected income. This is known as a budget gap. Whilst such budget gaps are common in years two-three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any such budget gap is closed. This is achieved by making attempts to reduce expenditure and/or increase income.

In relation to the proposal being assessed, please set out the following
What could change as a result of the proposal and how could it change? The following saving options, were identified, and approved in 2024/25 within the Budget to address the budget gap between funding and demand. Only savings that haven't been delivered will be carried forward into 2025/26 to address budget pressures and have been included in this Equality Impact Assessment. Budget Saving Proposals 2024 - Sorted by Highest % of Agreeable responses in the Public Consultation (November- December 2023) 1. Review of public events and twinning activities, saving £0.2million. 2. Continuation of the foster carer recruitment campaign to reduce the number of external residential care placements, saving £1.6million. 3. Fundamental review of residential care provision, increasing the number of council-operated children's residential care homes, saving £1.3million 4. Increasing council tax premiums, to implement charges on homes that have been empty for one year or more and introduce a premium on second homes, saving £0.5million 5. Reduction of the council's corporate support functions, saving £1.4million. 6. Rationalisation of supplies and services across each council directorate to identify opportunities for further efficiencies, saving £0.6million. 7. Deferment of some future capital investment schemes, saving £3.5million. 8. Acceleration of home support for children in alternative care settings, saving £0.2million 9. Review of children's centres to build on existing family support through the national family hubs initiative, saving £0.9million. 10. Review of quality monitoring service, saving £0.4million. 11. Development of land assets at Bold Forest Garden Village and sell our interest providing opportunity for additional investment returns, generating £1.5million 12. Establishing additional income sources, review charging policies (including charges for out of town-centre parking) and maximise efficiency of services to generate additional income of £0.4million. 13. Review of domiciliary care hours, saving £1.0million. 14. Review of Internal and external mental health floating support service, saving £0.4million. 15. Review of external day care provision, saving £0.4million. 16. Review of intermediate care services provided to adults at Brookfield Support Centre, saving £1.0million. 17. Reducing residual waste and increasing recycling in the borough by introducing 3-weekly residual waste collection cycles. Most of this saving (£0.5million) relates to reductions in waste disposal costs and increased income from recycled, saving £0.7million 18. Review of respite services for adults with a learning disability, saving £0.3million
What is being consulted on? The council will consult with residents and businesses before setting its budget. A public consultation has been carried out on 17/01/2025 and will close on 07/02/2025.

In relation to the proposal being assessed, please set out the following
The consultation responses will be analysed and a report summarising the outcome of the consultation will be available on the website following Cabinet on 26/02/2025. A summary of the outcome of consultation will be set out in Stage 3 of this EIA.

2 Evidence Gathering.

Who may or will be affected by the proposal? Evidence helps to frame the issues relevant to the proposal. Put as much detail about the equality and diversity profiles of the groups and individuals who share different protected characteristics affected or potentially affected by this proposal; updating the table as the EIA develops and the understanding of who will be affected emerges in more detail. Include evidence from consultation, complaints, service user equality profiles, staff equality profiles, and compare representation with community profiles. Local Insight 'Reports' section holds Ward, Locality, and Borough population. Census 2021 and workforce profile data is published on the EIA Intranet / COG page.

Also include any data you have about care experienced people and people who experience socio-economic disadvantage who may be affected by the proposal. '**Care experience**' refers to any person who has spent time in care. As part of the Council's Corporate Parenting role, please think about how you can create opportunities for our care leavers within your proposal. **Socio-economic disadvantage** can be experienced as inequalities of outcome in housing, health, education, employment, in participation in public life, and in the criminal justice system. Socio-economic analysis can be found in the State of the Borough Assessment, the indices of multiple deprivation, and the Cost of Living Index Dashboard.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Service Users

The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2025-28. Remaining saving options which have a potential direct impact on service users have been highlighted.

Department	Ref #	Service Area	Saving Option
Corporate	CORP02	Revenues & Benefits	Council Tax - Second Home Premium
Corporate	CORP04	Portfolio Wide	Reduction in Staffing Establishment

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Corporate	CORP07	Corporate Services	Review of senior management
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC04	Integrated Health & Care	Cessation of Respite Services for Adults with a Learning Disability
Peoples	IHC05	Integrated Health & Care	Cessation of Internal Mental Health Floating Support Service
Peoples	IHC06	Integrated Health & Care	Cessation of External Mental Health Floating Support Service
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
Peoples	CYP04	Children & Young People	Home to School Transport, Expand Provision for SEND
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	CYP07	Children & Young People	Residential Care Provision (1) increase Council-operated children's residential care homes
Peoples	CYP08	Children & Young People	Residential Care Provision (2) increase Council-operated children's residential care homes
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Transport & Environment	3 weekly residual bin collections
Place	ENV02	Transport & Environment	3 weekly residual bin collections (Levy Saving)
Place	ENV03	Transport & Environment	Highways commuted sums additional charge on developers for new highway maintenance
Place	ENV04	Transport & Environment	Charging for out-of-town-centre parking
Place	ENV06	Transport & Environment	Cessation of Flower Planting at The Town Hall

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Place	REG01	Inclusive Growth & Regeneration	Alternative use of land
Council	STH04	Mobile Contracts	To reduce the Council mobile contract commitment.
Council	Council Wide	Remove Capital Pipeline	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Council Workforce

2024 Equality Analysis of Workforce - SEX

The 2021 Census records that women make up 50.9% of the Borough Population

Workforce Female Staff Profile	March 2024	Comment
Percentage of authority employees that are women as a percentage of the total workforce.	69.36%	The percentage represents 2,094 employees in a workforce of 3,019 staff. (2022 = 69.85%, 2023 = 69.19%)

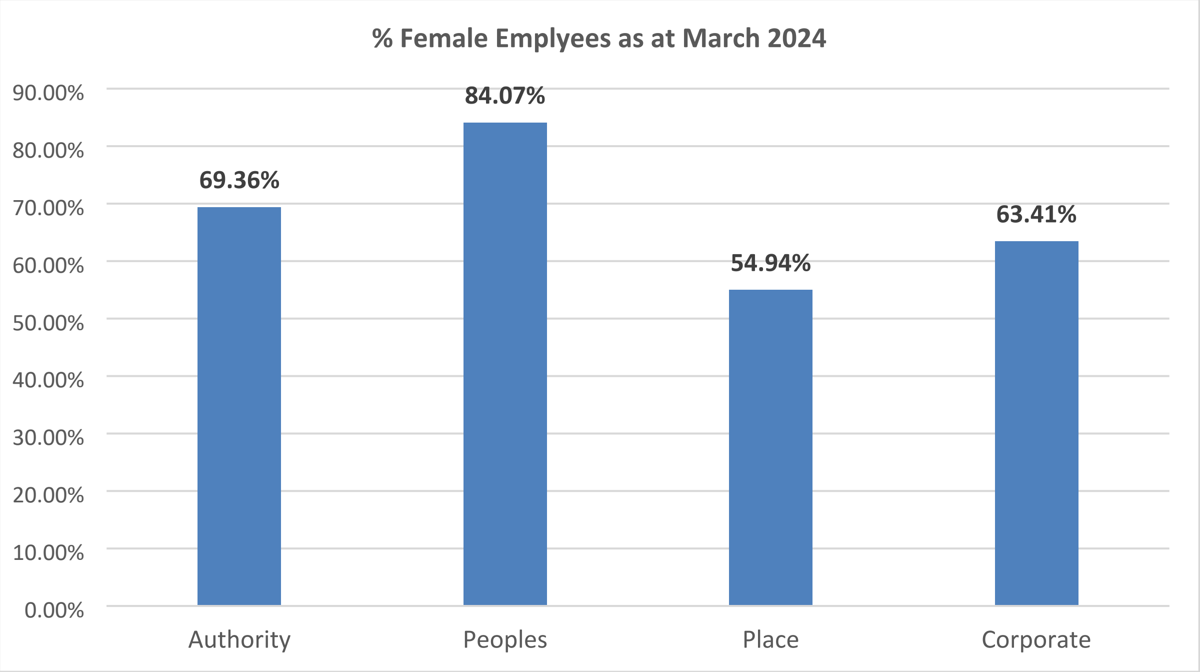
People's Female Staff Profile	March 2024	Comment
Percentage of People's Directorate employees that are women as a percentage of the People's Directorate's workforce.	84.07%	The percentage represents 1,156 employees in a Directorate of 1,375 staff. (2023 = 83.44%)

Place Female Staff Profile	March 2024	Comment
Percentage of Place Directorate employees that are women as a	54.94%	The percentage represents 678 employees in a Directorate of 1,234 staff.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

percentage of Place Directorate's workforce.		(2023 = 56.10%)

Corporate Female Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees that are women as a percentage of Corporate Directorate's workforce.	63.41%%	The percentage represents 260 employees in a Directorate of 410 staff. (2023 = 61.03%)



Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

DISABILITY

The Census 2011 showed that 2.41% of the Borough's working age population declared they had a long-term health problem or disability that limited their day-to-day activities a lot.

Workforce Disabled Staff Profile	March 2024	Comment
Percentage of authority employees declaring a disability, as a percentage of the total workforce.	4.34%	The percentage represents 131 employees in a workforce of 3,019 (March 2023 = 2.42%)

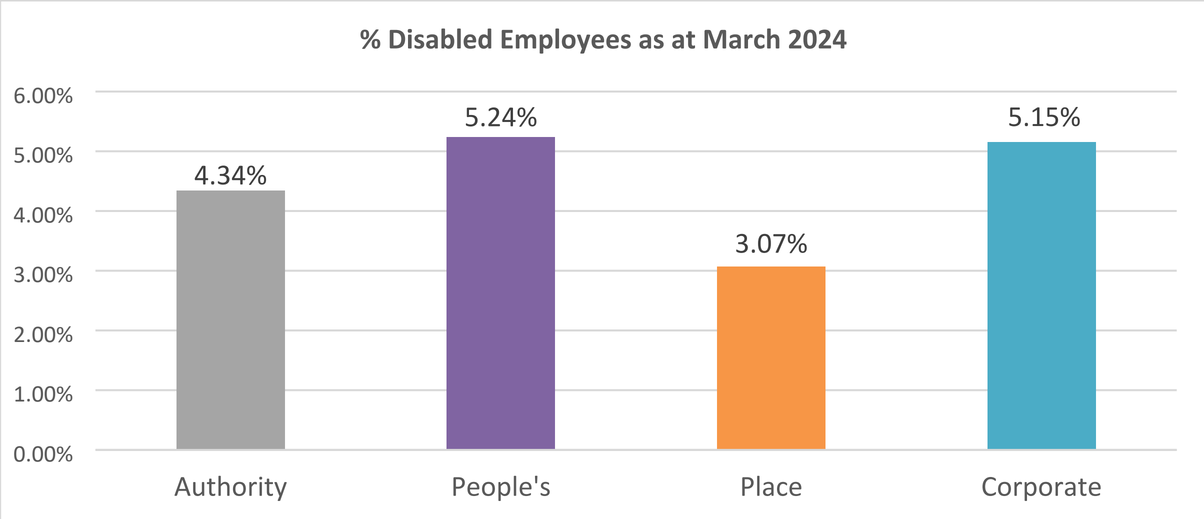
People's Disabled Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring a disability as a percentage of the People's Directorate's workforce.	5.24%	The percentage represents 72 employees in a Directorate of 1,375 staff. (March 2023 = 3.42%)

Place Disabled Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring a disability as a percentage of Place Directorate's workforce.	3.07%	The percentage represents 38 employees in a Directorate of 1,236 staff. (March 2023 = 1.25%)

Corporate Disabled Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring a disability as a	5.15%	The percentage represents 21 employees in a Directorate of 408 staff. (March 2023 = 2.56%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

percentage of Corporate Directorate's workforce.		



RACE

The Census 2021 records that people from Asian, Black, Mixed/Multiple (White &… categories), and Other Ethnic backgrounds (collectively referred to as 'minority ethnicity' within this report for monitoring purposes), represent 3.47% of the Borough Population.

Workforce Minority Ethnic Staff Profile	March 2024	Comment
Percentage of authority employees declaring a Minority Ethnicity, as a percentage of the total workforce.	2.68%	The percentage represents 81 employees in a workforce of 3,019 (2022 1.86%, 2023 2.17%)

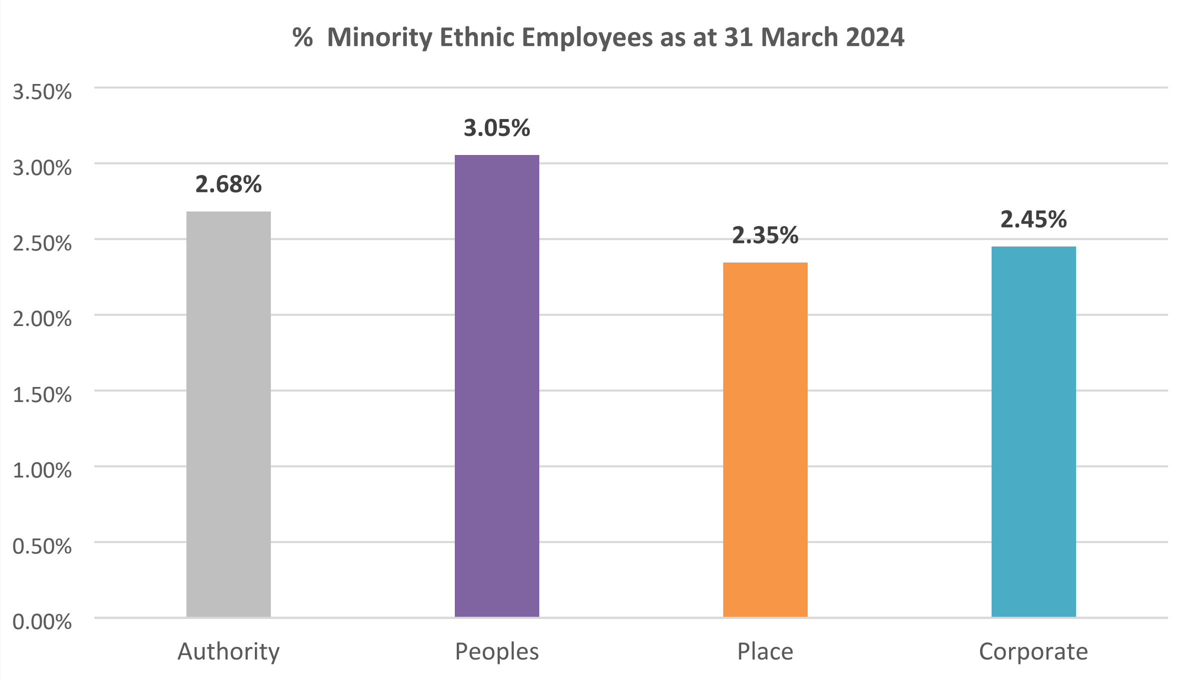
Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

People's Minority Ethnic Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring a Minority Ethnicity as a percentage of the People's Directorate's workforce.	3.05%	The percentage represents 42 employees in a Directorate of 1,375 staff. (2023 2.31%)

Place Minority Ethnic Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring a Minority Ethnicity as a percentage of Place Directorate's workforce.	2.35%	The percentage represents 29 employees in a Directorate of 1,236 staff. (2023 1.96%)

Corporate Minority Ethnic Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring a Minority Ethnicity as a percentage of Corporate Directorate's workforce.	2.45%	The percentage represents 10 employees in a Directorate of 408 staff. (2023 2.31%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.



Workforce Ethnic Profile March 2024, by Census 2021 Ethnic Categories

Workforce March 2024	Number	Percentage	Workforce March 2024	Number	Percentage
Asian	24	0.79%	White Minority Ethnic	50	1.66%
Black	32	1.06%	Other Ethnic Group	3	0.10%
Mixed Multiple	22	0.73%	Not Specified	143	4.74%

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

White British	2,745	90.92%			

SEXUAL ORIENTATION

The 2021 Census shows that 2.7% of the Borough population aged 16 years and over recorded an LGB+ orientation ("gay or lesbian", "bisexual", or "other sexual orientation").

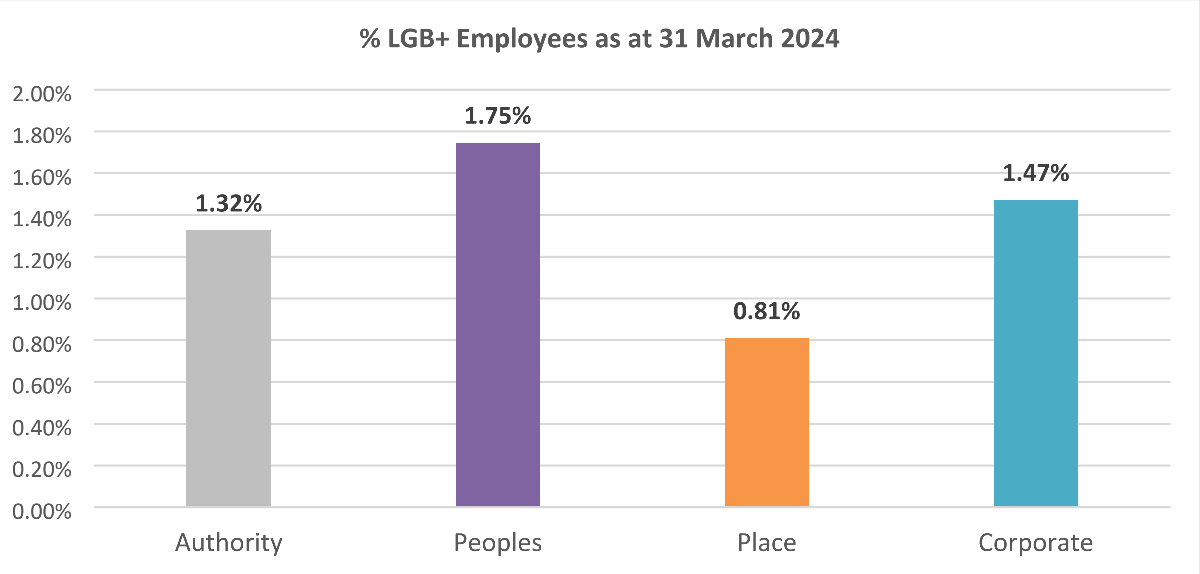
Workforces LGB+ Staff Profile	March 2024	Comment
Percentage of authority employees from declaring an LGB+ orientation as a percentage of the total workforce.	1.32%	The percentage represents 40 employees in a workforce of 3019 staff. (2022 0.18%, 2023 0.79%)

People's LGB+ Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring an LGB+ orientation as a percentage of the People's Directorate's workforce.	1.75%	The percentage represents 24 employees in a Directorate of 1,375 staff. (2023 0.96%)

Place LGB+ Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring an LGB+ orientation as a percentage of Place Directorate's workforce.	0.81%	The percentage represents 10 employees in a Directorate of 1,236 staff. (2023 0.45%)

Corporate LGB+ Staff Profile	March 2024	Comment

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.		
Percentage of Corporate Directorate employees declaring an LGB+ orientation as a percentage of Corporate Directorate's workforce.	1.47%	The percentage represents 6 employees in a Directorate of 408 staff. (2023 1.28%)



RELIGION

The Census 2021 showed that people declaring they have a religion which is in a minority in the borough made up 1.75% of the borough's population.

Workforce Minority Religion Staff Profile	March 2024	Comment

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Percentage of authority employees declaring they have a religion which is in a minority in the borough, as a percentage of the total workforce.	1.26%	The percentage represents 38 employees in a workforce of 3,019 staff. (2022 = 1.62%, 2023 = 1.48%)

People's Minority Religion Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of the People's Directorate's workforce.	0.87%	The percentage represents 12 employees in a Directorate of 1,375 staff. (March 2023 = 1.35%)

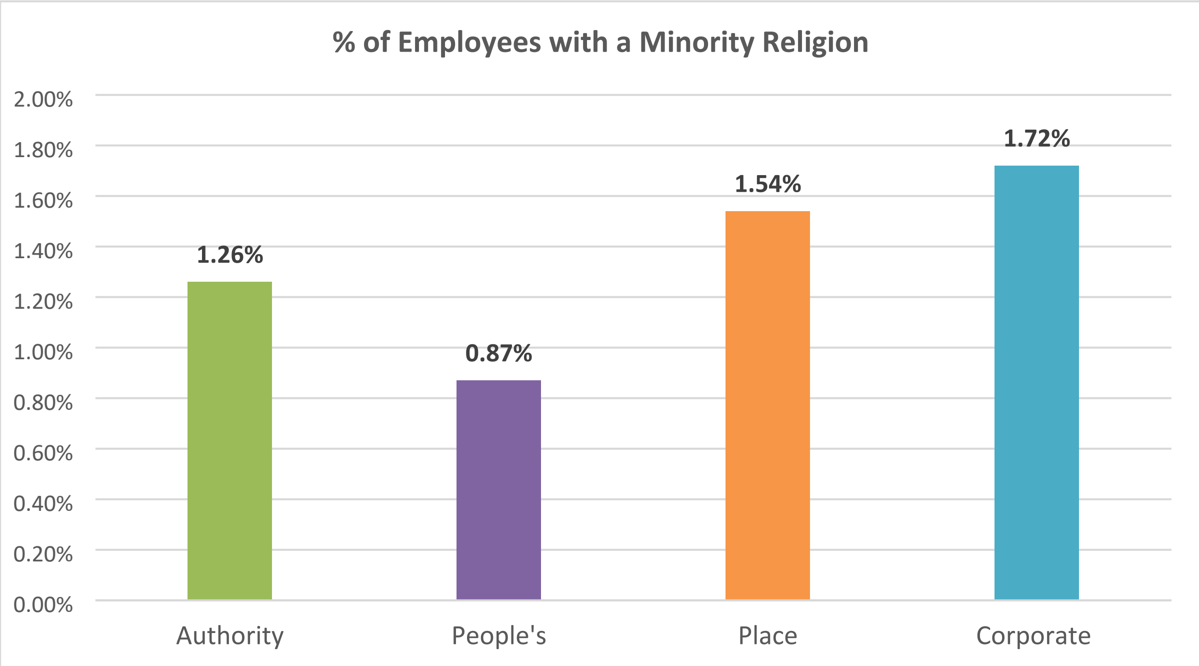
Place Minority Religion Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of Place Directorate's workforce.	1.54%	The percentage represents 19 employees in a Directorate of 1,236 staff. (March 2023 = 1.16%)

Corporate Minority Religion Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of Corporate Directorate's workforce.	1.72%	The percentage represents 7 employees in a Directorate of 408 staff. (March 2023 = 2.82%)

Workforce March 2024	Percentage	Workforce March 2024	Percentage

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Buddhist	0.07%	Other Religions	0.79%
Hindu	0.00%	Christian	13.45%
Jewish	0.03%	No Religion	9.74%
Muslim	0.36%	Religion Not Stated	75.55%



The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2025-28. Remaining saving options which have a potential direct impact on service users have been highlighted.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Depart	Ref #	Service Area	Saving Option
Corporate	CORP02	Revenues & Benefits	Council Tax - Second Home Premium
Corporate	CORP04	Portfolio Wide	Reduction in Staffing Establishment
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Corporate	CORP07	Corporate Services	Review of senior management
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC04	Integrated Health & Care	Cessation of Respite Services for Adults with a Learning Disability
Peoples	IHC05	Integrated Health & Care	Cessation of Internal Mental Health Floating Support Service
Peoples	CYP04	Children & Young People	Home to School Transport, Expand Provision for SEND
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	CYP07	Children & Young People	Residential Care Provision (1) increase Council-operated children's residential care homes
Peoples	CYP08	Children & Young People	Residential Care Provision (2) increase Council-operated children's residential care homes
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Environment & Transport	3 weekly residual bin collections
Place	ENV02	Environment & Transport	3 weekly residual bin collections (Levy Saving)
Place	ENV03	Environment & Transport	Highways commuted sums additional charge on developers for new highway maintenance
Place	ENV04	Environment & Transport	Charging for out-of-town-centre parking

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Place	ENV06	Environment & Transport	Cessation of Flower Planting at The Town Hall
Place	REG01	Regeneration and Planning	Alternative use of land
Council	STH04	Mobile Contracts	To reduce the Council mobile contract commitment.
Council	Council Wide	Remove Capital Pipeline	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Borough Communities

St Helens Population Census 2021 data - The Census 2021, records that:
Race - Minority Ethnicity: people from Asian, Black, Mixed/Multiple, and Other Ethnic backgrounds (collectively referred to as 'minority ethnicity'), represent 3.47% of the Borough Population.
Disability – Disabled people: 10.8% of the Borough's population declared they had a long-term health problem or disability that limited their day-to-day activities a lot
Religion – Minority Religion: people declaring they have a religion which is in a minority in the borough (Buddhist, Hindu, Jewish, Muslim, All other religions) made up 1.75% of the borough's population.
Sexual orientation – LGB+ orientation: 2.7% of the Borough population aged 16 years and over recorded a LGB+ orientation ("gay or lesbian", "bisexual", or "other sexual orientation")
Sex – Female Sex: Women and Girls make up 50.9% of the Borough Population
Gender identity - 0.36% of people aged 16 and over in St Helens Borough had a gender identity different to the sex registered for them at birth.

The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2025-28. Remaining saving options which have a potential direct impact on service users have been highlighted.

Depart	**Ref #**	**Service Area**	**Saving Option**
Corporate	CORP02	Revenues & Benefits	Council Tax - Second Home Premium

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Corporate	CORP04	Portfolio Wide	Reduction in Staffing Establishment
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Corporate	CORP07	Corporate Services	Review of senior management
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC04	Integrated Health & Care	Cessation of Respite Services for Adults with a Learning Disability
Peoples	IHC05	Integrated Health & Care	Cessation of Internal Mental Health Floating Support Service
Peoples	IHC06	Integrated Health & Care	Cessation of External Mental Health Floating Support Service
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
Peoples	CYP04	Children & Young People	Home to School Transport, Expand Provision for SEND
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	CYP07	Children & Young People	Residential Care Provision (1) increase Council-operated children’s residential care homes
Peoples	CYP08	Children & Young People	Residential Care Provision (2) increase Council-operated children’s residential care homes
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Environment & Transport	3 weekly residual bin collections

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.			
Place	ENV02	Environment & Transport	3 weekly residual bin collections (Levy Saving)
Place	ENV03	Environment & Transport	Highways commuted sums additional charge on developers for new highway maintenance.
Place	ENV04	Environment & Transport	Charging for out-of-town-centre parking
Place	ENV06	Environment & Transport	Cessation of Flower Planting at The Town Hall
Place	REG01	Regeneration and Planning	Alternative use of land
Council	STH04	Mobile Contracts	To reduce the Council mobile contract commitment.
Council	Council Wide	Remove Capital Pipeline	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Other

Protected Characteristic	What further data, research, or information is available about groups of people or individuals who share different protected characteristics, which is relevant to the EIA?
Intersectional issues (i.e., for two or more characteristics)	Analysis shows that the undelivered budget saving options from 2024-25, have the potential to have an intersectional impact on people who share different protected characteristics.

Depart	Ref #	Service Area	Saving Option
Corporate	CORP02	Revenues & Benefits	Council Tax - Second Home Premium
Corporate	CORP04	Portfolio Wide	Reduction in Staffing Establishment
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

	Corporate	CORP07	Corporate Services	Review of senior management
	Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
	Peoples	IHC04	Integrated Health & Care	Cessation of Respite Services for Adults with a Learning Disability
	Peoples	IHC05	Integrated Health & Care	Cessation of Internal Mental Health Floating Support Service
	Peoples	IHC06	Integrated Health & Care	Cessation of External Mental Health Floating Support Service
	Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
	Peoples	CYP04	Children & Young People	Home to School Transport, Expand Provision for SEND
	Peoples	CYP06	Children & Young People	Foster Carer Recruitment
	Peoples	CYP07	Children & Young People	Residential Care Provision (1) increase Council-operated children's residential care homes
	Peoples	CYP08	Children & Young People	Residential Care Provision (2) increase Council-operated children's residential care homes

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.	

Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services.
Place	ENV01	Environment & Transport	3 weekly residual bin collections
Place	ENV02	Environment & Transport	3 weekly residual bin collections (Levy Saving)
Place	ENV03	Environment & Transport	Highways commuted sums additional charge on developers for new highway maintenance.
Place	ENV04	Environment & Transport	Charging for out-of-town-centre parking
Place	ENV06	Environment & Transport	Cessation of Flower Planting at The Town Hall
Place	REG01	Regeneration and Planning	Alternative use of land
Council	STH04	Mobile Contracts	To reduce the Council mobile contract commitment.
Council	Council Wide	Remove Capital Pipeline	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Age	The following undelivered budget saving options from 2024-25, will have implications for age: **Children**

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.	
	• The continuation of the foster carer recruitment campaign to reduce the number of external residential care placements, saving £1.6million. • The Fundamental review of residential care provision, increasing the number of council-operated children's residential care homes, saving £1.3million, and **Adults and Older People** • The review of domiciliary care hours • The review of Internal and external mental health floating support service • The review of respite services for adults with a learning disability
Care Experience	The following budget saving options will have implications for Care Experience • The continuation of the foster carer recruitment campaign to reduce the number of external residential care placements. • The Fundamental review of residential care provision, increasing the number of council-operated children's residential care homes
Disability	The following budget saving options will have implications for disabled people: • The Cessation of Quality Monitoring Service • The review of domiciliary care hours • The review of Internal and external mental health floating support service • The review of respite services for adults with a learning disability
Gender Reassignment	There were no identified saving proposals with implications for this characteristic
Marriage and Civil Partnership	• There were no identified saving proposals with implications for this characteristic
Pregnancy and Maternity	The following budget saving option will have implications for Pregnancy and Maternity • Review of Waste Collection Service

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.	
Race	The following budget saving option will have implications for Race. • Cessation of the Quality Monitoring Service
Religion and Belief	The following budget saving option will have implications for Religion Cessation of the Quality Monitoring Service
Sex	The following budget saving option will have implications for Women. • The review of children's centres to build on existing family support through the national family hubs initiative, saving £0.9million The following budget saving option will have implications for Carers, the majority of whom will be Women. • The review of domiciliary care hours, saving £1.0million, • The review of Internal and external mental health floating support service, saving £0.4million, • The review of respite services for adults with a learning disability, saving £0.3million
Sexual Orientation	There were no identified saving proposals with implications for this characteristic
Socio Economic Disadvantage	The following budget saving option will have implications for socio-economic disadvantaged people. • The review of domiciliary care hours • The review of Internal and external mental health floating support service • The review of respite services for adults with a learning disability

3. **Engagement/Consultation:** The decision about who to engage with, and how and when to engage, is the key to effective Equality Impact Assessment. Engagement must be conducted in line with (i) any statutory consultation requirements, and (ii) the Council's Consultation Code. **[NB Consultation and Engagement in the EIA process does not include discussions with officers who are advising you on the development of your proposal, such as Legal, People Management, Finance, EDI Lead, DMT, SLT, EMB, etc.]**

Is engagement or consultation required, now or during the further development of the draft proposal? **No**

If No, then provide a summary of the reason why you have reached this conclusion in the box below. Then move onto Stage 4. Impact Assessment.

The council will consult with residents and businesses before setting its budget. A public consultation is planned to start on 17/01/2025 and will close on 07/02/2025.

4. Impact Assessment

Cumulative Equality Impact Assessment Analysis of Council Budget Saving Options 2025/26

In setting the 2024-25 Budget, Services were asked to identify the potential equality impact of their budget saving options, be that positive, neutral, or negative for each Characteristic. In addition, the Equality, Diversity, and Inclusion Officer has also identified potential equality impact implications recorded in the table using red numbers. The following undelivered savings will carry forward into 2025-26.

Protected Characteristics: Age = Age, Dis = Disability, Gen Re = Gender Reassignment, Marr CP = Marriage and Civil Partnership, Preg Mat = Pregnancy and Maternity, Race = Race, Reli= Religion, Sex = Sex, Sex-O = Sexual Orientation, Soc-E = Socio Economic Disadvantage

Score Key: -1 = positive, 0 = neutral, and 1 = negative

Total: The higher the aggregated score, the greater the cumulative disproportionate impact that saving options will have upon a protected characteristic.

Depart	Ref #	Service Area	Saving Option	Age	Dis	Gen Re	Marr CP	Preg Mat	Race	Reli	Sex	Sex-O	Soc-E
Corporate	CORP02	Revenues & Benefits	Council Tax - Second Home Premium	0	0	0	0	0	0	0	0	0	0
Corporate	CORP04	Portfolio Wide	Reduction in Staffing Establishment	0	0	0	0	0	0	0	0	0	0
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees	0	0	0	0	0	0	0	0	0	1
Corporate	CORP07	Corporate Services	Review of senior management	0	0	0	0	0	0	0	0	0	0
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service	1	1	0	0	0	1	1	0	0	1
Peoples	IHC04	Integrated Health & Care	Cessation of Respite Services for Adults with a Learning Disability	1	1	0	0	0	0	0	1	0	1

Depart	Ref #	Service Area	Saving Option	Age	Dis	Gen Re	Marr CP	Preg Mat	Race	Reli	Sex	Sex-O	Soc-E
Peoples	IHC05	Integrated Health & Care	Cessation of Internal Mental Health Floating Support Service	1	1	0	0	0	0	0	0	0	1
Peoples	IHC06	Integrated Health & Care	Cessation of External Mental Health Floating Support Service	1	1	0	0	0	0	0	1	0	1
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours	1	1	0	0	0	0	0	1	0	1
Peoples	CYP04	Children & Young People	Home to School Transport, Expand Provision for SEND	0	-1	0	0	0	0	0	0	0	0
Peoples	CYP06	Children & Young People	Foster Carer Recruitment	-1	0	0	0	0	0	0	0	0	0
Peoples	CYP07	Children & Young People	Residential Care Provision (1) increase Council-operated children's residential care homes	0	0	0	0	0	0	0	0	0	0
Peoples	CYP08	Children & Young People	Residential Care Provision (2) increase Council-operated children's residential care homes	0	0	0	0	0	0	0	0	0	0
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services	0	0	0	0	0	0	0	0	0	0
Place	ENV01	Environment & Transport	3 weekly residual bin collections	1	1	0	0	1	0	0	0	0	1
Place	ENV02	Environment & Transport	3 weekly residual bin collections (Levy Saving)	1	1	0	0	1	0	0	0	0	1
Place	ENV03	Environment & Transport	Highways commuted sums additional charge on developers for new highway maintenance.	0	0	0	0	0	0	0	0	0	0

Depart	Ref #	Service Area	Saving Option	Age	Dis	Gen Re	Marr CP	Preg Mat	Race	Reli	Sex	Sex-O	Soc-E
Place	ENV04	Environment & Transport	Charging for out-of-town-centre parking	0	0	0	0	0	0	0	0	0	0
Place	ENV06	Environment & Transport	Cessation of Flower Planting at The Town Hall	0	0	0	0	0	0	0	0	0	0
Place	REG01	Regeneration and Planning	Alternative use of land	0	0	0	0	0	0	0	0	0	0
Council	STH04	Mobile Contracts	To reduce the Council mobile contract commitment.	0	0	0	0	0	0	0	0	0	0
Council	Council Wide	Remove Cap Pipeline	Council Wide - ceasing of any new Capital Programme schemes funded by borrowing.	0	0	0	0	0	0	0	0	0	0
				Age	**Dis**	**Gen Re**	**Marr CP**	**Preg Mat**	**Race**	**Reli**	**Sex**	**Sex-O**	**Soc-E**
Total	**22**		**Aggregated number of options that impact.**	**6**	**6**	**0**	**0**	**2**	**1**	**1**	**3**	**0**	**8**
Percent	**100**		**Percentage of aggregated budget impact**	**22%**	**22%**	**0%**	**0%**	**7%**	**4%**	**4%**	**11**	**0%**	**30%**

5. Reporting the findings and Mitigation Action Plan

The findings of the EIA may be reported to senior managers and the decision-making body / decision maker, at several stages during the development of a draft proposal. For example, the impact assessment may inform a feasibility report, or options appraisal, which may need to be considered by the Senior Leaders, Portfolio Holders, or Partnership Boards, before the proposal is ready for final approval. Any reports linked to the Draft Proposal, which are going through formal decision-making processes, such as Delegated, Committee, Cabinet, or Full Council, must include the latest findings of the EIA, even if these are at a relatively early stage.

The report recommending final approval of the proposal, must await and be fully informed by the findings of the completed EIA. If there are any alterations or changes to the nature of the proposal, as a result of its progress through the Council's decision-making processes, then a further Equality Impact Assessment must be carried out on those changes or amendments before the final decision on the proposal can be considered for approval by the decision-making body. This is because the decision-making body has a legal requirement, when making a decision, to do so in the full knowledge of the equality implications of that decision, at the point when the decision is made.

Summary of EIA Text Box - The final approval report must include a summary of the EIA findings, stating clearly (i) the equality implications, (ii) all potential or actual discriminatory outcomes, and (iii) actions that will be taken to avoid, minimise, or mitigate those potential or actual discriminatory outcomes. Use this text box to complete that summary. If there is no equality impact identified as a result of the impact assessment, then record that explicitly here. **NB** Once completed, paste a copy the **Summary of EIA Text** from this box, into the **Stage 5 row** of the **Summary of Current Position Table** in section **e. What stage has the EIA reached?** in the initial section of this EIA.

Summary of EIA Text Box
The Cumulative equality impact assessment of the budget proposal shows that the saving options identified in 2024-25, could have a potential disproportionate impact on Older People, Disabled people, and on people who are socio-economically disadvantaged. The consultation carried out in 2024-25 identified that savings options to review Adult and Older People Social Care services - domiciliary care hours, Internal and external mental health floating support service, and the review of respite services for adults with a learning disability, were all felt to be disagreeable saving options by the majority of respondents. Conversely, the consultation identified that saving options linked to children social care, such as the investment in children's residential care, and foster care recruitment were felt to be amongst the most agreeable budget options. The impact assessment does evidence that budget saving options will have a potential positive impact on Children in Care, especially those living outside the borough or in care, as more of these children will have the opportunity. • to return to the borough through the increase in council-operated children's residential care homes, or • to experience positive foster care placements, through the continuation of the foster carer recruitment campaign to reduce the number of external residential care placements. The impact assessment also evidences that all adult social care budget saving options will have a potential cumulative negative impact on disabled and older people. These saving options will also have a potential negative impact on carers, who may see a decrease in respite and support as a result. The majority of carers still being female, this creates a potential indirect negative impact on women. To mitigate against the potential cumulative negative equality impact, the council will ensure that it takes the potential equality impact into consideration when weighing up other aspects, such as the wider benefits of delivering a balanced budget, and so on, when identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that savings options are needed to ensure the budget pressures are managed, and as such Council will ensure that it makes full use of its equality impact assessment processes going forward to inform the development of each saving option and identify mitigation against the potential negative impact when implementing actions necessary to ensure sustainability of the Council's financial position.

- For a DED use the **Summary of EIA text** above for the “Has Equality and Human Rights Implications” section, under “Other implications.”
- For a Cabinet/ Full Council / Committee Report use the **Summary of EIA text** above for Section 9 Equality Impact Assessment.
- A copy of the EIA document **must** be attached as an appendix to Cabinet/Full Council/Committee Reports, and in the DED’s “Equality” section.

Equality Impact Assessment Mitigation Action Plan - use this table to record negative impact identified in the Stage 4 Impact Assessment, and the actions identified to mitigate (avoid, minimise, lessen, or remove), that impact. **NB** If no negative impact is identified the put NA.

Please ensure that the details of each Action, its purpose, timescales, and resource implications are discussed and agreed by the Lead Person nominated for its implementation.

Potential negative impact (add rows if necessary)	Action required to mitigate the potential negative impact	Lead person	Timescale	Resource implications
The Cumulative equality impact assessment of the budget proposal shows that the saving options identified in 2024-25, to ensure the budget gap is closed could have a potential disproportionate impact on Older People, Disabled people, and on people who are carers, and people who are socio-economically disadvantaged.	To mitigate against the potential cumulative negative equality impact, the Council will ensure that it takes the potential equality impact into consideration when weighing up its decision with other relevant aspects, such as the wider benefits of delivering a balanced budget, and so on, when identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that the undelivered savings options from 2024-25 are needed to ensure the budget gap is closed, and as such Council will ensure that it makes full use of its equality impact assessment processes going forward to inform the development of each saving option and identify mitigation against the potential negative impact when implementing actions	Richard Gibson, Director of Finance, Section 151 Officer	ongoing	Within budget resources.

Potential negative impact (add rows if necessary)	Action required to mitigate the potential negative impact	Lead person	Timescale	Resource implications
	necessary to ensure sustainability of the Council's financial position.			

EIA and EIA Mitigation Action Plan Review Arrangements	
Date of the next review of the EIA	NA
How often will the EIA Action Plan be reviewed?	Every 3 months
Who will carry out this review?	Richard Gibson, Director of Finance, Section 151 Officer

NB The report recommending final approval of the proposal, may include recommendations based on the findings of this EIA, but these recommendations should be developed separately from the reported outcomes of the EIA, and arise from Senior Managers considering equality impacts combined with other aspects of the proposal, such as finance, the wider benefits of the proposal, and so on.