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MEETING: CABINET
DATE: Thursday 30th July, 2020
TIME: 10.00 am
VENUE: Remote Meeting

DECISION MAKER: **CABINET**

Councillor Maher (Chair)
Councillor Atkinson
Councillor Cummins
Councillor Fairclough
Councillor Hardy
Councillor John Joseph Kelly
Councillor Lappin
Councillor Moncur
Councillor Veidman

COMMITTEE OFFICER: Paul Fraser
Senior Democratic Services Officer
Telephone: 0151 934 2068
E-mail: paul.fraser@sefton.gov.uk

The Cabinet is responsible for making what are known as Key Decisions, which will be notified on the Forward Plan. Items marked with an * on the agenda involve Key Decisions

A key decision, as defined in the Council's Constitution, is: -

- any Executive decision that is not in the Annual Revenue Budget and Capital Programme approved by the Council and which requires a gross budget expenditure, saving or virement of more than £100,000 or more than 2% of a Departmental budget, whichever is the greater
- any Executive decision where the outcome will have a significant impact on a significant number of people living or working in two or more Wards

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

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AGENDA

Items marked with an * involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1	Apologies for Absence		
2	Declarations of Interest Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda. Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation. Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.		
3	Minutes of the Previous Meeting Minutes of the meeting held on 25 June 2020		(Pages 5 - 14)
* 4	St Teresa's Catholic Infant School Report of the Interim Head of Education	Birkdale	(Pages 15 - 22)
* 5	Sefton Climate Emergency Implementation Plan Report of the Executive Director of Corporate	All Wards	(Pages 23 - 42)

Resources and Customer Services

- | | | | |
|-----|--|-----------|-------------------|
| * 6 | Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 43 - 70) |
| * 7 | Financial and Corporate Performance 2019/20

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 71 - 112) |
| * 8 | Treasury Management Outturn 2019/20

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 113 - 126) |
| * 9 | Tender for Banking Services

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 127 - 130) |
| 10 | Overview and Scrutiny Function – Information from the Centre for Public Scrutiny

Report of the Executive Director of Corporate Resources and Customer Services | All Wards | (Pages 131 - 166) |
| 11 | Discretionary Business Grants Update

Report of the Head of Economic Growth and Housing | All Wards | (Pages 167 - 174) |

THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON WEDNESDAY 8 JULY 2020.

CABINET

REMOTE MEETING HELD ON THURSDAY 25TH JUNE, 2020

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

9. APOLOGIES FOR ABSENCE

No apologies for absence were received.

10. DECLARATIONS OF INTEREST

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

11. MINUTES OF THE PREVIOUS MEETING

Decision Made:

That the Minutes of the meeting held on 28 May 2020 be approved as a correct record.

12. COVID-19 RESPONSE

The Cabinet considered the report of the Chief Executive that provided an overview of the Council's response to the COVID-19 pandemic; that ensured that Cabinet Members were fully informed on the impacts and mitigations; and were engaged in discussions on management and potential changes to affected services.

The Cabinet also received a presentation from Dwayne Johnson, Chief Executive on the Council's response to the Covid-19 pandemic that provided information on:

- The Council's approach to the pandemic which included supporting the most vulnerable, working alongside partner agencies and businesses, communications with communities and planning for recovery
- Governance arrangements in place which included membership of the Merseyside Resilience Forum's Strategic and Tactical Groups; the establishment of Strategic and Tactical Groups for Sefton, supported by 12 operational cells; continued proactive communications with communities and the workforce; and strategic and tactical recovery planning that was underway
- The immediate Council response to the pandemic following Royal Assent of the Coronavirus 2020 Act on 25 March which included an

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- announcement of business grants and rate relief; agile working; virtual meetings; maintaining services – e.g. social work, cleansing services and on-line library services; the closure of some services – libraries; leisure services; Atkinson; the establishment of support infrastructure for clinically vulnerable shielding residents including emergency food support, basic care needs and delivery of medicines; staff volunteering to work in other departments; the ordering of significant amounts of PPE; and communications
- Key statistics so far which included grants paid totalling almost £45M to over 4,000 businesses; support provided to over 3,000 Sefton residents who were considered extremely vulnerable and in need of shielding; 1,000 Sefton residents who had registered as volunteers and Sefton Councillors who had been actively been involved in contacting over 3,000 households; the redeployment of over 500 Officers to support alternative service areas to meet new or additional demands; almost 1000 lab-confirmed positive Covid cases in Sefton being reported; and tragically over 278 people had died in Sefton of Covid 19
 - Support for residents and communities and the Council's workforce in relation to children social care and youth services; schools and early years services; adult social care; public health; the provision of temporary accommodation to over 140 homeless households; highways; cultural activities; economic and business support; Registrars; refuse services; Contact centre; shielded residents; Voluntary Sector partnership and support; and elected members visiting socially isolated residents
 - The economic impacts in Sefton which included 27,700 jobs furloughed in the borough as at 31st May 2020 and that financial support for 8,500 self-employed individuals had been provided; and details of the potential job losses in various employment sectors;
 - Core objectives for recovery planning which included the development and implementation of a recovery plan for the borough that supported delivery of the partnership 2030 vision for Sefton, the Council's effectiveness in its role in that plan, including maximising opportunity for transformation and continuous improvement and collaborative work with partners to develop and implement this plan, ensuring prioritisation of shared objectives and the 2030 Vision; the return to local democracy of meetings of Planning Committee and Cabinet and work to restart meetings of Overview and Scrutiny Committees; supporting the implementation of strategies for our town centres and business areas; and the capturing and sharing lessons learned from the response and recovery;
 - The strategic approach to recovery which included addressing, in all areas, the key questions of what have we had to start doing that we will need to stop doing, what have we started doing that we want to continue with, what have we stopped doing that we need to restart and what have we stopped doing that we don't want to restart; and continuing to work towards the 2030 Vision for Sefton; and
 - A progress update regarding recovery planning.

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Decision Made:

That:

- (1) the Council's ongoing and developing response to COVID-19 pandemic be noted;
- (2) the ongoing and emerging financial implications of the response, including the impact on Council income, in advance of a review of the Council's budget for the current financial year and as referred to in the report of the Executive Director – Corporate Resources and Customer Services (Minute No. 13 refers), be noted; and
- (3) the appreciation of Cabinet be recorded for the work being undertaken by Council staff providing front-line services and in supporting alternative service areas to meet new or additional demands during the Covid-19 pandemic.

Reasons for Decision:

To outline the impact of COVID-19 on existing services and their current and future operations, along with the financial implications of these impacts and potential changes; and to ensure Cabinet Member visibility and continued engagement in response, recovery, and future financial planning.

Alternative Options Considered and Rejected:

None.

Following on from the above report and presentation Councillor Maher, Leader of the Council, referred to the impact of Covid-19 and its devastating consequences on our communities here in Sefton; and tragically, that many Sefton residents had lost their lives due to the pandemic.

The Cabinet then observed a minute's silence in memory of the 278 Sefton residents who have died from Covid-19.

13. FINANCIAL MANAGEMENT 2020/21 TO 2022/23 AND FRAMEWORK FOR CHANGE - ISSUES ARISING FROM COVID-19 - JUNE UPDATE

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services that provided an initial view on the financial issues that may affect the Council's finances and financial sustainability as a result of the COVID 19 pandemic. The report provided details of the key areas that would require monitoring and reporting together with an early estimate of the financial impact in both the current year and future years; and in doing so, the report updated on the dialogue that was ongoing with central government and the required guidance and support that the Council required.

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The report was the first in a series of reports that would be provided to each future Cabinet meeting on the financial impact of the pandemic, with revisions being made to future reports both in terms of the financial estimates and the proposed approach to addressing each issue as per central government guidance.

Decision Made:

That:

- (1) reports be submitted to each future Cabinet meeting on the financial implications arising from the COVID 19 pandemic until further notice;
- (2) the revised timetable for the closure of the 2019/20 year-end accounts and the proposed dates for receipt of the accounts by Audit and Governance Committee be noted;
- (3) the potential impact of the COVID 19 pandemic on the final outturn for 2019/20 be noted;
- (4) the key financial issues that are facing the Council in the financial year 2020/21 especially with regard to income due from Council Tax, Business Rates and fees and charges be noted;
- (5) when firm financial estimates are available to the Council in respect of 2020/21 and central government guidance is available as to how these should be addressed, a subsequent report be presented to Cabinet agreeing the Council's approach to delivering financial sustainability in the current year and the proposed approach for the financial years 2021/22 and 2022/23; and it be noted that where these decisions require Council approval as per the constitution and financial procedure rules, decisions will be escalated as appropriate;
- (6) the position with regard to the potential cash flow implications arising from the COVID 19 pandemic in 2020/21 for the Council be noted; that in accordance with the Council's approved Treasury Management Strategy it be agreed that the Council's s151 officer be authorised to raise borrowing as a result of the Council being 'internally borrowed' as set out in this report; and that this action be conducted in accordance with the Treasury Management Strategy and Financial Procedure Rules;
- (7) the potential impact on the Council's debt management arrangements and provision be noted and approval be authorised to a full review of this being undertaken across the Council within 6 months with the outcome being reported to Cabinet and subsequently included in future budget setting plans;

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- (8) Approval be given to the utilisation of the 'Emergency Fund' as set out in Appendix A where firm estimates are known and authority be delegated to the Chief Executive and s151 officer to incur additional expenditure on the other areas detailed up to the value of funding that has been made available by central government; and that detail of this expenditure and approvals be reported within future Cabinet reports; and
- (9) the Council's Framework for Change 2020 programme continue as approved by Budget Council but that each workstream be reviewed and updated to include the Council's response to the pandemic; and that this be presented to Cabinet and Council in due course for approval.

Reasons for Decision:

The recommendations will give Cabinet full visibility of the potential financial impact of the pandemic both in the current year and future years and will provide the basis for future decision making that will ensure that financial sustainability is maintained.

Alternative Options Considered and Rejected:

There are no alternative options available to the Council.

14. COVID-19 PROCUREMENT ARRANGEMENTS

The Cabinet considered the report of the Executive Director - Corporate Resources and Customer Services advising that as part of the central government response to the COVID 19 pandemic, a number of Policy Procurement Notes (PPN) were issued to all Council's that provided direction on how certain procurement activities should be administered and how existing contractual relationships between the Council and 3rd parties should be maintained or could be varied.

The report detailed that the Council's own Contract Procedure Rules set out how the Council should administer its contractual arrangements and therefore it was important that visibility was provided on how these maybe impacted. As a result, the report sought to delegate authority to officers in order to amend current Council goods and/or services and works contracts to ensure continuity in the operation of Council services, or appoint an emergency contractor as per the Government's PPNs.

Decision Made:

That:

- (1) in relation to contracts where the supplier has requested an amendment due to COVID-19, or in the event that the Council needs to appoint an emergency supplier due to COVID-19, a delegation be made such that until 30 September 2020:

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- (i) Heads of Service in consultation with the relevant Cabinet Member be authorised to negotiate, draft (with appropriate procurement and legal support) and enter in to a contract variation where they can be accommodated and contained within that services existing budget provision; or
 - (ii) in the event that expenditure cannot be contained within that service's existing budget provision further engagement and approval be sought from the Council's Chief Executive and Section 151 Officer on the basis that the expenditure can be contained within the Councils overall approved budget;
- (2) all actions taken under such delegation will be formally recorded in writing and reported to the Cabinet meeting in September 2020 together with a recommendation on whether the delegation is required to be maintained due to the impact of the pandemic; and
- (3) it be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because, in accordance with Government guidance, these variations need actioning as soon as possible to assist the Council with continuity of services, and contractors with liquidity.

Reasons for Decision:

To expedite approval for each contract variation or new contract appointment arising due to COVID-19 and to ensure that there is no delay in effecting an appointment or variation due to governance issues and to comply with government guidance.

Alternative Options Considered and Rejected:

In the event that this delegation was not put in place, each responsible officer would have to request authority to amend a contract. This would cause delay in implementing the PPNs and could result in solvency issues for the provider(s) and/or service delivery delays / problems for the Council in its attempts to respond to the COVID-19 emergency.

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15. **MEDICALLY MANAGED RESIDENTIAL DETOXIFICATION FOR SUBSTANCE USE**

Further to Minute No. 105 of 7 March 2019 the Cabinet considered the report of the Head of Health and Wellbeing advising that Medically Managed Residential Detoxification Services were highly specialised services, and few existed outside of NHS Trusts; that in March 2016, Mersey Care NHS Foundation Trust were awarded a contract to provide these services with effect from 1st July 2016; that the contract was awarded for three years with an option to extend for up to a further two years; that quarterly performance and service reviews throughout the duration of the contract proved entirely satisfactory and on 7th March 2019 Cabinet approved a two-year contract extension to be exercised with effect from the 1st July 2019.

The report concluded that consideration was now required on re-procuring this service as the current extension term expired on the 30th June 2021.

Decision Made:

That:

- (1) the Interim Director of Public Health be authorised to conduct an OJEU Light-Tough Regime tender exercise for a Medically Managed Residential Detoxification Service to run for a period of five years from 1st July 2021 with the option of further extensions to be exercised up to a maximum of two-years; and
- (2) Authority be delegated to the Interim Director of Public Health, in consultation with the Cabinet Member - Health and Wellbeing, to award the contract to the highest scoring bidder(s) resulting from the procurement and to award any extension thereof.

Reasons for Decision:

Medically Managed Residential Detoxification Services are a critical part of any substance use treatment system. As part of this treatment system, Sefton Council commissions residential detoxification services for individuals wanting to realise a drug and /or alcohol-free life, but where physical or mental ill health, family or social circumstances makes it unlikely that they are able to achieve this goal in a community setting. Medically Managed Residential Detoxification Services are often the means by which people with complex health care needs go on to achieve full rehabilitation and integration back into employment, education or training opportunities.

Alternative Options Considered and Rejected:

- (1) To align contract expiry dates with the Community Substance Use Assessment, Treatment and Recovery Service by offering a short-term contract. This could allow the option of considering combining

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the community substance use treatment services and residential detoxification services within one contract. However, in order to align the expiry dates, a contract for Medically Managed Residential Detoxification Service could only be offered for ten months from the 1st July 2021. It is doubtful that this option would be financially viable for a specialist service provider and would create instability within the treatment system. Moreover, combining the contracts would narrow the field of viable providers within the market and could disadvantage some providers who specialise only in community treatment service provision.

- (2) To retain separate community and residential substance use services and commence a re-procurement exercise for a specialist Medically Managed Residential Detoxification Service. In order that stability is maintained within the treatment system it is recommended that Cabinet approves the procurement of Medically Managed Detoxification services for substance use for a period of five years with the option of further extensions to be exercised up to a maximum of two-years.

16. SAFEGUARDING CHILDREN FROM CHILD SEXUAL AND CRIMINAL EXPLOITATION AND CHILDREN REPORTED AS MISSING

The Cabinet considered the report of the Executive Director – Children’s Social Care and Education that advised of the work agencies had undertaken to safeguard children from child sexual and criminal exploitation and children who have been reported as missing from home / care.

Decision Made:

That the work taking place in Sefton regarding child sexual and criminal exploitation and safeguarding children who have been reported as missing from home /care be noted.

Reasons for Decision:

To ensure Cabinet is aware of the partnership activity undertaken to safeguard children from child sexual and criminal exploitation in Sefton and when they have been reported as missing, in respect of the statutory duties of every local authority to safeguard and promote the welfare of children within their area who are in need.

Alternative Options Considered and Rejected:

None.

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17. BUSINESS DISCRETIONARY GRANTS

The Cabinet considered the report of the Head of Economic Growth and Housing that advised, in accordance with the Constitution of the Council, of the decision of the Leader of the Council to exercise his powers to make urgent decisions because of the necessity to deliver emergency grant funding to Sefton businesses as part of the Government's Covid-19 response in Sefton.

Decision Made:

That:

- (1) the necessity for the Leader of the Council to exercise his powers under the Council's Constitution to make urgent decisions to deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton be noted; and
- (2) the specific grant criteria as set out in Appendix A to the report be noted.

Reasons for Decision:

To advise of the decisions taken by the Leader of the Council, in accordance with the Constitution of the Council, to exercise his powers to make urgent decisions because of the necessity to deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response as to delay would cause them further financial hardship and distress.

Alternative Options Considered and Rejected:

Delay of approval of the scheme until the date of this Cabinet meeting. This was rejected as to delay any further would have caused business recipients further financial hardship and distress and potentially place many businesses at risk of contraction or closure.

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Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	St Teresa's Catholic Infant School		
Report of:	Executive Director of Children's Social Care and Education	Wards Affected:	Birkdale; and neighbouring wards where pupils reside
Cabinet Portfolio:	Cabinet Member – Children, Schools and Safeguarding		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

At the Cabinet meeting held on the 5th March 2020, Members agreed to allow St. Teresa's Governors' further time to provide an alternative financial proposal based on a half form entry from Reception to Year 2.

St Teresa's Governing Body have been developing a financial plan to try to support the continued operation of the school. The Local Authority has worked with the Governing Body to discuss the proposals and understand the implications.

The issues are not related to the quality of the provision, St Teresa's last inspection acknowledges that the school is 'Good'.

The Governing Body has put forward alternative proposals which they believe would support the sustainability of the school both financially and as a community resource. There does however, remain some concerns about how they will work in practice. It is acknowledged that some of the work has been hampered by the COVID pandemic which has limited their ability to promote themselves as a school within the community.

Recommendation(s):

- (1) That the Governing Body is given the opportunity to implement their plans for ST Teresa's catholic primary school.
- (2) That the Council cease the statutory process approved by Cabinet on 3 October 2019.
- (3) The Local Authority and the Arch Diocese continue to work with the Governing Body to ensure that proposed plans are implemented and the school can achieve financial sustainability.

Reasons for the Recommendation(s):

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The Local Authority has the power to consider all options and to allow the Governing Body the opportunity to continue with their action plan to move the school to a balanced budget.

Alternative Options Considered and Rejected: (including any Risk Implications)

Alternative options have been explored by the governing body with support from Officers. The Council could proceed to a statutory closure but have decided not to for the reasons outlined in the report.

What will it cost and how will it be financed?

(A) Revenue Costs

See Section 4 below

(B) Capital Costs

N/A

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Staff from Corporate Finance and Corporate Personnel together with Business Support have continued to provide support through the consultation exercise.
Legal Implications:
Equality Implications:
There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: All children including those with SEND and vulnerable groups will still be able to attend a Catholic school rated good in their local community
Facilitate confident and resilient communities: The school has had a significant role in the community for many years and this will allow the school to continue to support the local community.
Commission, broker and provide core services:

Place – leadership and influencer: The school has a long-standing relationship with the local community and this will allow catholic provision to continue in the community.
Drivers of change and reform: N/A
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A
Cleaner Greener: N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services (FD6070/20) and Chief Legal Democratic Officer (LD.4253/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Stage One consultation on the proposal has taken place in accordance with statutory requirements. As part of the consultation process meetings were held with governors, parents of pupils and staff in the school and their trade union representatives.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Tricia Davies
Telephone Number:	0151 934 3428
Email Address:	tricia.davies@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

Opening and closing maintained schools: statutory guidance for proposers and decision-makers, November 2019, Department for Education.

<https://www.gov.uk/government/publications/school-organisation-maintained-schools>

1. Introduction/Background

- 1.1 St Teresa’s Catholic Infant School has suffered from falling pupil numbers since receiving a poor Ofsted judgement. They have never fully recovered from this

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even after achieving a good Ofsted judgement in February 2018. There has also been a decline in the nursery/infant population in the area which has exacerbated the problem.

- 1.2 Governing bodies have a duty to set a balanced budget each year and the Governing Body of St Teresa's Catholic Infant School has worked hard to reduce costs and set a balanced budget, however the budget prepared by the Governing Body does not show a balanced budget for at least four years.
- 1.3 The Governing Body of St Teresa's Catholic Infant School met on 19th June 2019 to consider the financial position of the school going forward in the light of no foreseeable increase in pupil numbers and increasing cost. They concluded that they were unable to set a balanced budget. On 25th June 2019 the Chair of Governors wrote to the Head of Schools and Families to request approval for a deficit budget for 2019/20. In the letter they also requested that the possibility of a merger with Our Lady of Lourdes Catholic Primary School be explored.
- 1.4 The above was considered by Cabinet on 3 October 2019. Cabinet agreed to commence Stage One of a statutory consultation process relating to the future operation of St Teresa's Catholic Infant School via the publication of a consultation paper agreed between the Council and the Archdiocese of Liverpool. The recommended proposal was for the closure of St Teresa's Catholic Infant School and the related expansion of Our Lady of Lourdes Catholic Primary School.

2 Consultation Process

- 2.1 In accordance with section 16(3) of the Education and Inspections Act 2006 a proposer of a school closure must have regard to any guidance issued by the Secretary of State. The following bodies and individuals were consulted:

Parents/carers of pupils at St Teresa's Infant School and Our Lady of Lourdes Catholic Primary School

Parents of pupils who had applied for places at the schools at the start of the consultation period

Staff at St Teresa's and Our Lady of Lourdes

Governing bodies of St Teresa's and Our Lady of Lourdes

Trade Union Representatives

Sefton schools

Ward Councillors

Directors of neighbouring local authorities

Local MP

General consultation invites on Sefton Council's website

- 2.2 The consultation process was presented to the Public Engagement and Consultation Panel on 10 October 2019.
- 2.3 All parents at both schools received a letter and a copy of the consultation leaflet. The consultation also consisted of meetings with staff, governors and families, and provided the opportunity for discussion and written representation. The consultation period ran from 21 October until 6 December 2019. An extra week was allowed for half term.

3. Outcome of the Consultation

3.1 The outcome of the consultation was considered by Cabinet on 5 March 2020 when a detailed report was provided and the following decision was made:

- (1) it be noted that consideration and account had been taken of the responses to the statutory consultation process;
- (2) the option to merge St Teresa's Catholic Infant School with Our Lady of Lourdes Catholic Primary School be not progressed; and
- (3) approval be given to defer the decision regarding the future of St Teresa's Infant school to the Cabinet meeting on 28 May 2020 to allow options brought forward as a result of the consultation to be fully explored by the Governing Body of St Teresa's, with support by the Archdiocese of Liverpool and the Local Authority.

4 Financial Position

- 4.1 St Teresa's Catholic Infant School has been struggling financially for several years and the Governing Body has worked hard to reduce costs.
- 4.2 The school carried forward balances of £0.047m from 2018/19 and had an in-year deficit of £0.085m in 2019/20 meaning the school ended 2019/20 with a financial deficit of £0.038m. This was after reducing its budgets as far as possible and after agreeing to share a Headteacher from September 2019 with Our Lady of Lourdes Catholic Primary School.
- 4.3 The school has seen declining numbers in recent years leading to reduced funding. Without further changes to funding or actions to address an overspend position, the school was expected to have a cumulative deficit of £0.120m by the end of 2020/21 and £0.200m by the end of 2021/22.
- 4.4 At the Cabinet meeting held on the 5th March 2020, Members agreed to allow St Teresa's Governors' further time to provide an alternative financial proposal based on a half form entry from Reception to Year 2.
- 4.5 The Governing Body has submitted the following budget proposal to the Council for consideration, they hope to further mitigate the existing deficit through additional fundraising and rent of space to third party organisations outside of term time and school hours. The Governors' proposal is predicated on future Reception numbers being at capacity of 15 each year from September 2021 and the school leasing part of the building to a private provider to deliver Two-Year-old funded child care provision, which will provide a letting income to the school.

Table 1: St Teresa's Governing Body Budget Proposal

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	Outturn 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £
Staff	385,359	286,315	262,848	249,631	245,370
Curriculum	32,306	22,831	22,698	22,638	22,708
Premises	16,610	24,185	21,751	22,235	22,741
Utilities	10,602	11,235	11,572	11,919	12,277
Other Costs (inc. Catering and SLAs)	69,266	65,462	64,042	65,852	67,716
Income (inc. Lettings)	(13,444)	(14,350)	(19,350)	(19,350)	(19,350)
Total Net Expenditure	500,699	395,679	363,560	352,924	351,462
Formula Allocations	370,911	318,275	265,350	273,441	266,723
Other Grants	44,700	47,895	41,926	42,533	41,846
Budget Surplus/(Deficit)	(85,088)	(29,509)	(56,826)	(37,518)	(42,893)
Balances B/F Surplus/(Deficit)	46,832	(38,255)	(67,763)	(124,589)	(162,107)
Balances C/F Surplus/(Deficit)	(38,255)	(67,763)	(124,589)	(162,107)	(205,000)

School funding is awarded one year in arrears, so funding for 2020/21 is based on the 2019/20 pupil census, 2021/22 funding is based on the 2020/21 pupil census, and so on.

Table 2: St Teresa's School Projected Pupil Numbers

	Funding 2020/21 (Census Oct-19)	Funding 2021/22 (Census Oct-20)	Funding 2022/23 (Census Oct-21)	Funding 2023/24 (Census Oct-22)
Reception	17	7	15	15
Year 1	13	17	7	15
Year 2	18	13	17	7
Total	48	37	39	37

(Proposed roll of 37 from September 2020 although 11 pupils have requested in-year admission to other schools with vacant places)

The funding for St Teresa's in 2020/21 is based on the October 2019 census of 48 pupils. The school is estimated to have an in-year funding shortfall of £29.5k. Added to the deficit in 2019/20 of £38.2k, the cumulative deficit would increase to £67.7k at the 31st March 2021.

- 4.6 School Admissions have confirmed the Reception intake for September 2020 is 7 pupils, which combined with the Year 1 and Year 2 pupils means the 2020/21 school roll will be 37. This would translate into an estimated in-year funding gap for 2021/22 – assuming the revised staffing plan can be implemented and there are no changes to revised non-pay costs – of £56.8k. The cumulative deficit will increase to £124.5k at the 31st March 2022.
- 4.7 It is acknowledged that concerns about the school closing may have further exacerbated the drop in pupil numbers and it is hoped that through the Governing Body's promotion of the school that pupil numbers will increase.
- 4.8 The budget for 2022/23 is based on an estimated school roll of 39 in October 2021. The in-year budget gap is forecast to be £37.5k which means that the accumulative deficit is forecast to increase to £162k by the 31st March 2023.

- 4.9 In 2022/23 projected pupil numbers are 37, the in-year budget shortfall is forecast to be £42.9k and the accumulative deficit is estimated to reach £205k by the 31st March 2024.
- 4.9.1 The Governors' financial plan is based on a best-case scenario that assumes no unforeseen cost increases, local or from Government, and each reception intake at the maximum of 15 from September 2021.
- 4.9.2 If the assumptions regarding per pupil funding and fixed costs remain the same, from 2024/25 St Teresa's would be full – with 15 pupils in each infant year group and a total roll of 45. The school would still set an in-year deficit of £11k for the year and the overall deficit would grow to £216k. There is no financial plan that has been provided by the Governing Body that provides any headroom to start to payback the accumulated deficit.
- 4.9.3 The Governing Body have indicated that they have plans moving forward to further mitigate costs, including a review of administrative and non-teaching staff but to date the options, and any possible cost reduction, have not been shared in sufficient detail to assure the Local Authority.
- 4.9.4 The budget plan provided by the Governing Body includes the leasing out of part of the school to a third-party provider to set up a new 2-year old nursery provision at the St Teresa's school site which according to their assumptions will generate income of £15k per annum. However, the latest early Years Census data shows that there are at least 131 vacancies currently within existing 2-year old settings in Southport.
- 4.9.5 If Members agree to allow St Teresa's to continue to operate then the School will need to apply for a licensed deficit budget agreement from the Council. The financial plan would need to be signed off by the Executive Director of Children's Social Care and Education (in the statutory role of DCS) and the Executive Director of Corporate Resources and Customer Services (the Council's Section 151 Officer) who would need to be satisfied as to the adequacy of the educational provision within school and the robustness of the financial proposals presented by the Governing Body. The financial deficit agreement would also require the school to adhere to and operate within a financial framework and limitations set out by the local authority.
- 4.9.6 The school will operate under a Notice of Concern during any licensed deficit budget agreement in order to safeguard the financial position of the School and the Local Authority. The Notice will remain in force until the School no longer requires a licensed deficit agreement to support its budget commitments.

5 Standards

- 5.1 St Teresa's Catholic Infant School was rated good at their last Ofsted inspection.

6 Pupil Places

- 6.1 St Teresa's Catholic Infant School has 90 places and there were 48 pupils on roll in the main school and 9 in the nursery as at the October 2019 School Census

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which means they had 47% surplus places. As at January 2020 School Census there were 47 pupils in the main school and 11 in the nursery.

7 Statutory Proposal

- 7.1 A statutory proposal should be published within 12 months of the initial consultation period being completed so it can be informed by up to date feedback. The consultation period for St Teresa's Catholic Primary School ended on 6th December 2019. This means that if the school is not successful the Council would have to restart the consultation process

8 Mitigating Circumstances

- 8.1 St Teresa's Governing Body has appealed to Cabinet to be allowed to continue and have given assurances that they can make their plan work. They have plans to further mitigate costs. If they are not successful in achieving a balanced budget the risks are a significant financial debt to the Council for which we have no provision so any deficit would have to be offset from Council reserves. The situation would have to be carefully monitored and regular updates will be shared with the Lead Member for Schools, Safeguarding and Families.

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Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Sefton Climate Emergency Implementation Plan		
Report of:	Executive Directors, Corporate Resources & Customer Services and People	Wards Affected:	All
Cabinet Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

Sefton Council is committed to reducing carbon emissions and resolves to go further than the UK100 Agreement and to act in line with the scientific consensus that we must reduce emissions to net zero by 2030. As such the Council at its meeting in July 2019 declared a climate emergency. Following that declaration work has progressed within the council on the agreed actions that were contained and approved by Members and its Strategy was considered by Cabinet in June 2020 and will be presented to a forthcoming meeting of full Council.

As part of the governance approach to the overall programme a 3 year implementation plan is to be developed for the period 2020-2023 together with detail of the work undertaken during the last 12 months.

Recommendation(s):

Cabinet are recommended to :-

1. Note the progress made on the actions contained within the original council motion of July 2019;
2. Approve that further work be undertaken in respect of Scope 3 of the Greenhouse Gas Protocol with the output being reported to the overview and scrutiny management board from December 2020; and
3. Consider the first 3 year implementation plan for the period 2020-2023 that will support the delivery of the Councils Climate Emergency Strategy and recommend its approval by Full Council.

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Council are recommended to:-

1. Approve the Councils 3 year Implementation Plan for the period 2020-2023.

Reasons for the Recommendation(s):

The proposed implementation plan for the period 2020-2023 and progress made on the key actions agreed in July 2019 are key documents that will support the delivery of the council motion that declared a climate emergency

Alternative Options Considered and Rejected: (including any Risk Implications)

There are no alternative options to this

What will it cost and how will it be financed?

(A) Revenue Costs

There are no revenue implications arising from the approval of this strategy. Any proposals that are developed as part of the 3 year implementation plan will be fully evaluated and any resource requirements identified. There is currently no additional budget provision for the delivery of the strategy therefore at this stage all proposals will need to be met from within the council's approved budget.

(B) Capital Costs

There are no capital implications arising from the approval of this strategy. Any proposals that are developed as part of the 3 year implementation plan will be fully evaluated and any resource requirements identified. There is currently no additional budget provision for the delivery of the strategy therefore at this stage all proposals will need to be met from within the council's approved budget.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
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There are no resource implications arising from this strategy
Legal Implications: There are no legal implications arising from this strategy
Equality Implications: There are no equality implications.

Contribution to the Council’s Core Purpose:

This strategy will facilitate the delivery of the Council motion that declared a climate emergency and in doing so support the delivery of each objective as set out below in the councils core purpose

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director Corporate Resources & Customer Services (FD6051/20) is the author of the report and the Chief Legal & Democratic Officer (LD4234/20) has been consulted and any comments have been incorporated into the report.

In addition the Climate Emergency Member Reference Group has reviewed and endorsed the contents of the documents referenced in this report in June 2020

(B) External Consultations

Engagement with key Stakeholders and other Public Bodies has taken place with regard to the councils approach to the delivery of the motion. In addition the Liverpool City Region and Combined Authority have also been engaged on the programme.

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Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Stephan Van Arendsen/ Andrea Watts
Telephone Number:	0151 934 4082
Email Address:	Stephan.vanarendsen@sefton.gov.uk/ Andrea.watts@sefton.gov.uk

1.0 Introduction

- 1.1 At the meeting of 28th May 2020, Cabinet received and approved the Council's Climate Emergency Strategy. This will subsequently be presented for approval to Full Council.
- 1.2 Within that Strategy, the Council's aims and objectives are set out together with the governance structure and the approach that will be followed in order for the Council to achieve its 2030 target.
- 1.3 This approach is based upon:-
- Approval of a strategy for the period to 2030
 - Establishing and refining a baseline position- ie what is the councils seeking to achieve; and
 - Development of 3 year implementation plans.
- 1.4 As such this report follows the production of the Council's Strategy, and reflects both the work undertaken to date and the inclusion of the first 3 year implementation plan for the period 2020-2023.
- 1.5 As with most areas of the Council's activity within the first half of 2020, some progress and engagement has been limited due to the COVID 19 pandemic however significant progress has been made that will enable the council to move forward with delivering its strategy, indeed there may be opportunities to accelerate some of that work as society changes and moves through the reset and recovery phases

2.0 Work Undertaken to date

- 2.1 On the rise of the Council declaring a climate emergency in July 2019, there were 4 key elements that needed to be developed during the initial 12 months:-
- Responding to the actions included in the original declaration;
 - Establishing a baseline position for the council;
 - Development of a strategy; and
 - Reflecting each of the above develop a 3 year implementation plan for the period 2020-2023

Actions contained within the original declaration

- 1.2 Members will recall that within the motion considered by Council in July 2019 a number of actions were detailed that should be undertaken within the first 12 months of the programme of work. These ranged from establishing the appropriate governance groups, to how the aims and objectives of the climate emergency should be reflected within council decision making and engagement across the city region and with residents of the Borough.

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2.3 A significant amount of work has been undertaken across each of these actions during that period and this is reflected in the Action Tracker that is shown at Appendix A to this report. This is the key output from the first 12 months of activity (and includes the production of a strategy for the Council) together with establishing a baseline position and the first implementation plan. It can be seen from the attached document that significant progress has been made in all areas identified in the original motion meaning that the Council is in a robust position to move forward.

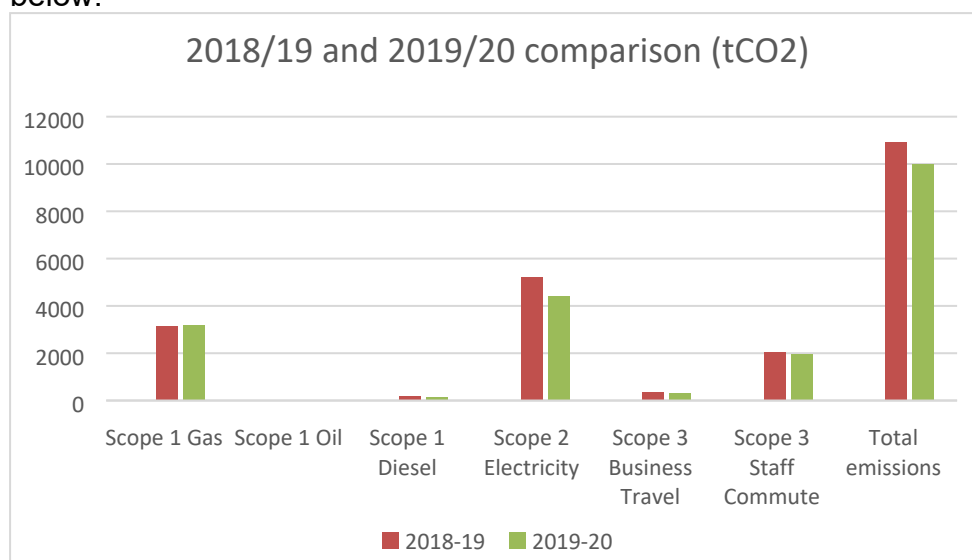
Establishing a Baseline Position for the Council

2.4 A key feature of the original council motion was the desire for each Overview and Scrutiny Committee to review its activities in order to inform a baseline position for the council.

2.5 Following consideration it was recommended that the Greenhouse Gas Protocol be used in order to quantify the relevant elements. This protocol is based on an assessment under 2 scopes:-

- Scope 1 – Gas and Vehicles (Council wide Assessment)
- Scope 2 – Electricity (Council wide Assessment)
- Scope 3 – 15 Other indirect areas (staff travel, procurement, waste, investments etc.)

Overview and Scrutiny Committees commenced this work in Q1 of 2020 and naturally focussed their activity on those areas that were perceived to have the biggest impact namely Scopes 1 and 2. Since then, work has been undertaken to review the scope 1 & 2 data and to quantify the travel elements of scope 3. The Government has also published revised emission factors for 2019 (published in June 20). This has led to our basic footprint reducing to a lower level than that previously reported. The breakdown is shown in the table below.



- 2.6 In terms of Scope 3, work was undertaken in respect of staff travel (business travel and commuting) as this was considered another area where significant gains could be made in the short to medium term and this is included in the above analysis. There is however further work required in respect of Scope 3 that will cover specific areas such as procurement. Work to quantify these emissions will form part of the action plan, and will be tracked as part of the future annual reporting process.
- 2.7 Establishing a baseline position allows the Council to start to develop its strategy and identify those areas that should be the subject of review as part of its implementation Planning

Development of a 3 year Implementation Plan

- 2.8 Within the Council's Strategy it is established that 3 year implementation plans will be developed that will detail the action plan and key areas that the Council will review during that period Following approval of this strategy and the initial work on the baseline position for the council, the first 3 year plan has been developed and this is provided at Appendix 2.
- 2.9 As stated, within this document a range of areas have been identified for development. These include:-
- The reduction in Gas and Electricity usage across the council estate via a series of reduction scheme eg in corporate buildings;
 - Improving the thermal efficiency of all areas of council activity;
 - Key investment projects that will improve gas /electricity usage eg street lighting, LED retrofit;
 - Exploring the opportunities with regard to sustainable transport for example through the greater use of cycleways ;
 - Reduction in fuel consumption and travel during work hours and travel to and from work- agile/home working
 - Explore the potential to move to a low carbon fleet
 - Improve Partnership working across the Borough
 - Develop a Community Engagement programme that will support the aims and objectives of the motion via behaviour change; and
 - Continue to engage, work with and align with the Liverpool City Region on the delivery of the motion
- 2.10 Once agreed, these workstreams will be developed with detailed project plans and will be the subject of reporting to both the senior level officer group and each meeting of the now established Member Reference Group. This output will be reflected in subsequent annual reports.
- 2.11 As previously reported the council has a clear ambition and strategy but it is also cognisant that some of its ambitions maybe limited by the availability of funding. This is understood, however the Council will continue to both explore different funding sources that maybe available and will continue to lobby central government as part of the Comprehensive Spending Review for additional support. Similarly, the pace of change that is being experienced

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with regard to climate change may mean that certain elements that may not be affordable at this time may become affordable in the later stages of the programme as either funding becomes available or the cost reduces. In such circumstances it is important that the council (especially for the more significant issues) is ready with its proposals and ambitions.

Impact of COVID 19

2.12 As previously referenced in this report COVID 19 has had an impact on progress during the last 6 months , however it has offered up a number of areas both within society and the council that should be leveraged as part of the response to the original council motion and should form part of the 3 year implementation plan. During the 'lockdown ' that was in place a number of key issues came to the fore that improved air quality and the impact on the environment. These included

- Significant Air quality improvements across all areas and locations globally, within the UK and within Sefton
- Reduced gas and electricity usage across council estate inc corporate buildings (up to 35%)
- Reduced staff travel in work and to and from work- agile/ home working
- Improved and enhanced partner working, with organisations across the Borough, the Liverpool City Region, with residents , communities and business

As such it is considered that the implementation plan should seek to retain all of these benefits and leverage them further.

3.0 Conclusion

3.1 Following Full Council declaring a climate emergency in July 2019, much work has been conducted by members and officers that resulted in the Council's Strategy being approved in June 2020 by Cabinet. This will be considered by the next meeting of Council. Alongside this work has been undertaken on a number of immediate actions that were contained within that declaration and establishing the council's baseline position in a number of critical areas. This information has been collated and is presented within this report and provides the basis for the councils first 3 year implementation plan.

3.2 At this point in time the world and society is coming to terms with the impact of the COVID 19 pandemic. It is forecast that this will have a permanent impact on how society operates, how we all live our lives and all sectors including local government. This will present both opportunities and challenges for the council in how it delivers its objectives as set out in the climate emergency, however it has never been more important in terms of how it supports residents , communities and business within the borough.

Sefton's Climate Change Emergency Implementation Plan

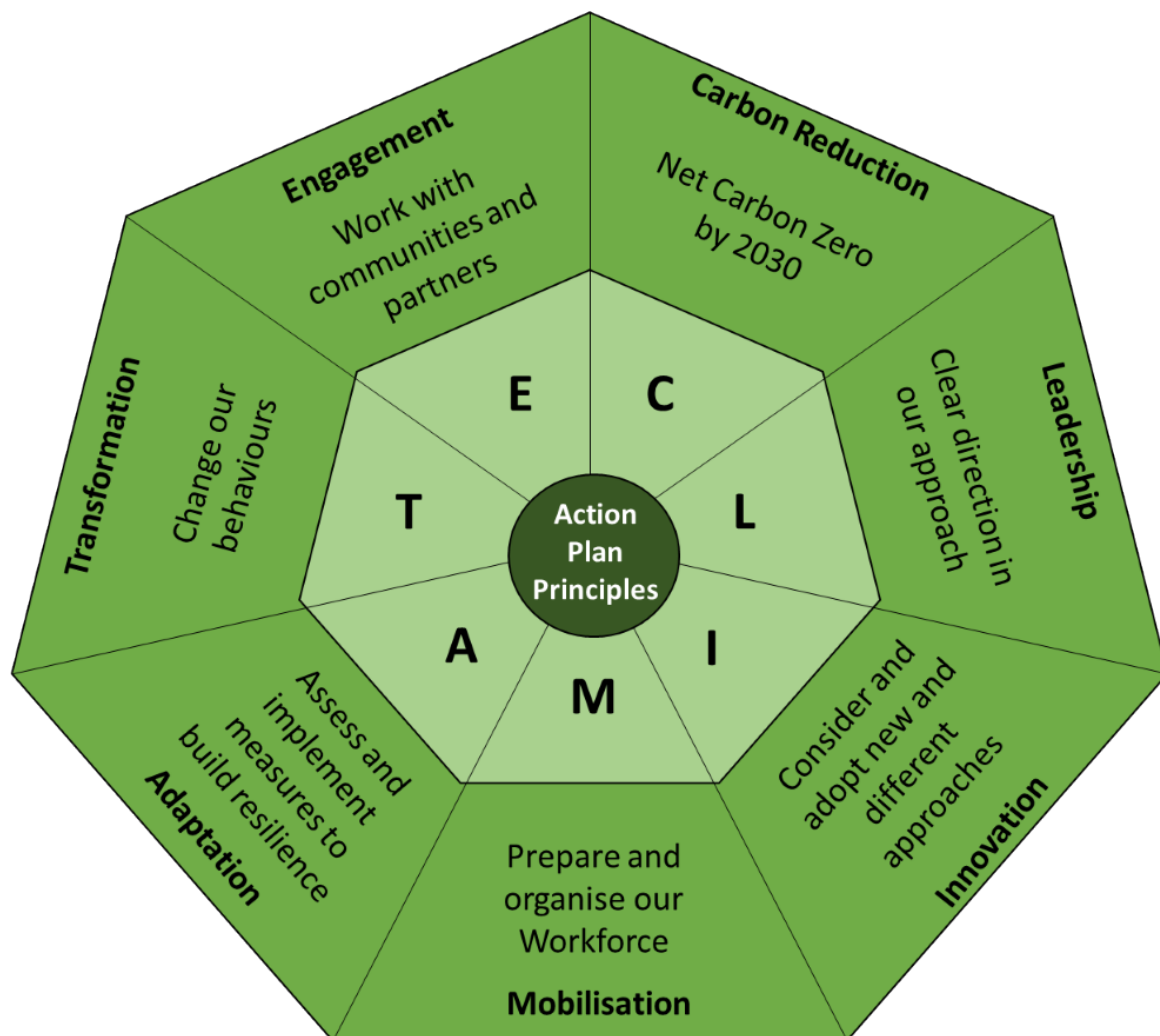
This document sets out Sefton Council's delivery of the commitment made within our climate strategy "Sefton's Climate Change Emergency Plan".

Sefton Council joins over 60% of UK local authorities in declaring a climate emergency and a growing consensus worldwide that urgent action is needed.

We will look at both the challenges and opportunities and engage with our communities to ensure we undertake actions to adapt to and mitigate the effects of climate change now and into the future.

This work will be aligned to the delivery of the Sefton 2030 Vision and the Council's Core Purpose with the aim of making Sefton a great place to be.

We will achieve this by following the below principles as set out in our climate strategy:



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Action Plans will cover three 3 year phases in order to align with the Council's financial planning cycle (shown below), supplemented by annual progress reports. This provides us with the opportunity to review and revise our approach as opportunities arise.

Phase 1 2020 – 2023;

Phase 2 2023 – 2026; and

Phase 3 2026 -2029.

Our action plan will include both mitigation and adaptation measures. This recognises that some impacts of a changing climate cannot be changed in the short/medium term. We must recognise that impacts, such as future sea level rises and an increase in summer temperatures will pose risks and opportunities to how we live and work, so we must alter our approach via adaptation measures. Offsetting is included within mitigation and is the practice of increasing carbon capture to compensate for carbon release that cannot be avoided.

COVID-19 was an unexpected interruption to the timetable of Sefton Council's Climate Emergency response. We do not see this as a major setback, rather, a challenge to keep to our original targets and to learn from one global crisis in response to another. Global carbon emissions have fallen in all countries and will help us to meet the global Paris accord target to limit warming.

This demonstrates a valuable lesson, that there is no quick fix and reduction in carbon emissions has to be sustained and long term to have a significant impact.

We can also learn valuable lessons on a Sefton basis

- COVID-19 has forced teams to work from home without adversely affecting delivery of services. Future flexibility in agile working will be a key element of reducing employee commuting and office energy consumption.
- COVID-19 has prompted a rapid response to a short term crisis; this mindset and sense of urgency can be redirected to tackle a climate crisis that is perceived to be long term, but in reality, is causing problems for communities now.

In order to meet the net zero carbon target, we will develop detailed a carbon reduction trajectory for the period 2020 – 2030, during phase 1. We will also explore options to introduce Carbon budgeting alongside corporate financial models.

We have defined our organisation as, all our depots, leisure centers, libraries, fleet vehicles and office spaces. We will define our emissions according to the Greenhouse Gas Protocol. This will include the most direct emissions Scope 1 and Scope 2, with some additional emissions captured within Scope 3, namely business travel and commuting.

Sefton's Carbon Baseline / Footprint

Here is a summary of the Council's carbon footprint in CO₂. The total emissions from the scope we have defined is **10,017 Tonnes**.

Activity	Emissions (tCO ₂)
Scope 1 Gas	3,173
Scope 1 Oil	0
Scope 1 Diesel	142
Scope 2 Electricity	4,411
Scope 3 Business Travel	313
Scope 3 Staff Commute	1,978
Total emissions	10,017

Here is a summary of the Council's carbon footprint in CO₂e. (CO₂e means carbon dioxide equivalent and is a measure that takes into account the emission of other greenhouse gases associated with the activity undertaken). CO₂e allows other greenhouse gas emissions to be expressed in terms of CO₂ based on their relative *global warming potential* (GWP). This means that this measure will be slightly higher than CO₂, because it captures additional emissions causing global warming/climate change.

The total emissions from the scope we have defined is **10,077 Tonnes**.

Activity	Emissions (tCO ₂ e)
Scope 1 Gas	3,180
Scope 1 Oil	0
Scope 1 Diesel	144
Scope 2 Electricity	4,451
Scope 3 Business Travel	351
Scope 3 Staff Commute	1,988
Total emissions	10,077

The Carbon Baseline/Footprint will be regularly monitored and used to assist in the prioritisation of the carbon mitigation elements of our action plan.

Following our Climate Strategy principles C.L.I.M.A.T.E., our action plan outlines the key areas of work we will undertake over the next 3 phases of our journey to 2030. This will be revised and updated each year in order to capture achievements, opportunities, technological developments and additional challenges.

Local Commitment “We will..”	Local Action “by..”	Impact H/M/L	Phase
Carbon Reduction			
work towards becoming net carbon zero by 2030.	Maintain (and refine) the carbon baseline for Council emissions	High	Phase 1-3
	Identify all current/planned projects and evaluate their contribution/risk to the climate emergency agenda	High	Phase 1
	Explore options to improve thermal efficiency at council sites through retrofit.	High	Phase 1
	Reduce electricity and gas usage : no/low cost energy saving and reduction schemes e.g. Education and awareness campaigns	Low	Phase 1
	Reduce electricity and gas usage : medium / high cost energy saving and reduction schemes e.g. Street lighting LED upgrade	High	Phase 1 & 2
	Explore the opportunities and feasibility for expanding sustainable transport networks and facilities such as cycle routes.	Medium	Phase 1 - 3
	Reduce fuel consumption through promoting ecodriving, and reduced travel via agile working etc.	Medium	Phase 1
	Move to low carbon fleet vehicles	Medium	Phase 3
achieve 100% clean energy by 2030	Investigate self-supply of Biogas (generation) - e.g. through use of municipal waste streams and agricultural waste stock.	High	Phase 2 -3
	Develop renewable energy (electricity) generation across Sefton – solar, on shore wind.	Medium	Phase 1 -2

	Supply of Biogas via Gas purchase agreement / renewable electricity - purchase REA & REGO certificates with a direct agreement between company generating and Sefton.	High	Phase 2 (elec.) Phase 3 (gas)
	Investigate Carbon offsetting options – local then global	Low	Phase 3
Leadership			
Provide clear direction in our approach	Lobby central government for increased funding for climate related projects	High	Phase 1
	Review new policies and strategies, forthcoming budget proposals, Treasury Management Strategy and all cabinet and council decisions to ensure they have considered climate change adaptation and mitigation issues.	Medium	Phase 1
	Sharing expertise and advice with our community, providing details of the Council’s commitments and encouraging behaviour change in local homes, businesses and schools.	High	Phase 1 - 3
	Work with local partners across the LCR to a co-ordinated approach and to identify areas for collaboration and resource.	High	Phase 1 - 3
	Use our role as a large organisation to encourage change in the borough, by requiring large suppliers to report on climate impact of activities carried out on our behalf.	High	Phase 1 - 3
	Assess the impacts of local events and activities via the Southport Master Plan and seek to mitigate where necessary	High	Phase 1
Innovation			
consider and adopt new &	Explore options for investment in low carbon energy & innovative technology and seek innovative low carbon options for any new	High	Phase 1 - 3

different approached	developments.		
	Approach the climate emergency with a long term mindset, exploring 'spend to save' methods of climate action.	High	Phase 1 - 3
	Explore options for local offset via climate adaptation programmes and local landscape enhancement	Medium	Phase 1 - 3
	Identify and channel the existing enthusiasm for climate action in the workforce	High	Phase 1
	Continue to invest in Sustainable IT systems to allow for flexibility for agile and home working	Medium	Phase 1
	Develop a Green Sefton membership scheme for our communities to inspire them to take action and buy into the approach being taken by the Council	Medium	Phase 1
<u>Mobilisation</u>			
prepare and organize our workforce to support climate change action	Develop and deliver training & awareness raising for staff at all levels, to encourage low carbon and adaptation measures and informed decision making, among our workforce.	High	Phase 1
	Support departments to assign responsibility and actively contribute to the officers/members working group(s)	High	Phase 1
	Provide timely reporting to members (Cabinet and Overview & Scrutiny Committees) and staff on progress and other developments	High	Phase 1 - 3
	Improve knowledge and understanding of how the Council is affected by extreme weather events in terms of providing its	High	Phase 1 - 3

	services and financial impacts.		
Adaptation			
Access and implement measures to build resilience	Complete a full risk assessment of Climate Change impacts, identifying threats and how they can be managed as well as realising the opportunities (such as offsetting emissions and assessing carbon capture).	High	Phase 1
	Develop a place based strategy/framework for Sefton's landscape portfolio for the delivery of any carbon offsetting, adaptation and mitigation measures whilst working with natural processes.	Medium	Phase 1
	Identify and quantify opportunities for carbon offsetting, urban greening and improved site sustainability; through local landscape management	Medium	Phase 1
	Review impacts of measures on air quality outcomes.	Medium	Phase 1
	Work with the Planning Authority on developing guidance for development, that includes climate benefits, for the built and natural environment.	Medium	Phase 1
Transformation			
Change our behaviour	Align our climate work with the 2030 vision and other transforming principles.	High	Phase 1 - 3
	Utilise existing groups and tools internally to engage staff and raise awareness of low carbon & adaptation activities and encourage action.	Medium	Phase 1
	Reducing commuting and business travel impacts through the implementation of a council travel plan and associated policies.	High	Phase 1
	Embed responsibility for delivery this agenda at all levels. Support	High	Phase 1

	those people to fully understand the expectations of their position in relation to the climate emergency.		
Engagement			
work with communities and partners	Ensure all information on our climate emergency is available in an easy read format and is accessible to all our residents	High	Phase 1
	Establish and engage with an expert panel and a diverse citizens panel (including youth)	High	Phase 1
	Work with partners (Schools, New Directions, Businesses etc) to adopt low carbon & adaptation measures	High	Phase 1 - 3
	Engage our communities to raise awareness of the Council's commitments and encourage appropriate behaviour change	High	Phase 1 - 3

APPENDIX A – SEFTON CLIMATE EMERGENCY ACTION TRACKER

1	<p>Ensure that political groups and Strategic Leadership Board embed this work in all areas of Council activity and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Council’s activities, ensuring that any recommendations are fully costed and that a Task and Finish group be established to review Council activities taking account of production and consumption emissions and produce an action plan within 12 months, together with budget actions and a measured baseline;</p>	<ul style="list-style-type: none"> - All party member reference group has been established with defined terms of reference and ultimate responsibility for the delivery of the climate emergency motion - Overview and Scrutiny committees supported the development of a council baseline position in January-March 2020 in order to inform implementation plan - Strategic Leadership Board engaged on overall approach and supported Overview and Scrutiny Committees in developing baseline and subsequent implementation plan - All parties engaged in development of council strategy via Member Reference Group
2	<p>Request that Overview and Scrutiny Management Board consider the impact of climate change and the environment when reviewing Council policies and strategies and charge Task and Finish groups to also consider those impacts in any report and every topic</p>	<ul style="list-style-type: none"> - All Cabinet and Council decision papers are to include a section that requires the impact of policy proposals on climate changes to be defined.
3	<p>Work with, influence and inspire partners across the Borough and City Region to help deliver this goal through relevant strategies, plans and shared resources by developing a series of meetings, events and partner workshops</p>	<ul style="list-style-type: none"> - This action is underway. Engagement with the combined authority and Liverpool City region partners has commenced. In addition, the Sefton Leadership Collaborative has been engaged in order to take account and align planning where possible. Some of this work has been delayed due to competing priorities of the Covid-19 pandemic.
4	<p>Set up a Sefton Climate Change group, drawing on the expertise from Councillors, local communities, residents, young citizens, climate science and solutions experts, businesses, skills providers, and other relevant parties. Over the following 12 months, the Group will consider strategies and actions being developed by the Council and other partner organisations and develop a Borough-wide strategy in line with a target of net zero emissions by 2030, by engaging with other anchor institutions and small and medium-sized enterprises (SMEs). It will also recommend ways to maximise the local benefits of these actions in other sectors such as employment, health, agriculture, transport and the economy</p>	<ul style="list-style-type: none"> - The Sefton Climate Emergency Strategy was approved by Cabinet in May 2020 and will be presented to Council - The council has identified the governance groups that are to be established in order to deliver the strategy. These are: <ol style="list-style-type: none"> 1.Sefton Climate Change Member Reference Group (cross - party); 2.Overview and Scrutiny Committees and Management Board; 3.Council wide officer working group; 4.Expert Panel; and 5.Citizens Forum

5	Request that the Council and partners take steps to proactively include young people in the process, ensuring that they have a voice in shaping the future-their future	<ul style="list-style-type: none"> - This action will be achieved via the citizens forum and through the Council's SYMBOL group
6	Review the Council's Treasury Management Strategy to give due consideration to climate change targets in the investment decision making process and in doing so request a report within 6 months from the Head of Corporate Resources on the investment strategies of all financial institutions where Council funds are or could be held	<ul style="list-style-type: none"> - Completed . The 2020/21 Treasury Management Strategy reflects the Council's aspirations with regard to this
7	Ensure that all reports in preparation for the 2020/21 budget cycle will take into account the actions the Council will take to address this emergency	<ul style="list-style-type: none"> - Completed. There were no issues arising from specific policy proposals however some of the proposed capital works over the next 3 years will need to reflect the councils aims and ambitions with regard to climate change
8	Add the voice of Sefton Council to the calls on the UK Government to provide the powers, resources and help with funding to make this possible	<ul style="list-style-type: none"> - The Central Government led fair funding review and comprehensive spending review have been deferred from 2020 due to the COVID 19 pandemic however the council will continue to lobby for additional funding to support the delivery of the motion.
9	In recognition of the seriousness of the financial constraints that the Council faces, and the expectation that both the development and implementation of many measures above are likely to be contingent on securing significant additional extra funding, that Sefton's local MPs be called upon to ensure that Central government provides the powers, resources and funding to make this possible, and that the Leader and Chief Executive jointly write to them to seek their commitments;	<ul style="list-style-type: none"> - Letters will be drafted to align with the central government fair funding and comprehensive spending reviews
10	Consider other actions that could be recommended (but are not restricted to): low carbon energy production and storage, providing electric vehicle infrastructure, encouraging the use of electric vehicles within the fleet, workforce and wider community, integrating low carbon technologies into operational assets and projects, increasing the efficiency of buildings, prioritising these measures for housing to address fuel poverty; proactively using our powers to accelerate the delivery of net carbon new developments and communities, coordinating a series of information and training events to raise	<ul style="list-style-type: none"> - Following completion of the baseline exercise in March 2020, the first 3 year Implementation Plan will be developed will be presented to Cabinet in July 2020 and will then progress to Council. This plan and subsequent activities and strategies will take account of these actions in order to ensure successful delivery

	awareness and share good practice;	
11	Where needed, officer reports to the Council, Cabinet and all other Committees contain impact assessments on climate change that include carbon emission appraisals, including presenting alternative approaches which reduce carbon emissions where possible;	-This action is underway. All Cabinet and Council decision papers are to include a section that requires the impacts of policy proposals on climate changes to be defined
12	Note the Liverpool City Region Deal which will have a direct effect on Sefton's climate and ensure that all partners are aware of Sefton's ambition.	The City Region have been and will continue to be engaged in the delivery of Sefton's ambition

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Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Revenue and Capital Budget Update 2020/21 including the Financial Impact of COVID-19 on the 2020/21 Budget		
Report of:	Executive Director of Corporate Resources & Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform **Cabinet** of:

1. The current estimated financial impact of COVID-19 on the 2020/21 Budget;
2. The current forecast revenue outturn position for the Council for 2020/21;
3. The current forecast on Council Tax and Business Rates collection for 2020/21;
4. The monitoring position of the Council's capital programme to the end of June 2020:
 - The forecast expenditure to year end;
 - Variations against the approved budgets and an explanation of those variations for consideration by Members;
 - Updates to spending profiles and proposed amendments to capital budgets necessary to ensure the efficient delivery of capital projects are also presented for approval.

Recommendation(s):

Cabinet is recommended to:

Revenue Budget

- 1) Note the current estimated impact of COVID-19 on the 2020/21 Budget together with the key issues that will influence the final position and that further government guidance is awaited on the additional support that will be provided to the council which will inform the councils strategy for delivering financial sustainability
- 2) Recognise the financial risks associated with the delivery of the 2020/21 revenue budget and the material variations that are to be expected to the current estimates contained in this report, and agree that subsequent reports provide updates and where appropriate remedial actions plans as appropriate;
- 3) Approve that the Leader of the Council approve any further expenditure from the Emergency Fund following advice from the Chief Executive and s151 officer with any decisions being reported to future Cabinet meetings;

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- 4) Note the government grant funding that has been received that has been used to support the response to the pandemic and which has been distributed in accordance with central government guidance;
- 5) Note the current forecast revenue outturn position for 2020/21;
- 6) Approve the implementation of a remedial action plan to partially mitigate the forecast outturn position, and the principles to be adopted to meet the remaining forecast deficit;
- 7) Approve the temporary additional resources required as part of the demand management programme in respect of fostering, family finder and direct payments and that this provision be reviewed at the end of Q1 in 2021/22 to confirm that the savings identified are being delivered; and
- 8) Acknowledge that the forecast outturn position will continue to be reviewed to ensure a balanced forecast outturn position and financial sustainability can be achieved;

Capital Programme

- 9) Note the spending profiles across financial years for the approved capital programme (paragraph 7.1).
- 10) Approve the proposed updates to the School's Programme (paragraph 7.2).
- 11) Recommend to Council to approve the revised Transport Allocations as shown in paragraph 7.3.
- 12) Note the latest capital expenditure position as at 30 June 2020 of £2.423m (paragraph 7.4.2) with the latest full year forecast of £35.825m (paragraph 7.5.1).
- 13) Note explanations of variances to project budgets (paragraph 7.5.2).
- 14) Note that capital resources will be managed by the Executive Director Corporate Resources and Customer Services to ensure the capital programme remains fully funded and that capital funding arrangements secure the maximum financial benefit to the Council (paragraph 7.6).
- 15) Approve that in order to comply with the guidance set out by MHCLG in respect of the offer from central government of £1m to Southport as part of the Towns Fund, that the Southport Towns Fund Board will advise the Council of the project(s) that it is recommending will be completed with the grant allocation and that this will be communicated to MHCLG via the Council's s151 officer as per the guidance. Following approval this will be the subject of a recommendation to Members in accordance with the Council's Financial Procedure Rules (paragraph 7.7).

Reasons for the Recommendation(s):

To ensure Cabinet are informed of the forecast outturn position for the 2020/21 Revenue Budget as at the end of June 2020, including delivery of a remedial action plan, and to provide an updated forecast of the outturn position with regard to the collection of Council Tax and Business Rates.

To keep members informed of the progress of the Capital Programme against the profiled budget for 2019/20 and agreed allocations for future years.

To progress any changes that are required in order to maintain a relevant and accurate budget profile necessary for effective monitoring of the Capital Programme.

To approve any updates to funding resources so that they can be applied to capital schemes in the delivery of the Council's overall capital strategy.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

The report indicates that for 2020/21 there is currently a forecast deficit of £0.664m. Mitigating measures have been identified in order to arrive at this deficit. If this remains at the end of the financial year this will be a call on the Council's General Balances, therefore further remedial action will be required.

(B) Capital Costs

The Council's capital budget in 2020/21 is £35.766m. As at the end of June 2020 expenditure of £2.423m has been incurred and a full year outturn of £35.825m is currently forecast.

Implications of the Proposals:

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

Resource Implications (Financial, IT, Staffing and Assets):

There is currently a budget shortfall of £0.664m forecast for 2020/21. However, it should be noted that significant pressure and risk remains in four key business areas, namely Children's Social Care, Children with Disabilities, Education Excellence and Locality Services. These budgets may experience further demand pressure during the remainder of the year in which case corresponding savings will need to be identified. If this cannot take place there will be a call on the Council's General Balances.

Legal Implications:

None

Equality Implications:

None

Contribution to the Council's Core Purpose:

Effective Financial Management and the development and delivery of sustainable annual budgets support each theme of the Councils Core Purpose.

Protect the most vulnerable:

See comment above

Facilitate confident and resilient communities:

See comment above

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<u>Commission, broker and provide core services:</u> See comment above
<u>Place – leadership and influencer:</u> See comment above
<u>Drivers of change and reform:</u> See comment above
<u>Facilitate sustainable economic prosperity:</u> See comment above
<u>Greater income for social investment:</u> See comment above
<u>Cleaner Greener:</u> See comment above

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services is the author of the report (FD 6063/20)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4246/20).

(B) External Consultations

N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

Contact Officer:	Paul Reilly
Telephone Number:	Tel: 0151 934 4106
Email Address:	paul.reilly@sefton.gov.uk

Appendices:

APPENDIX A – Capital Programme 2020/21 to 2022/23

APPENDIX B – Proposed Education Capital Schemes

Background Papers:

There are no background papers available for inspection.

1. **Introduction**

- 1.1 In February 2020, Council approved the budget for 2020/21. This report provides an update on the forecast revenue outturn position for 2020/21, including the significant impact of COVID-19 on the Council's 2020/21 budget.
- 1.2 The report also outlines the current position regarding key income streams for the Authority, namely Council Tax and Business Rates. Variations against expected receipts in these two areas will also affect the Council's financial position in future years.
- 1.3 The capital section of the report informs Members of the latest estimate of capital expenditure for 2020/21 and forecast expenditure for 2021/22 and 2022/23. The capital budget to date is presented in section 7.1. Sections 7.4 and 7.5 review progress of the capital programme. Finally, section 7.6 confirms that there are adequate levels of resources available to finance the capital programme.

2. **Impact of COVID 19 on 2020/21 Budget**

- 2.1 At the last Cabinet meeting on 25 June 2020, Members received a comprehensive report that outlined the full range of financial issues that were being faced by the Council (and all other councils within the country). This focussed on:-
 - Cost of the Council responding to the Pandemic;
 - Reduction in Income collected from services as a result of the pandemic;
 - Reduced Council Tax Income;
 - Reduced Business Rates Income;
 - Impact on Cashflow during the year;
 - Impact on the bad debt provision; and
 - Potential impact on the development of the Council's 2021/22 to 2022/23 budget.
- 2.2 At that meeting members were provided with details that based on the monthly return to central government (MHCLG) the Council would have an income shortfall of £27.3m in 2020/21 when these issues had been taken into account and the use of the £17.5m emergency fund from central government had been applied. These figures reflected actual expenditure and receipts as at the end of May and estimates until the end of the year. It was acknowledged that these figures would be the subject of material change depending on when lockdown measures were relaxed, social behaviour and the conditions within the local economy that drive employment and business activity.
- 2.3 That report outlined that for Sefton, government guidance and advice was required at the earliest opportunity on how to approach each issue and that significant further direct financial support was required in order for the Council to be able to balance its budget in year and to support cash flow. This could not be done through the use of Council reserves. In the absence of this, the Council would have to commence planning for how each of these issues would be addressed in order that it would meet its statutory obligations and financial sustainability be maintained.

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Latest Submission to MHCLG - July 2020

- 2.4 As Members will be aware each month the Council has been required to outline its cost pressures in its return to MHCLG. The latest submission is due to be provided on 31 July 2020. At the time of this report being published work is ongoing on the return however an estimate of the latest figures that will be provided are detailed below.

	June 2020 £'m	July 2020 £'m
Forecast cost of responding the pandemic	15.9	14.2
Loss of income from fees and charges	15.6	15.7
Reduced Council Tax receipts	7.8	6.4
Reduced Business Rates receipts	5.5	7.0
Sub Total	44.8	43.3
Government Funding Received	(17.5)	(20.1)
Current Shortfall	27.3	23.2

Central Government Advice and Guidance

- 2.5 On Thursday 2 July 2020, central government issued a press release that provided headlines for its next phase of financial support to local government and this was focussed on 3 areas:
- An unringfenced grant for LA's totalling £500m;
 - In year support will be provided for loss of income from fees and charges. This will be based on Local Authorities having to fund the first 5% (to reflect natural volatility) of total fees and charges to be collected in year. This is to be taken from the total income that can't be collected-central government will then meet 75% of the remaining balance with councils having to fund the remaining 25%; and
 - For next year the budget shortfall that would have been experienced due to lower council tax and business rates being collected can be 'smoothed' over 3 years. Central Government have advised that they will look at this area and its impact as part of the Spending Review which will be announced in October/November 2020.
- 2.6 On Thursday 16 July 2020, further advice and guidance was provided - this included the announcement that the Council's share of the £500m grant would be £2.570m. This takes the total grant received by central government to £20.124m.

Potential Impact for Sefton

2020/21

- 2.7 As stated, there are two primary issues that need to be addressed in the current year for the Council:-
- The Council has a statutory responsibility to balance its budget, therefore needs to meet the loss of fees and charges of £15.7m (This assumes that the approved budget for the year is balanced); and
 - The Council needs to have sufficient cash within its bank account to meet its ongoing costs throughout the year, i.e. cashflow.

Additional Direct Allocation

- 2.8 Central Government has announced a further £500m of unringfenced grant for local authorities with the Sefton allocation being £2.570m. This follows an initial 2 tranches of support that have previously been received and were intended to be used to respond to the pandemic (tranche 1) and to meet potential income shortfalls in addition to responding to the pandemic (tranche 2). This initial support was also unringfenced.

Cost of responding to the pandemic

- 2.9 It can be seen from the table presented earlier in this report that in June the Council had commitments totalling £15.9m from its emergency fund budget. This reflected spend to date and some initial estimates from the start of the pandemic of what maybe incurred. At this point in time it is estimated that some of these initial allocations will not be required to the level previously assumed and that the revised commitments now amount to £11.2m.
- 2.10 As a result of this, a balance would remain in this emergency fund. There is of course huge uncertainty within the country at present in respect of the potential for local outbreaks and a second wave of the pandemic and indeed as lockdown releases further pressure maybe experienced in Council services. It is therefore proposed that an indicative sum of £3.0m be held to support such an eventuality. This sum can be changed depending on developments over the coming months which as stated are not known at this stage. It is proposed that the Leader of the Council approve any further expenditure from the Emergency Fund following advice from the Chief Executive and s151 officer with any such allocation being reported to future Cabinet meetings.

Fees and Charges

- 2.11 As stated, within the latest MHCLG return, the Council has estimated that it will experience a reduction in fees and charges income of £15.7m.
- 2.12 This sum represents known and expected losses to the end of August 2020 and then further reductions from that point as some services are re-opened. This is obviously an estimate at this stage and will be determined by two key issues:-
- The actual level of income that is generated over the remainder of the year; and
 - Social behaviour post lockdown.
- 2.13 Based upon the central government initial guidance received on 16 July 2020 of how the support in this area will work, the Council estimates that it may be required to fund approximately £5.0m to £7.0m of these income losses, however as stated this will depend on the final guidance received and the final losses experienced by the Council. It is important to note that as a 'cost sharing' approach has been set by central government, decisions made by the Council in respect of its income generating activity will bear a cost that will need to be met.

Potential Options for Balancing the 2020/21 Budget

- 2.14 The financial implications for the current year are both complex and significant in financial value. As stated, the final financial impact of the pandemic is not yet known and there remains uncertainty as to the level of government support that will be made available. Therefore, in developing a proposal for how the Council will balance its

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budget, it needs to be aware of the factors that could lead to it needing to update or refine its plans.

- 2.15 Based upon the initial estimates at this stage (and assuming that the previously approved Council budget is balanced), the Council will need to meet an additional funding shortfall of approximately £5.0m to £7.0m in this year, however this will be subject of change. It is clear that the potential to make further in year savings of this level from this point would be extremely difficult without changes to services and/or service levels, neither of which are desirable at this stage in the financial year, with the pandemic ongoing and pressure on Council services mounting as lockdown eases.
- 2.16 Similarly, the Council does not have 'surplus' reserves that it could utilise on a one-off basis for a deficit of this size. Any such use would have to be undertaken on a risk-based basis and would require repayment in future years which would add to the funding gap in the Medium-Term Financial Plan.
- 2.17 The Council will therefore need to maximise the use of the central government grant that it has received and has not been spent in directly responding to the pandemic at this stage (should any balance remain) while using but as far as possible limiting the potential use reserves or other balances held.
- 2.18 This approach however is predicated on the following:-
- Final government guidance on the proposed approach to funding fees and charges being received and the estimates within this paper being revised;
 - No further commitments being agreed at this stage in respect of the emergency fund;
 - Previous estimates in respect of emergency fund allocations being 'revised down' as set out to reflect actual expenditure incurred-this will take place following approval of this report;
 - An initial contingency of £3.0m being established from the emergency fund for potential future commitments in respect of additional support being required to fund a local outbreak or a second wave of the pandemic or additional demand for Council services/funding. It is proposed that the Leader of the Council approve any such allocations having taken advice from the Chief Executive and the s151 officer;
 - The impact of a local outbreak or second wave of the pandemic meaning a response is required from the Council that exceeds the proposed £3.0m sum that is to be set aside;
 - The final estimated shortfall on fees and charges within the Council during the year which will be dependent on when services resume, additional cost of re-opening, reduced income levels and social behaviour; and,
 - Central government remaining consistent that the use of emergency funding is unringfenced and at the discretion of local councils and that any funds not used in responding to the pandemic will not be directed by central government as part of their contribution to the fees and charges shortfall.
- 2.19 In the event that these options cannot be delivered for the reasons set out, the Council will need to review further expenditure commitments that are due to be

incurred between now and the end of the year and the use of all of its available cash balances, including potential capital receipts and earmarked reserves, to meet any funding shortfall. Such a scenario comes with a number of risks and issues to the future financial sustainability of the Council and is thus not the preferred approach at this stage. Discussions with the Council's External Auditor will form part of the final strategy.

- 2.20 The Council, as reported at Budget Council in February, outlined that its level of reserves is low compared to that of similar authorities and for a council of this size. Any use of cash balances (including capital receipts) and earmarked reserves will increase the financial risk to the Council in both current and future years and will need to be repaid as part of the Medium-Term Financial Plan.

Cashflow

- 2.21 At this time, it is unclear as to when the additional grant from central government will be received and when support for fees and charges is due. It is therefore not possible at this stage to refine the estimate of when the Council will require additional support to its cashflow position that was previously reported to Cabinet at the previous meeting. This will be refined as this information becomes available.

2021/22

- 2.22 Central Government has recognised that what councils collect in council tax and business rates in one year directly informs what it has available to spend in the following year through its Collection Fund.
- 2.23 All councils are experiencing reductions in council tax and business rates income at present and are reporting this to MHCLG. These estimates will obviously be the subject of change through the year but will have a material impact on next year's budget.
- 2.24 Central government have been advising in recent weeks that the previous austerity programme has come to an end, that councils should not be developing plans for significant service cuts as a result of the pandemic or government policy as they are working on a sustainable financial settlement for the sector and that they are hoping to provide certainty to aid planning.
- 2.25 Sefton is currently estimating that it will experience a reduction in council tax and business rates income of around £13.4m, with this estimate having the potential to vary considerably before the year end as the true impact of the pandemic on employment levels and business becomes apparent.
- 2.26 Government have advised that instead of experiencing the impact of this in one year, i.e. 2021/22, as required by the current regulations, such a deficit can be 'smoothed' over the next three years. Based on the current figure this would mean a shortfall in each of the next three years of £4.5m.
- 2.27 Such figures are significant; therefore, government has advised that it will revisit this as part of the Spending Review, when the financial position will become clearer for councils, but this is the best planning total that the Council has at this stage.
- 2.28 The Government have now announced that the Spending Review will be finalised this autumn, covering years from 2021/22 to 2023/24. However, the implications of

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this for individual councils will not be known until the Local Government Finance Settlement which is expected to be announced just before Christmas. As it has in previous years, the Council will be making representations to the Government on the Spending Review.

2.29 Developing next year's budget and a revised Medium-Term Financial Plan is therefore extremely difficult at this stage, due to the uncertainty that exists both within existing budgets and what government guidance and support can be expected. The council is clear on the issues that need to be reflected in this Medium-Term Financial Plan therefore a set of potential ranges are set out for each of these. These will need to be refined over the forthcoming months.

2.30 A summary of these potential issues is summarised below that takes account of this and other factors that will influence the Council's Medium-Term Financial Plan that will be updated and presented to Cabinet in October 2020:

Medium Term Financial Plan- Planning Assumption 2021/22	Lower range Estimate (£'m)	Upper Range Estimate (£'m)
'Smoothing' of Collection Fund deficit	1.0	4.5
Loss of income from sales, fees and charges until economy recovers	1.5	4.5
Increase provision for Children's Social Care	2.0	2.0
Contingency provision to reflect significant budget uncertainty within existing services arising from the pandemic	1.0	1.0
Potential Impact from Spending Review – grant distribution based on population as per previous MTFP	0.0	4.5
Repayment of reserves and balances if required to support loss of income in the current year	0.0	1.7
Total	5.5	18.2

Note :all of these estimates will be the subject of change as the Council moves through the financial year for the reasons set out in this report

2.31 From this table it can be seen that there are a diverse range of issues that will impact upon the funding that the Council has for next year with the most significant of these not being within its control. As such the funding gap for next year arising from the pandemic could be between £5.5m and £18.2m based on current estimates.

2.32 As such the planning detailed within the Cabinet report of June 2020 will continue and be reported to Members in due course and the MTFP planning assumptions which will be the subject of change throughout the year will also be updated.

2.33 As stated in the Cabinet report of June 2020 and this report, the situation the council finds itself in is one that is reflective of all councils in England. The Council is engaged individually and collectively with other city region authorities in lobby both MHCLG and BEIS on the issues faced, the need for sustainable funding solutions and timely advice and support in order that it can meet its statutory responsibilities both financially and in respect of providing services to residents.

3. **Central Government Grant Programmes in Response to COVID-19**

3.1 As part of its role in responding to the pandemic, Central Government has requested that all councils administer a number of grant programmes that have been designed to support residents, businesses and care homes. These are:-

- A Council Tax Hardship Fund
- Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund
- Business Rates relief; and
- Infection Control Fund

3.2 For each of these programmes, government advice and guidance has been prescriptive with no flexibility offered to local government on how to apply them. A summary of each of the programmes, key details and their value is included below.

Council Tax Hardship Fund

3.3 The Government announced in the Budget on 11 March that it would provide local authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area. Sefton's allocation was £3.037m.

3.4 The Council was required to give all residents of working age who receive a discount under the Council Tax Reduction Scheme (CTRS) a further discount of £150. Approximately 15,500 residents have their bill reduced and amended Council Tax bills showing this reduction have been reissued (total cost £2.359m). New claimants will automatically receive this discount and funding has been set aside for this purpose as a rise is expected.

Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund

3.5 The Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors in the form of two grant funding schemes for 2020/21, the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLG).

3.6 Under the SBGF all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system were eligible for a payment of £10,000 in line with the eligibility criteria. To 10 July 2020 Sefton had made payments of £31.730m to 3,173 businesses.

3.7 Under the RHLG, businesses in England that would have been in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) on 11 March 2020 with a rateable value of less than £51,000 will be eligible for the following cash grants per property:

- Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.
- Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.

3.8 To 10 July 2020 Sefton had made payments of £16.825m to 901 businesses.

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Discretionary Business Grant Fund

- 3.9 A discretionary fund has been set up by the Government to accommodate certain small businesses previously outside the scope of the business grant funds scheme. Sefton's allocation was £2.237m.
- 3.10 This additional funding is aimed at small businesses with ongoing fixed property-related costs. However, awards of funding could be made to other businesses based on local economic need.
- 3.11 As at 10 July 2020 payments of £0.552m had been made to 123 businesses. A report providing an update on the scheme is presented elsewhere on today's agenda.

Business Rates relief

- 3.12 In the Budget on 11 March the Government announced that it would increase the Business Rates Retail discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of coronavirus, the Government confirmed that some of the exclusions for this relief had been removed. To 10 July 2020 Sefton had applied £39.755m of relief to the Business Rates bills of 1,640 eligible businesses. This is £37.007m more than estimated under the previous Retail scheme.
- 3.13 In addition, on 18 March 2020 the government announced that many childcare providers would pay no business rates in 2020/21. To 10 July 2020 Sefton had applied £0.371m of relief to the Business Rates bills of 37 eligible businesses.

Infection Control Fund

- 3.14 The Government has also provided £600m nationally to help support adult social care providers with the costs of infection control; the Council has been allocated £4.858m. An initial allocation of 50% of this figure has been received, with local authorities being mandated to pay 75% of this directly to care homes based on the number of CQC registered beds. The initial allocation to care homes was £482.59 per bed with total payments of £1.822m made to 131 individual care homes. The remaining 25% of the initial allocation will be allocated to care homes and domiciliary care providers to support infection control measures, primarily for Personal Protective Equipment (PPE).
- 3.15 It is expected that once received by the Council, the second 50% tranche of funding will be required to be allocated in a similar way but may also be utilised for wider Infection, Prevention and Control activities.

4. Summary of the Forecast Outturn Position as at the end of June 2020

- 4.1 Members are provided with updates of the Council's forecast financial position each month during the financial year from June onwards.
- 4.2 Given the unprecedented financial challenges faced by the Council in relation to COVID-19, it is vital that the Council is able to achieve a balanced forecast outturn position for its normal activities, ignoring the impact of COVID-19 pressures.

Therefore, the Council undertook initial budget monitoring during April and May to get an earlier indication on the likely pressures to be incurred.

- 4.3 As in previous years, significant pressures have been identified in several service areas at this early stage of the year, particularly Children’s Social Care, Communities (Children with Disabilities) Education Excellence (Home to School Transport) and Locality Services. Initial indications of the budget pressures are shown below:

<u>Service</u>	<u>Budget Pressure</u>
	£m
Children's Social Care – Placements & Packages	4.100
Communities – Children with Disabilities / PSR2	1.050
Education Excellence – Home to School Transport	0.200
Locality Services – Security Force	0.350
	5.700

- 4.4 Given the uncertainty around COVID-19 it is vital that the Council ensures the 2020/21 budget does not overspend. Therefore, following the April monitoring position being determined, it was identified that a remedial plan needed to be developed. This has initially focussed on vacancy management with external recruitment being prioritised in Children’s Services, Family and Well Being Centres/Early Help and SEND, stopping all non-essential expenditure within the Council, with the exceptions of Children’s Social Care (due to the budget issues in that service) and Public Health (due to the current pandemic) and as per the Budget Report of February 2020, bringing through savings from the Framework for Change programme - these will be developed and shared with Members as per the Council’s established governance processes. A budget shortfall of £5.7m equates to needing to identify savings to the value of 3.5% of the Council’s remaining budget and as this pressure is permanent long-term savings to this value are required moving into next year.

- 4.5 As a result of this work undertaken, the latest forecast of service expenditure indicates an overspend of **£0.664m** however this represents the forecast at this early stage of the year and both each services outturn forecast and those savings that are being developed will vary in value over the next nine months. It is however critical that in the event that budget pressure increases, corresponding savings are identified within the Council’s existing budget. The table below highlights the variations:

	Budget	Forecast Outturn	Variance
	£m	£m	£m
Services			
Strategic Management	3.140	2.972	-0.168
Strategic Support	2.460	2.367	-0.093
Adult Social Care	97.634	94.335	-3.299

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Children's Social Care	34.717	39.362	4.645
Communities	18.463	19.176	0.713
Corporate Resources	4.499	3.670	-0.829
Economic Growth & Housing	5.664	5.583	0.081
Education Excellence	9.925	9.851	-0.074
Health & Wellbeing	18.972	18.913	-0.059
Highways & Public Protection	10.710	10.362	-0.348
Locality Services	12.153	12.187	0.034
Total Service Net Expenditure	218.337	218.778	0.441
Budget Pressure Fund	1.000	0.000	-1.000
Council Wide Budgets	17.124	18.347	1.223
Levies	34.701	34.701	0.000
General Government Grants	(46.456)	(46.456)	0.000
Total Net Expenditure	224.706	225.370	
<u>Forecast Year-End Deficit</u>			<u>0.664</u>

4.6 The key forecast variations in the outturn position (excluding savings) are as follows:

-

- **Children's Social Care (£4.645m net overspend)** – Based on the numbers of Looked After Children at the beginning of the year, the Placement and Packages budget is forecast to overspend by £3.241m in 2020/21. Assuming a further increase in the number of Looked After Children in line with the increase seen in 2019/20, the forecast overspend will increase by a further £0.960m, i.e. a total forecast overspend of £4.201m.

In addition, there is a forecast overspend on staffing costs relating to social workers and agency staff of £0.483m. A review of the level of staffing will be undertaken, including the use of agency staff, to refine the forecast and determine if any of the increased costs are as a result of COVID-19 and the pressure that has brought to the service.

As has been regularly reported over the last two years, the cost of Placements and Packages is the largest risk to the Council's budget position, and it is expected that the position will be the subject of further change between now and the year end. The Council is currently working on developing a range of options to address the inherent demand and costs of Looked After Children whilst supporting the most vulnerable residents, but this budget remains under pressure and purely from a financial point of view this is likely to continue during this year and into the next financial year.

- **Communities – (£1.260m overspend)** – The cost of placements and packages for Children with Disabilities is forecast to overspend by £0.583m (excluding the estimated additional costs relating to COVID-19). This budget has been under increasing pressure in recent years but overspends have previously been offset by underspends elsewhere on the service.

In addition, there is a residual savings target from PSR2 of £0.633m for which specific savings have yet to be identified. In 2019/20 these were achieved by vacancy savings and a number of one-off measures which aren't available in 2020/21.

- **Education Excellence (£0.163m overspend)** - Home to School transport external provision has a projected overspend of £0.207m due to an increase in the number of children being transported plus an increase in the number of children in receipt of personal travel budgets. These demand pressures have meant the budget has overspent for a number of years, despite increases being made to the budget, including £0.200m in 2020/21.
- **Locality Services (£0.350m overspend)** – Some of the service pressures experienced in 2019/20 have continued into 2020/21.

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- Security Service (£0.615m overspend) – The forecast deficit is a reflection of an under recovery of income to support the cost base. The forecast overspend is based on a prudent view of the income due. The Service is to undertake a full review as part of the saving proposals below.
- Cleansing (£0.351m underspend) – The underspend is mainly due to the reduced costs of vehicles as the purchase of the new fleet will occur later than originally anticipated, resulting in lower prudential borrowing costs.

Measures to close the residual gap in 2020/2021

4.7 The forecast budget deficit as at June 2020 is **£0.664m**. This reflects the risks that are inherent in the Council's financial position, particularly around demand for Children's Social Care and other demand led services. With a budget gap remaining and further pressure likely based on experience in previous years and the need to manage the impact of COVID on the Council's financial sustainability, financial principles utilised over the last decade will once again be maintained:

- All Heads of service as a minimum should contain expenditure within the budget forecast that has been made at the end of June - if there is to be any budget pressure above this, remedial measures will be required to meet the pressure or further savings being required across all services.
- To that end expenditure should only be incurred on essential activities during the year and a targeted approach to vacancy management as set out.
- Heads of Service and senior managers to place an increased emphasis on budget monitoring throughout the year to ensure all financial forecasts are robust and can be substantiated.
- The remedial action plan and mitigations proposed by Services be tracked for the remainder of the financial year to ensure they are being achieved.

4.8 As has been discussed previously, the financial landscape for local government this year is uncertain – it is hoped based on some briefings that central government will support the sustainability of the sector but this budget position will not be helped by that process so as a minimum this in year budget must be balanced as this also directly impacts the councils reserves and cash flow position which are two of the biggest risk areas arising from the current pandemic. As the year progresses monthly reports will be provided to members on all financial issues and proposals for how financial sustainability can be maintained and the decisions that are required to enable this. It should also be noted that the pressures identified this year will be permanent, i.e. will exist next year. These will need to be funded from that point therefore an assessment will be needed as to whether the measures included in the remedial plan can be extended into next year or this pressure will add to the potential funding gap detailed in paragraph 2.29.

Framework for Change 2020

4.9 Budget Council on 27 February 2020 approved the commencement of all appropriate activity within the Framework for Change 2020 programme. Work has progressed on each of the workstreams for both Council of 2023 and Demand Management. As

part of Demand Management, and following work undertaken with external support, savings have been identified in respect of a number of projects within the Children's Social Care and Adult Social Care workstreams.

4.10 Due to the impact of COVID-19 there have been delays in progressing some of the activities required in order to achieve the forecast savings. Part year savings have been included within the 2020/21 forecast outturn figures where appropriate and savings will be built into the 2021/22 budget.

4.11 In order to deliver some of the savings the following additional resources are required:

- Family Finder Team (£0.140m)
- Fostering Team (£0.170m)
- Direct Payments Team (£0.070m staff)

The cost of these additions has been netted off the savings included in the current forecast and will be reviewed after 12 months to confirm that they have resulted in those financial benefits having been generated.

5. Council Tax Income – Update

5.1 Council Tax income is shared between the billing authority (Sefton Council) and the three major precepting authorities (the Fire and Rescue Authority, the Police and Crime Commissioner and the Combined Authority – Mayoral Precept) pro-rata to their demand on the Collection Fund. The Council's Budget included a Council Tax Requirement of £139.830m for 2020/21 (including Parish Precepts), which represents 84.1% of the net Council Tax income of £166.267m.

5.2 The forecast outturn for the Council at the end of June 2020 is a deficit of +£1.574m. This variation is primarily due to: -

- The deficit on the fund at the end of 2019/20 being higher than estimated (+£0.047m);
- Gross Council Tax Charges in 2020/21 being lower than estimated (£0.010m);
- Exemptions and Discounts (including a forecasting adjustment) being higher than estimated (+£1.517m). This is mainly as a result of a significant increase in the number of claimants for the Council Tax Reduction Scheme (CTRS).

5.3 It should be noted that the deficit is expected to increase due to an increasing number of CTRS claimants (the current estimated deficit is a further £0.7m in addition to the figure quoted in paragraph 4.2) and the impact of a reduction in the amount of Council Tax being collected (currently estimated at £4.2m).

5.4 Due to Collection Fund regulations, the Council Tax deficit will not be transferred to the General Fund in 2020/21 but will be carried forward to be recovered in future years.

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- 5.5 A forecast deficit of £2.348m was declared on the 23 January 2020 of which Sefton's share is £1.975m (84.1%). This is the amount that will be recovered from the Collection Fund in 2020/21. Any additional surplus or deficit will be distributed in 2021/22 and future years.

6. Business Rates Income – Update

- 6.1 Since 1 April 2017, Business Rates income has been shared between the Council (99%) and the Fire and Rescue Authority (1%). The Council's Budget included retained Business Rates income of £66.169m for 2020/21, which represents 99% of the net Business Rates income of £66.838m. Business Rates income has historically been very volatile making it difficult to forecast accurately.
- 6.2 The forecast outturn for the Council at the end of June 2020 is a deficit of £35.591m on Business Rates income. This is due to:
- The surplus on the fund at the end of 2020/21 being higher than estimated (-£1.119m);
 - Increase in the gross charge on rateable properties (-£0.083m);
 - Other reliefs (including a forecasting adjustment) being lower than estimated in 2020/21 (-£0.110m);
 - A number of additional reliefs were announced after January 2020 to support businesses during the COVID-19 pandemic. These include expanded retail discount, pub relief, newspaper relief, and private nursery relief. The loss of income as a result of these reliefs will be covered by Section 31 grant payments. Due to the timing of these announcements the impact of these reliefs could not be incorporated into the budget figures reported in the NNDR1 return (+£36.903m).
- 6.3 When taking into account the additional Section 31 grants due on the additional reliefs, a net surplus of £1.407m is forecast. However, it should be noted that this doesn't take account of the impact of the number of appeals being registered by businesses in response to the pandemic or the reduction in the amount of Business Rates being collected. A significant forecast deficit is therefore anticipated with the current estimate being a £7.0m deficit.
- 6.4 Due to Collection Fund regulations, a Business Rates deficit will not be transferred to the General Fund in 2020/21 but will be carried forward to be recovered in future years.
- 6.5 A forecast surplus of £0.622m was declared in January 2020. Sefton's share of this is £0.616m. This is the amount that will be distributed from the Collection Fund in 2020/21 and any additional surplus or deficit will be distributed in future years.

7. Capital Programme 2020/21 – 2022/23

7.1 Capital Budget

- 7.1.1 The Capital Budget and profile of expenditure for the three years 2020/21 to 2022/23 is as follows:

2020/21	£35.766m
2021/22	£20.481m
2022/23	£1.081m

7.2 School's Programme

7.2.1 The Council had a provisional allocation of funding available at the beginning of 2020/21 of £4.163m to allocate to school's schemes. In developing the programme for 2020/21 and reviewing the existing school's schemes, the following allocations have been made from this available allocation due to cost price increases and changes in scope:

- Freshfield Primary Boiler Replacement £0.007m
- Grange Primary Boiler Replacement £0.040m
- Grange Primary Rewiring £0.145m
- Lydiate Primary Rewiring £0.159m

7.2.2 A greater focus and need under Special Educational Needs and Disabilities has also been identified for sixth form provision at Rowan High School. It is therefore proposed to support the development of three classrooms with an additional £0.368m from the provisional funding available above.

7.2.3 The remaining balance of £3.444m funding available will be allocated to new education schemes and a programme of works has therefore been developed. A breakdown of these new schemes can be found at Appendix B and is now presented for approval.

7.3 Highways Programme

7.3.1 The Capital Programme approved by Cabinet and Council in February 2020 included an allocation of £2.298m for Highway Maintenance and an additional sum for maintaining the Key Route Network (KRN) of £0.405m based upon previous years allocations.

7.3.2 Subsequently the Combined Authority (CA) agreed to increase the proportion of highway maintenance funding for the Key Route Network with a proportionate decrease in the direct allocations to Local authorities. Sefton was subsequently awarded £1.882m for the Highways Maintenance block, with the KRN allocation to be allocated in due course. This was the figure subsequently used in the Transport Capital schemes approved by Cabinet Member for Localities in June 2020.

7.3.3 On 7th July 2020 the Council was informed that our allocation from the CA for the KRN for 2020/21 will be £0.898m. In addition, we will receive further allocations of £1.995m and £0.630m from the Highways Challenge Fund distributed by the government to the CA in response to COVID-19. Alongside this a further £0.167m has been allocated via the Pot hole Fund, together with £0.590m of Active Travel Funding to implement pop up cycle lanes as part of the COVID-19 response.

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Consequently, the revised 2020/21 Transport Capital allocations presented for approval are as follows:

	Revised Allocations July 2020
LTP - Highways Maintenance Block	£1,880,000
LTP - Integrated Transport Block	£990,000
LTP - Additional Key Route Network	£898,000
Highways Challenge Fund (Formulaic distribution)	£1,995,000
Highways Challenge Fund (as per Bid)	£630,000
Pot Hole Fund	£167,400
Active Travel Fund	£590,460
Sustainable Urban Development Fund	£1,085,000
Merseyside Local Growth Fund STEP	£1,067,000

7.4 Budget Monitoring Position to June 2020

7.4.1 The current position of expenditure against the budget profile to the end of June 2020 is shown in the table below. It should be noted that budgets are profiled dependent upon the timing of when works are to be carried out and the anticipated spend over the financial year. For example, Education Excellence will typically carry out most of its capital works during key school's holiday periods such as the summer recess (quarter two), whilst Highways and Public Protection will complete most of its programmed works during quarters two and four. The budget to date in the table below reflects the profiles of each individual scheme.

7.4.2 Due to the impact of the COVID-19 crisis, delivery of schemes during the first quarter (April to June) has been relatively low and the budget has been profiled accordingly, similarly the opportunity to conduct large elements of the schools' programme during summer 2020 will also have been lost. It is anticipated that spending will increase towards the end of quarter two as contractors return on site to complete scheduled works. The budgets will therefore reflect increases in activity later in the year. It may also be necessary to reprofile allocations to future years where schemes have been delayed and cannot be completed in the current year. These schemes will be kept under review and any adjustments to the budgets will be reported to Cabinet on subsequent monitoring reports.

Service Area	Budget to Jun-20	Actual Expenditure to Jun-20	Variance to Jun-20
	£m	£m	£m
Adult Social Care	0.332	0.259	-0.073
Communities	0.018	0.021	0.003
Corporate Resources	0.009	0.007	-0.002
Economic Growth & Housing	0.021	0.021	-
Education Excellence	0.589	0.588	-0.001

Highways & Public Protection	1.173	1.135	-0.038
Locality Services	0.346	0.392	0.046
Total Programme	2.488	2.423	-0.065

7.5 Capital Programme Forecast Outturn 2020/21

7.5.1 The current forecast of expenditure against the budget profile to the end of 2020/21 and the profile of budgets for future years is shown in the table below:

Service Area	Full Year Budget 2020/21	Forecast Out-turn	Variance to Budget	Full Year Budget 2021/22	Full Year Budget 2022/23
	£m	£m	£m	£m	£m
Adult Social Care	2.614	2.574	-0.040	7.992	-
Communities	0.255	0.258	0.003	0.265	-
Corporate Resources	1.489	1.489	-	1.399	-
Economic Growth & Housing	6.100	6.100	-	1.377	-
Education Excellence	3.689	3.689	-	5.749	-
Highways & Public Protection	12.547	12.547	-	-	-
Locality Services	9.072	9.168	0.096	3.699	1.081
Total Programme	35.766	35.825	0.059	20.481	1.081

A full list of the capital programme by capital scheme is at **Appendix A**.

7.5.2 The current 2020/21 budgeted spend is £35.766m with a budgeted spend to June of £2.488m. The full year budget includes an exceptional item of £7.3m for vehicle replacement. Typically, on an annual basis the capital programme spends in the region of £20m. Given this typical annual level of spend it is likely that reprofiling of spend into 2021/22 will occur as the year progresses. This will be compounded by the effect of COVID-19 which may mean that some works scheduled for completion in 2020/21 will be rescheduled to 2021/22.

7.5.3 Analysis of significant spend variations under budget profile in 2020/21:

7.6 Programme Funding

7.6.1 The table below shows how the capital programme will be funding in 2020/21:

Source	£m
Grants	22.368
Contributions (incl. Section 106)	0.763
Capital Receipts	1.953
Prudential Borrowing	10.682
Total Programme Funding	35.766

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7.6.2 The programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital expenditure are in place, the future years programme is fully funded, and the level of prudential borrowing remains affordable.

7.6.3 The Executive Director Corporate Resources and Customer Services will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the Council.

7.7 Southport - Towns Fund

7.7.1 Members will recall that Southport has been identified and invited to submit a bid for £25m of government funding via the Towns Fund. As part of central government's response to the COVID 19 pandemic it is bringing forward £5bn of capital investment projects that aim to support jobs and economic recovery with the Towns Fund being part of this strategic approach. As such, government is bringing forward funding to this financial year to support projects that will make an immediate impact in towns across the country.

7.7.2 On 1 July 2020, MHCLG wrote to the Council advising that they are offering Southport a grant of £1million now to fund capital projects that can be delivered this financial year. This funding is to be used to encourage projects that will support towns in responding to immediate challenges, including:

- Improvement to or new parks and green spaces and sustainable transport links;
- Improvements to town centres including repurposing empty commercial properties; or
- Demolition or site remediation where this will have an immediate benefit.

7.7.3 In order for this funding to be released, the Council's s151 officer will need to advise MHCLG by 14 August 2020 of how the funding will be used, how it will meet the requirements as included within the Towns Fund intervention framework, will achieve good value for money and that the project can be delivered this financial year.

7.7.4 There is a Southport Towns Fund Board in place that is currently developing the overall bid that will be submitted in October 2020 and it is this body that will advise the Council of the project(s) that it wishes to be completed with the available funding. This will be reflected in the minutes of the relevant board meeting in order that a sufficient audit trail exists.

7.7.5 It is recognised that once the grant funding is allocated, the Council will be the accountable body for that funding therefore approval of the projects that will utilise this funding will progress through the Council's agreed governance route to ensure compliance with Financial Procedure Rules. This will therefore mean that subsequent approval will be sought by Cabinet or if the value of the project exceeds £1m a Council decision will be required.

APPENDIX A – Capital Programme 2020/21 to 2022/23

Capital Project	Budget		
	2020/21 £	2021/22 £	2022/23 £
Adult Social Care			
Care Homes - Fire Alarms & Emergency Lighting	102,000	-	-
Core DFG Programme	666,000	1,158,000	-
Wider Social Care Programme	1,845,787	6,833,923	-
Communities			
Libraries - Centres of Excellence	80,000	265,088	-
Bootle Library	42,372	-	-
S106 - Derby – South Park Hut Extension	50,614	-	-
S106 - St Oswalds – Marion Gardens Play Equip	3,022	-	-
S106 - Netherton & Orrell – Abbeyfield Park Play Area	11,942	-	-
S106 - Cambridge – Hesketh Park Improvement Works	15,016	-	-
S106 - Netherton & Orrell – Zebra Crossing, Park Lane West	19,540	-	-
S106 - Linacre - Strand Living Wall	33,000	-	-
Corporate Resources			
Corporate Maintenance	17,799	-	-
STCC Essential Maintenance	-	1,398,634	-

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Victoria Baths Essential Works	541,247	-	-
St John Stone Site - Infrastructure Works	623,210	-	-
Magdalen House Alterations	90,234	-	-
Southport Town Hall Community Base	22,882	-	-
Family Wellbeing Centres	193,317	-	-
Economic Growth & Housing			
Marian Square, Netherton CCTV	-	37,162	-
REECH Project	-	13,173	-
Southport Commerce Park - 3rd Phase Development	-	40,405	-
Housing Investment (HMRI)	18,078	36,180	-
Southport Pier Project	179,920	-	-
Strategic Acquisitions - Land at Bootle	748,500	-	-
Town Centre Fund	500,000	250,000	-
Cambridge Road Centre Development	1,252,000	-	-
Crosby Lakeside (CLAC) Development	3,100,000	-	-
Strategic Acquisitions - Ainsdale	301,859	1,000,000	-
Education Excellence			
Healthy Pupils Fund	26,241	-	-
Schools Programme	2,839,213	1,294,152	-
Planned Maintenance	405,000	3,444,300	-
Special Educational Needs & Disabilities	419,001	1,010,699	-
Highways and Public Protection			
Accessibility	287,320	-	-
Completing Schemes/Retentions	20,000	-	-
	2020/21	2021/22	2022/23
	£	£	£
Healthy Lifestyles	2,885,200	-	-
Road Safety	140,000	-	-
A565 Route Management and Parking	2,020,000	-	-
Strategic Planning	348,000	-	-
Traffic Management and Parking	1,004,350	-	-
Highway Maintenance	1,838,380	-	-
Bridges & Structures	233,670	-	-
Drainage	225,000	-	-
Street Lighting Maintenance	300,000	-	-
UTC Maintenance	112,660	-	-
Winter Service Facility	2,632,000	-	-
Major Transport Schemes	500,000	-	-
Locality Services			
Burials & Cremation Insourcing - Vehicles & Equip	135,210	-	-
Formby Strategic Flood Risk Management	21,926	21,925	-
Merseyside Groundwater Study	31,508	-	-
Four Acres Multi Agency Flood Options	1,570	-	-
CERMS	603,213	75,000	-
Natural Flood Risk Management	10,000	-	-
The Pool & Nile Watercourses	38,179	-	-
Crosby Flood & Coastal Scheme	105,000	-	785,839
Seaforth & Litherland Strategic Flood Risk	30,000	-	-

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Hall Road & Alt Training Bank - Rock Armour	15,000	35,000	-
Ainsdale & Birkdale Land Drainage Scheme	29,340	-	-
Surface Water Management Plan	134,478	-	-
Surface Water Modelling & Mapping	20,020	-	-
Parks Schemes	256,917	25,650	-
Tree Planting Programme	30,597	38,600	181,936
Golf Driving Range Developments	256,080	280,280	-
Vehicle Replacement Programme	7,352,905	3,223,000	113,000
TOTAL PROGRAMME	35,766,317	20,481,171	1,080,775

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APPENDIX B – Proposed Education Capital Schemes		
Site / Location	Nature of work	Estimated Cost £
Christchurch Primary	High level hall windows & Classroom windows/doors - roof refurbishment - Playground surfaces.	271,392
Farnborough Road Site	Repairs to Boundary walls and brickwork in general - Roof refurbishment - Felt to corridors/parapets/verges - Pitch - rain water goods/soffits & Facias	150,437
Grange Primary	Roof refurbishment - Hall - Carpark (safety)	93,925
Hatton Hill	Roof refurbishment to infants - remaining roof	67,425
Hudson Primary	Replacement windows - Roof refurbishment x 4 areas.	272,797
Larkfield Primary	Refurbishment of Various toilets	38,332
Linacre CP	Repairs to Brickwork and re-pointing	30,000
Lydiate Primary	Replacement Windows - Roof & roof light refurbishment - repairs to concrete frame and brickwork - Playground surfaces - Sanitary appliance repairs	315,550
Marshside Primary	Roof refurbishment - rear - kitchen - LH side - RH side - Hall - Playground and Car Park surfaces (safety)	207,400
Melling Primary	Repairs to Concrete Flue - Roof refurbishment - Playground and verge repairs (safety)	35,000
Meols Cop	Roof refurbishment x 3 - Car park surface (Safety)	210,280
Merefield Special school	Roof refurbishment - various areas Playground surfaces (safety)	58,962
Netherton Moss	Roof refurbishment - remaining areas - Toilets - various refurb - Brickwork repairs - Replacement Windows	326,000
Northway Primary	Hall floor refurbishment x 2no Infant & Juniors - Toilet Refurbishment - Various	62,000
Oakfield	Re-surface car park and re-lay footpaths	28,000
Redgate Primary	Brickwork and paving repairs	16,000
Waterloo Primary	Roof refurbishment - Brickwork Repairs	34,000
Woodlands Primary	Repointing brickwork & flue repairs	30,000
Farnborough Road Junior	Upgrade fire alarm system to meet BS 5389 - Install new lighting protection system	39,000
Freshfield Primary	Replace wiring systems	222,000
Grange Primary	Install new lightning protection system	15,000
Jigsaw - Thornton Family WB	Upgrade fire alarm system to meet BS 5389	18,500
Kings Meadow Primary	Replace wiring systems	248,000
Marshside Primary	Emergency Lighting	40,000
Norwood Primary	Upgrade fire alarm system to meet BS 5389	40,000
St. Philip`s CEP (Litherland)	Replace boilers, including control panel and pumps.	130,000
Summerhill Primary	Replace wiring systems	332,000
Birkdale Primary	Replace Fire Alarm System	46,000
Marshside Primary	Replace Fire Alarm System	24,000
Sand dunes	Replace Fire Alarm System	10,000
Lander Road	Replace Fire Alarm System	32,000
	Total New Schemes	3,444,000

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Agenda Item 7

Report to:	Cabinet Council	Date of Meeting:	30 July 2020 17 September 2020
Subject:	Financial and Corporate Performance 2019/20		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To inform Cabinet of the revenue and capital outturn position in relation to the 2019/20 financial year. In doing so the report will outline any key variations and where appropriate any impact on future years' financial performance. In addition, it provides details of the Council's Corporate Performance for 2019/20.

Recommendation(s):

Cabinet is recommended to: -

Revenue Outturn

1. Note the General Fund net deficit of £0.555m for 2019/20 that will reduce the Council's General Balances;
2. Note the reduction in Schools' balances of £2.773m for 2019/20 and the net reduction of non-schools centrally retained DSG balances of £4.155m;
3. Approve the utilisation of £0.620m of the Council's allocation of COVID-19 emergency funding to offset income losses experienced during 2019/20 as a result of restrictions imposed by the Government in response to the pandemic (paragraph 3.3.8);
4. Approve the temporary utilisation of £0.653m from the Transforming Sefton Reserve to fund increased Debt Charges in 2019/20 relating to the Minimum Revenue Provision (MRP) and note that this will be repaid from future reductions in the MRP charge (paragraph 6.5c); and,
5. Recommend to Council that the balance on the Business Rates Reserve (£1.976m) be released back to the General Fund in 2019/20 to support the outturn position (paragraph 6.5e).

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Capital Outturn

6. Note the total capital outturn of £25.175m for the financial year 2019/20
7. To note the successful delivery of a number of schemes as set out in section 11 that have supported the delivery of the core purpose

Corporate Performance

8. Note the Council's Corporate Performance Report for 2019/20

Council is recommended to:-

1. Approve that the balance on the Business Rates Reserve (£1.976m) be released back to the General Fund in 2019/20 to support the outturn position (paragraph 6.5e).

Reasons for the Recommendation(s):

The production of a revenue and capital outturn report is a key feature of effective financial management and will allow Members to make informed decisions that will support service delivery and medium-term financial sustainability.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

All financial implications are reflected within the report

(B) Capital Costs

All financial implications are reflected within the report

Implications of the Proposals:

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

Resource Implications (Financial, IT, Staffing and Assets):
--

None

Legal Implications:

None
Equality Implications: None

Contribution to the Council’s Core Purpose:

Effective Financial Management and the development and delivery of sustainable annual budgets support each theme of the Councils Core Purpose.

<u>Protect the most vulnerable:</u> N/A
<u>Facilitate confident and resilient communities:</u> N/A
<u>Commission, broker and provide core services:</u> N/A
<u>Place – leadership and influencer:</u> N/A
<u>Drivers of change and reform:</u> N/A
<u>Facilitate sustainable economic prosperity:</u> N/A
<u>Greater income for social investment:</u> N/A
<u>Cleaner Greener:</u> N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of the report (FD 6061/20)

The Chief Legal and Democratic Officer has been consulted and any comments have been incorporated into the report (LD 4243/20).

(B) External Consultations

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N/A

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Paul Reilly
Telephone Number:	Tel: 0151 934 4106
Email Address:	paul.reilly@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix A - Corporate Performance Report 2019/20

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 The report details the revenue outturn position for the financial year 2019/20 and provides details of the major variations within that position for the General Fund and Schools' Delegated Budgets. The report also provides details of the Capital Outturn position for 2019/20.
- 1.2 In addition, the report includes the Council's Corporate Performance Report for 2019/20 (Appendix A).

Revenue Outturn 2019/20

2 Overall Position 2019/20

- 2.1 The Council has completed the closure of the Authority's Accounts for 2019/20. In previous years, by the end of May, the Council would have submitted the Statement of Accounts to our external auditors, Ernst & Young, for audit. However, due to the impact of the COVID-19 pandemic, the Government has worked with CIPFA, the LGA and external auditors to revise the regulations for publishing, auditing and approving the Statement of Accounts. The new timeframe for the overall closure of accounts process is as follows:
- Draft Statement of Accounts issued – 31 July 2020 (statutory deadline is 31 August 2020)
 - Audit & Governance Committee receive draft accounts – 16 September 2020
 - External Audit Review – Planned completion early November 2020
 - Audit and Governance Committee receive Final Accounts - late November 2020
 - Final audited Statement of Accounts published – 30 November 2020
- 2.2 The outturn figures for 2019/20 are explained in more detail in section 3 but can be summarised as follows:

<u>Net Revenue Expenditure</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
<u>Services</u>			
Strategic Management	3.082	2.909	-0.173
Strategic Support Unit	2.696	2.573	-0.123
Adult Social Care	95.778	95.707	-0.073
Children's Social Care	33.251	37.212	3.961
Communities	19.457	19.327	-0.130
Corporate Resources	6.855	6.420	-0.435
Economic Growth & Housing	5.967	6.011	0.044
Education Excellence	9.652	10.098	0.446
Health and Wellbeing	18.060	17.811	-0.249
Highways & Public Protection	11.039	10.756	-0.283

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Locality Services	13.680	14.022	0.342
Public Sector Reform Projects - Budget Planning Assumptions not allocated to Services	-0.950	0.000	0.950
Other Services	3.122	3.134	0.012
Total Service Net Expenditure	221.689	225.980	4.291
Corporate Items	4.273	0.779	-3.494
Levies	34.156	34.156	-
Parish Precepts	1.073	1.073	-
Total Net Expenditure	261.191	261.988	0.797
Financed by:			
Council Tax Payers	-134.095	-134.095	-
Business Rates Top-Up	-19.628	-19.628	-
Retained Business Rates	-66.489	-66.489	-
General Government Grants	-40.979	-41.221	-0.242
Total Financing	-261.191	-261.433	-0.242
Amount Funded from General Balances	0.000	0.555	0.555

3 General Fund Revenue Outturn 2019/20 – Variation Analysis

3.1 As shown in section 2, the outturn for 2019/20 shows that there was a transfer required from General Balances of £0.555m to fund the year end overspend.

3.2 This reflects service expenditure exceeding the approved budget by £4.291m, however, with a surplus of £3.736m on the Council's corporate budgets only £0.555m of General Balances were required to support the budget. This is broadly in line with the budget monitoring report to Cabinet on 5 March 2020 which forecast a deficit of £0.429m.

3.3 As would be expected, during the financial year, there has been a number of significant variations in individual services. The major variances are highlighted in the following paragraphs: -

3.3.1 **Children's Social Care** - Children's Social Care overspent in 2019/20 by £3.961m. This level of overspend was forecast consistently through the year. Major variations included overspending of £4.241m on Placements and Packages. This budget is demand led, and as such, is particularly volatile, depending on the increasing numbers of children becoming looked after and where they are placed (the number of looked after children increased from 525 at the start of the year to 578 by the end of the year). There were particular pressures on Residential Agency Placements (£1.431m overspend), Fostering (£1.337m overspend) and

Leaving Care (£1.126m overspend). The overspend position on placements and packages was partially offset however, by other variations across the service of -£0.280m.

3.3.2 **Corporate Resources** – The surplus of £0.435m for Corporate Resources primarily relates to savings made against staffing budgets which is due to posts being held vacant in order to contribute to the overall budget pressures faced by the Council.

3.3.3 **Education Excellence** – Education Excellence overspent in 2019/20 by £0.446m. This deficit position was primarily due to the Home to School specialist transport budget being overspent by £0.561m due to the full year effect of the increased costs of new external transport contract. This was partially offset by net underspends across other areas of the service totalling £0.115m.

3.3.4 **Health & Wellbeing** – A net surplus of £0.249m was brought about primarily due to a surplus of £0.153m being achieved as a result of the Substance Misuse contract being recommissioned, with savings on other contracts and vacancy savings of £0.096m.

3.3.5 **Highways and Public Protection** – There was an overall surplus of £0.283m on this service, mainly relating to an underspend on highways maintenance expenditure due to lower winter maintenance costs than in previous years.

3.3.6 **Locality Services** – The service ended the year with a deficit of £0.342m. The main variations affecting these services were as follows:

- The deficit within the Security Service (£0.665m deficit) was a reflection of an under recovery of income to support the cost base. This aspect will be addressed in 2020/21.
- The Burial and Cremation service (£0.165m underspend) has achieved additional income in the year.
- Cleansing (£0.194m underspend) – The underspend is mainly due to increased forecast recycling credits and a reduction in vehicle maintenance costs of the cleansing fleet.

Due to the size and diverse nature of this overspend a full base budget review has been undertaken to reduce the inherent budget issue. This has significantly reduced the overspend from £0.712mm in 2018/19. This area of the Council's budget will continue to be the subject of robust financial management and monitoring during the year to confirm the deliverability of remedial actions and this will be reported to Members.

3.3.7 **Public Sector Reform (PSR) Projects - Budget Planning Assumptions not allocated to Services** - The 2019/20 Budget included £9.803m of savings from PSR projects. Of this, £8.853m of savings were deliverable in the year (90%). There was a shortfall of £0.950m relating to the following projects:

- PSR1 – Acute Wrap Around (£0.230m).

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- PSR10 – Commissioning (£0.720m).

3.3.8 **Corporate Items / Other Government Grants:** Budget Monitoring reports presented to Cabinet during the year highlighted various items that were being used to support the budget pressures that were being experienced. A net surplus of £3.736m has mainly been achieved from the following:

- Business Rates Reserve increase not required (previously noted by Cabinet on 5 September 2019) - £1.753m surplus;
- Release of Business Rates Reserve no longer required - £1.976m surplus (see paragraph 6.5e)
- Budget Pressures Fund - £1.000m surplus;
- Additional Debt Charges re. Minimum Revenue Provision (MRP) - £0.653m deficit;
- Temporary utilisation of Transforming Sefton Reserve to fund additional MRP charge - £0.653m surplus (see paragraph 6.5c);
- Increase in Corporate Provisions for Bad Debts - £0.653m deficit;
- Reduction in Housing Benefit Subsidy. Re. overpayments - £0.427m deficit.

In addition, the Council experienced a loss of income at the end of the financial year as a result of the restrictions implemented by the Government in response to COVID-19 (£0.620m). The Council received emergency funding from the Government to offset the initial costs of responding to the pandemic and any losses of income. An element of the funding has been utilised to offset these income losses with the balance being carried forward to be utilised in 2020/21 (see paragraph 6.5f). **Cabinet is asked to approve the utilisation of £0.620m of the Council's allocation of emergency funding to offset these income losses during 2019/20.**

- 3.4 As a result of the variations detailed within this report the overall Council-wide deficit recorded for the year of £0.555m represents the outcome of stringent financial management through the year as the Council continues to meet the extreme challenges of national government policy and the volatility that is presented in its demand led services.
- 3.5 As was detailed within the Budget report presented to Council in February 2020, in addition to the need to respond to the decade long austerity programme, the Council continues to face unprecedented financial pressure particularly within Children's Social Care, Home to School Transport and Locality Services. This position is not unique to Sefton; however, the challenge is significant and will require very careful financial management throughout 2020/21 and beyond.
- 3.6 The Council acknowledged these risks in its budget report and additional resources were built into 2020/21 budget in recognition of these additional demands. The first budget monitoring report of 2020/21, relating to the first quarter of the year, is presented separately on today's agenda and provides an initial assessment of the Council's financial position as it enters the first year of the current three-year budget period.

- 3.7 In addition to the financial pressures being experienced by the Council, there is considerable uncertainty around the future funding of local government and the impact this will have on Sefton. As detailed in the budget report, the Government has committed to the biggest review of local government finance in a generation with a Fair Funding Review, Adult Social Care Green Paper on future funding and the reform and full roll out of the business rates retention scheme. The Council continues to contribute to consultations and lobby on each of these areas, to help develop what is hoped will be a genuine long-term plan to deliver financial sustainability to local government in general, and Sefton in particular. However, due to the implications of responding to the COVID-19 pandemic, the implementation of any changes may be delayed beyond 2020/21 bringing more uncertainty in the Council's funding position.

4 Schools' Delegated Budgets Outturn 2019/20

- 4.1 The level of schools' balances as at the end of 2019/20 is £10.823m a reduction of £2.773m compared to 2018/19 (£13.596m 2018/19). The table below show the breakdown across the main school funds.

	2019/20 £m	2018/19 £m	Movement £m
Direct School Balances	10.553	13.137	(2.584)
School Supply Funding Pool	(0.108)	0.020	(0.128)
Schools Rates Pooled Account	0.378	0.439	(0.061)
Overall School Balances	10.823	13.596	(2.773)

- 4.2 Analysis of the Schools Balances shows that 40 schools saw an increase in their balances totalling £0.930m; whilst 51 schools experienced a fall in balances of £3.244m giving a net reduction in the year of £2.584m. Of the 52 schools with falling balances, there were 39 Primary schools and 5 Local Authority Maintained Secondary schools with a fall in balances of £1.660m and £0.967m respectively. In addition, there were 3 Special/AP schools and 2 Maintained Nursery Schools with reducing balances of £0.445m and £0.040m respectively.
- 4.3 The level of schools' balances also fell by £0.402m, following the conversion of 2 Primary schools to Academies early in 2019/20, where any residual balances have to be paid over by the Local Authority to the new Academy Trusts.
- 4.4 The Dedicated Schools Grant (DSG) is a ringfenced grant from the Department for Education (DfE) to fund education provision. In addition to funding for schools there are three other funding "blocks". At year-end, in addition to maintained schools' balances, the local authority must report the latest balances on DSG retained reserves.
- **High Needs Block** – Funding for the education of pupils with an identified special educational need and normally subject to an Education, Health and Care Plan (EHCP). The funding is for pupils from ages 0-25 in a range of provision including special schools, mainstream schools, alternative provision and independent specialist provision. It also contributes to council expenditure for High Needs support services.

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- **Early Years Block** – Two-Year old Funding; Early Years Funding in Schools and Private, Voluntary and Independent provision (PVI); and local authority retained expenditure for under five-year olds.
- **Central School Services Block** – Funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies.

4.5 High Needs budgets were overspent by £4.5m in 2019/20 (£2.3m in 2018/19), and efforts started in September 2019 to identify rising demands and pressures across High Needs, in an effort to bring costs down. In particular, an examination around expensive out of Borough day placements is being conducted, and a review of in-house sufficiency of places to meet the needs of these children.

4.6 In the 2020/21 High Needs funding settlement, Sefton received an extra £3.8m, which should help alleviate the spending position during the year alongside a recovery and improvement programme which will develop a model built on meeting the needs of children with SEND within the annual funding grant allocation.

4.7 Early Years underspent during the year, due mainly to the fluctuation in 3-4-Year-old take up of the free entitlement across the year, compared against the headcount census numbers taken in January 2019, when the Early Years funding was determined for 2019/20. 2-Year-old costs were overspent, where funding did not prove sufficient to meet extra costs of provision. During the year a new Early Years Development Group of Schools Forum has been established and is examining the use of Early Years funding towards training facility and other issues, including sustainability issues in 2020/21, following the Covid19 outbreak and lockdown. Plans are in place to support settings during this difficult period, to ensure sufficiency of childcare through the year. It is expected that additional funding, due to an increase in headcount at January 2020 will be given for 2020/21, and this may help in several ways, towards the added costs of support due to the Coronavirus. Early Years balances have been assisting in this respect to date, during 2020.

4.8 The Council's Centrally Retained DSG reserves are separate to its Maintained Schools' balances. These are in respect of Schools' Central Support services; Early Years (non-schools) provision and High Needs (non-schools) provision. The net opening balance of these reserves, as at 1 April 2019, was a deficit of £0.230m. During 2019/20, this deficit has grown considerably, mostly due to the significant overspending of High Needs. This has taken the reserves into a net deficit position of £4.385m (see below).

<u>Centrally Retained DSG Balances</u>	<u>1 April 2019</u> <u>£m</u>	<u>Reallocation</u> <u>£m</u>	<u>Movement 2019/20</u> <u>£m</u>	<u>31 March 2020</u> <u>£m</u>
Schools Block	-0.375	0.000	-0.169	-0.544
Early Years Block	-3.038	2.700	-0.167	-0.505
High Needs Block	3.643	-2.700	4.491	5.434
	0.230	0.000	4.155	4.385

4.9 DfE permit Local Authorities to carry forward a deficit on their DSG Centrally retained balances, without any obligations on behalf of Local Authorities to support a deficit position out of core Council balances.

4.10 They DfE have offered to work more closely and in cooperation with Local Authorities, to support them in trying to reduce spending, particularly across High Needs, where most Authorities have been struggling to manage. First priority will be for the Authority to have plans to balance their in-year spending. They will also still be required to provide evidence, at the DfE's request, that overspending issues have been reported regularly to Schools Forum; and that measures are in place to arrest the situation, at least, over a three-year planned period. It has been acknowledged that the full recovery of accumulated deficits however, may not be possible, even over many years, and it is not certain at this stage, whether the DfE may consider, on a case by case basis, some extra funding, to write down some, or all, of their accumulated deficits in this respect.

4.11 With the review of High Needs underway, and the actions being taken as explained above, together with the increased settlement for High Needs funding in 2021/22, work will continue to bring expenditure in line with the budget available and then start to repay the existing deficit so as to reduce the financial risk to the Council.

5 Council Balances

5.1 The change in the level of Council and School Balances as at 31 March 2020 are set out in the tables below:

	£m	£m
<u>Non-School General Fund Balances</u>		
Actual Non-School General Fund Balances at 31 March 2019		-7.539
Less underspend in comparison to the 2019/20 Base Estimate:		
- Assumed Use of Balances 2019/20	0.000	
- Overspend in 2019/20	0.555	
Actual Reduction in Balances in 2019/20		0.555
Actual Non-School General Fund Balances at 31 March 2020		-6.984

<u>Schools' Balances</u>	£m
Schools' balances as at 1 April 2019	-13.596
Overspend on Schools' Delegated Budgets	2.773
Schools' balances at 31 March 2020	-10.823

6 Earmarked Reserves

6.1 Unlike General Fund balances, Earmarked Reserves are held for a specific purpose. These purposes may be determined by the Council to coincide with its policy objectives, dictated by statute (e.g. Schools Earmarked Reserves) or relate

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to revenue grants and contributions that haven't been fully applied by the end of the financial year.

- 6.2 Those Earmarked Reserves determined by the Council to coincide with its policy objectives are created, and occasionally increased, in accordance the Council's Financial Procedure Rules. Approval limits are as follows:

Amount	Approval
Up to and including £250,000	Section 151 Officer
In excess of £250,000 up to and including £500,000	Section 151 Officer in consultation with the Chief Executive
In excess of £500,000 up to and including £1,000,000	Cabinet
Over £1,000,000	Council with recommendation from Cabinet

- 6.3 Once approved, expenditure incurred in accordance with the reserve's purpose is funded by applying the reserve, without any need for further approval. If the reserve is no longer required for the originally intended purpose it is released back into the General Fund.

- 6.4 An analysis of the Council's Earmarked Reserves, and the movement during 2019/20 is shown in the table below:

	Movements in 2019/2020	1 April 2019 £000s	Transfers in £000s	Transfers Out £000s	31 March 2020 £000s
(a)	Environmental Warranty	-11,000	0	2,000	-9,000
(b)	Insurance Fund	0	-1,371	0	-1,371
(c)	Transforming Sefton	-8,603	0	3,137	-5,466
(d)	Redundancy Reserve	-2,162	-2,000	2,162	-2,000
(e)	Capital Priorities Fund	-76	0	34	-42
(f)	Community Transition Fund	-889	0	230	-659
(g)	Contamination Clearance	-1,500	0	0	-1,500
(h)	Rating Appeals / Reduction in NDR Income Reserve	-2,254	0	2,254	0
(i)	MRP Adjustment Reserve	-399	0	399	0
(j)	Regeneration Schemes Reserve	-663	-30	500	-193
(k)	Revenue Grants and Contributions Unapplied	-6,677	-11,202	3,263	-14,616
(l)	Schools' Earmarked Reserves	230	-336	4,491	4,385
(m)	Other Earmarked Reserves	-5,752	-480	806	-5,426
	Total	-39,745	-15,419	19,276	-35,888
(n)	Temporary Use of Earmarked Reserves to Fund Pension Deficit Payment	10,154	-10,154	0	0
		-29,591	-25,573	19,276	-35,888

6.5 The main changes in Earmarked Reserves are as follows:

- a) **Environmental Warranty** – Budget Council in February 2020 approved the transfer of £2.000m from the Environmental Warranty Reserve to the Redundancy Reserve to fund the costs of any exit packages required as part of Framework for Change 2020 proposals.
- b) **Insurance Fund** – Some elements of the Council's Insurance Fund have been reclassified having previously been accounted for as a Provision.
- c) **Transforming Sefton** – £2.484m has been utilised to fund previously approved expenditure, primarily involving the Cost of Change budget relating to Framework for Change 2017. In addition, **Cabinet is asked to approve the temporary utilisation of £0.653m from the reserve to fund increased Debt Charges in 2019/20 relating to the Minimum Revenue Provision (MRP)**. MRP costs are forecast to fluctuate over the next five years, resulting in an overall saving to the Council. It is proposed to smooth out the impact of the charges by utilising the Transforming Sefton Reserve and then contributing to the Reserve as charges reduce. It is forecast that by 2024/25 the Reserve will have been fully repaid and an ongoing saving will be available to the Council.
- d) **Redundancy Reserve** – As mentioned above, Budget Council in February 2020 approved the transfer of £2.000m from the Environmental Warranty Reserve to the Redundancy Reserve to fund the costs of any exit packages required as part of Framework for Change 2020 proposals. The balance on the reserve at the start of the year has been fully utilised to fund redundancy and pension strain costs resulting from Framework for Change 2017.
- e) **Rating Appeals / Reduction in Business Rates Income Reserve** – This Reserve was created when Business Rates Retention was introduced to smooth out any variations in income due to the implications not being fully known. Now the implications are known it is considered that the original purpose of the Reserve is no longer required, and any balance can be released back to the General Fund. **Cabinet is asked to recommend to Council that the balance on the Reserve (£1.976m) be released back to the General Fund in 2019/20 to support the outturn position.**
- f) **Revenue Grants and Contributions Unapplied** – There has been a large increase due to the receipt in March 2020 of emergency funding to support the Council's response to the COVID-19 pandemic. This has been reserved to fund the costs that are being incurred in 2020/21.
- g) **Schools' Earmarked Reserves** – See Section 4 for an explanation of the movements in these reserves.
- h) **Other Earmarked Reserves** – Cabinet in December 2019 were informed that a full review of Earmarked Reserves had taken place and identified £1.483m of reserves that were no longer required for their originally intended purpose. Cabinet acknowledged that these released reserves would be transferred to the following new reserves – Clean Air Zone (£0.530m); Children's Social Care – additional staffing resources (£0.500m); Local Government Association – Graduate Training Programme (£0.140m); and, Litherland Sports Park – Improvements to Facilities (£0.250m). The balance of £0.063m would be released back into the General Fund to help support the in-year outturn position.

6.6 In addition, there has been an increase of £10.154m to “repay” the temporary use of Earmarked Reserves to fund the upfront payment of the Pension Deficit in April 2017. This is a cash-flow adjustment to enable the Council to make a significant saving across the period of the three-year budget plan.

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7 Revenue Outturn 2019/20 - Conclusion

- 7.1 In March 2017, the Council set a three-year budget that would through its Framework for Change programme would meet the overall £64m shortfall estimated for the period. 2019/20 represented the third year of that budget and from the financial results reported in this paper it can be seen that this three-year budget was achieved.
- 7.2 Whilst the position reported is largely favourable, in addition to meeting the funding shortfall that has arisen primarily due to central Government's austerity programme, the Council is also facing significant financial pressure from some of its main demand led budgets, Children's Social Care, Home to School Transport and Locality Services. The experience in Sefton is currently similar to most local authorities across the country and as a result will require careful financial management in the forthcoming year. This approach and pressure was identified within the Budget report of February 2020 and significant additional resources were included in the budget for 2020/21.
- 7.3 The Council's accounts will be completed by the end of July 2020. They will then be subject to review by the external auditor, Ernst & Young, and following final completion of the audit, the Accounts will be presented to the Audit & Governance Committee in November 2020 for consideration, together with the ISA 260 report that will reflect their findings and conclusions.

Capital Outturn 2019/20

8 Overall Position for 2019/20

- 8.1 The approved capital budget for 2019/20 was £20.537m against which capital expenditure of £21.034m has been incurred at the year end. This has resulted in a year end variance of £0.497m. A service by service breakdown is shown in the following table:

Service Area	Budget 2019/20	Actual Expenditure 2019/20	Variance to Budget
	£m	£m	£m
Adult Social Care	2.914	2.730	-0.184
Communities	0.288	0.308	0.020
Corporate Resources	0.935	0.857	-0.078
Economic Growth & Housing	0.146	0.414	0.268
Education Excellence	2.876	2.858	-0.018
Highways & Public Protection	10.983	11.681	0.698
Locality Services	2.395	2.186	-0.209
Total Programme	20.537	21.034	0.497

8.2 In addition to the core programme, capital expenditure totalling £4.141m was incurred by the Council. This included Schools Devolved Formula Capital which is provided directly to and managed by schools and capitalisation of Highways & ICT expenditure. Total capital expenditure in 2019/20, including this was £25.175m.

9 Programme Funding

9.1 The table below shows how the capital programme has been funded in 2019/20:

Source	£m
Grants	19.396
Prudential Borrowing	4.615
Section 106	0.673
Capital Receipts	0.310
Contributions	0.171
Revenue Contribution	0.010
Total Programme Funding	25.175

10 Key Explanations of Full Year Outturn Variance 2019/20

10.1 Highways and Public Protection (£0.698m)

The variance was mainly due to:

M58 Junction 1 improvements (£0.826m)

This scheme has incurred additional costs due to protracted land negotiations resulting in delays to works commencing, additional earthworks costs and construction delays due to wet weather. Negotiations are continuing with the contractor to agree a final cost.

However, the Council was successful in securing an additional funding contribution from the Combined Authority. This was granted on the understanding that sufficient expenditure was incurred within the financial year to enable the entire Combined Authority contribution to be claimed and as such significant expenditure was incurred towards the end of the year.

Strategic Planning (-£0.123)

This budget is set aside to support scheme development. In 2019/20 much of the strategic planning work was covered by separate development funding secured from the Combined Authority. This funding will be carried forward to 2020/21.

10.2 Locality Services Provision (-£0.209m)

The variation was mainly due to the Vehicle Replacement Programme (-£0.256m). Following consultation with user departments regarding operational changes the replacement of some vehicles was deferred to 2020/21.

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10.3 Adult Social Care (-£0.184m)

The variation was mainly due to Disabled Facilities Grant (-£0.162m). The underspend is due to reduced occupational therapist resource available to assess claims. This issue has been addressed and in future will ensure the grant is utilised effectively.

10.4 Economic Growth & Housing (£0.268m)

The variance is due to the acquisition of the Post Office in Bootle (£0.250). The budget for this scheme was included in the 2020/21 capital programme however, expenditure was incurred at the end of 2019/20. This was slightly earlier than anticipated and has been funded from 2020/21 budget resource

11 Programme Delivery 2019/20

11.1 As would be expected with a capital programme of this size, the investment that has been incurred during the year has led to both the development and improvement of the council's infrastructure and supported the delivery of key outcomes as set out in the Framework for Change programme. The key areas of delivery are as follows:

11.1 Adult Social Care

11.1.2 Disabled Facilities Grant Core Programme (£1.662m)

209 adaptations were completed during the year on behalf of clients including items such as stair lifts, vertical lifts, bathroom adaptations, extensions and hoists.

11.1.3 ICT Development & Transformation (£0.215m)

The development of the functionality of Controcc, for both Adult and Children's Social Care, to make payments and improve management information has continued. This was making good progress and was due to commence in March 2019 for Adult Social Care but is now temporarily on hold due to Covid 19.

11.2 Education Excellence

11.2.1 Healthy Pupils Capital Fund (£0.152m)

Work has been completed on projects at 17 schools to improve young people's physical and mental health. The new facilities include: 6 garden schemes, a classroom cabin, 3 all-weather surface/mile tracks, 2 sensory spaces, 2 two outdoor spaces, a kitchen/dining room refurbishment and 2 sets of sports/exercise equipment.

11.2.2 Schools Programme (£2.562m)

The main programme delivery achievements were as follows:

- Completion of one form entry classroom at Linaker Primary School;
- Completion of a new toilet facilities extension at Forefield Infant School;
- Completion of classroom refurbishment at Linacre Primary School;
- Remodelling at Great Crosby Primary School - this scheme is ongoing;
- Completion of improvements to school access at Hatton Hill Primary School;
- Phased completion of electrical wiring systems at Redgate Primary School (Phase 2) and Netherton Moss Primary School (Phase 1);
- Phased replacement of the heating system at Hudson Primary School;
- Various repairs to building fabric, boundary walls and security fencing across five sites; and
- Various inspections relating to statutory compliance activities in school buildings.

11.2.3 Special Educational Needs and Disabilities (SEND) (0.145m)

The following has been accomplished in support of SEND provision:

- Enabling works completed at Crosby High School (Phase 1) to improve accessibility and circulation;
- Alterations to the former Sand Dunes Nursery and Waterloo Primary to provide new facilities and improved accessibility; and
- A complex needs base has been completed at a Redgate Primary to create additional specialist places.

11.3 Highways and Public Protection

11.3.1 M58 Junction 1 (£6.004m)

This scheme has achieved substantial completion. In order to open the slip roads Highways England (HE) needed to complete a number of audit and inspection processes. After some delay due to Covid 19 these have now been completed and some minor additional and rectification works ordered or completed. A date for opening will shortly be established.

11.3.2 Kirkby to Maghull Cycle Track (£0.231m)

The first stage of the cycle track has been completed and the second stage is out to tender. A couple of land deals are still outstanding, and every effort is being made to reach conclusion.

11.3.3 North Liverpool Key Corridor Improvements (£0.029m)

The works on Derby Road within the Sefton section are largely complete. Traffic management remains on the scheme whilst the contractor completes works within the Lookers site (within the Liverpool section) where land entry was only achieved in early June 2020

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11.3.4 A565 Corridor Improvements (Thornton) (£0.709m)

Works have been completed to the junction of Buckley Hill with Edge Lane and a Safety Audit has recently been completed.

11.3.5 A59 Maghull Route Management (£1.340m)

Works have been completed to the junction of the A59 and Dover Road and a Safety Audit has been completed. Discussions are ongoing with the Combined Authority over the possibility for seeking funding for possible further schemes along the A59.

11.3.6 Marine Parade Bridge (£0.124m)

Maintenance works and testing of the cables has been completed.

11.3.7 Street Lighting (£0.484m)

The maintenance programme has replaced:

- 291 Street Lighting Columns;
- 103 Bollards;
- 59 Illuminated signs; and
- 432 Street Lighting Lanterns.

11.3.8 Carriageway Resurfacing (£1.315m)

Work has been completed on 54,329m² of carriageway resurfacing and 76,056m² of micro-resurfacing treatments.

11.4 Communities - Neighbourhoods and Partnerships

Expenditure of £0.225m was incurred on these schemes. Facilities and play grounds have been upgraded in the following parks; Rainbow Park, Marian Gardens, Abbeyfield Park and Hesketh Park. CCTV has been provided for Ainsdale and Linacre and a caged tipper vehicle purchased for neighbourhood work in Litherland.

11.5 Locality Services

11.5.1 Vehicles (£0.874m)

£0.874m was spent on 2 refuse vehicles, 4 caged tippers, 1 curtain side vehicle and 1 skip loader for cleansing and 12 vans for Green Sefton.

11.5.2 Green Sefton (£1.245m)

Regional Coastal Monitoring Programme (CERMS) - this scheme incurred £0.742m through monitoring and analysing coastal change along the north-west coast. The bulk of programmed work has been completed including all beach surveys.

Crosby Coast protection and Flood Alleviation – this scheme incurred £0.275m on the development of a business case, undertaking environmental surveys and preparation of reports. Work is now ongoing to secure funding to commence the full scheme.

12 Capital Outturn 2019/20 - Conclusion

12.1 The capital programme continues to be a key element of the councils' approach to meeting its core purpose. During the year expenditure has directly contributed to the delivery of key service priorities and services to residents and communities. The Executive Director Corporate Resources and Customer Services will continue to manage the financing of the capital programme to ensure that capital funding arrangements secure the maximum financial benefit to the Council in future years.

13 Corporate Performance 2019/20

13.1 The Council has recognised that in considering its financial performance it should also provide details at year end of performance across a range of its services in order that it can demonstrate how outcomes that will drive the delivery of the core purpose relate to the budget.

13.2 This was discussed as part of the LGA Peer review and since that point work has commenced on developing a suite of information.

13.3 As a result, the Council's Corporate Performance Report for 2019/20 is attached as Appendix A and provides:-

- An introduction and contextual statement from both the Cabinet Member for Regulatory, Compliance and Corporate Services and the Chief Executive
- A detailed narrative on how the delivery of each element of the Council's core purpose has progressed during the year; and,
- A comprehensive suite of performance measures for key council activities for 2019/20 and how these compare to 2018/19.

13.4 It is acknowledged that when reporting various Council activities on a year on year basis that there will be a degree of subjectivity within some areas, that a lot of Council activity is driven via demand from residents and businesses for which it has no direct control and the external economic environment also impacts upon core activity. That said, those areas that are reported provide a clear view of the range of Council activity that is undertaken in supporting residents, communities and business across the Borough and how they support the core purpose.

13.5 This report is the first produced by the Council and will be reported annually at year end from this point on.

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Corporate Performance Report 2019/20

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1 | FOREWORD

In these challenging times, it is vital that the Council considers very carefully where it can make the biggest difference. You will remember that we carried out one of our biggest ever consultations and with our partners developed Sefton's Vision 2030.

I'm pleased to introduce our Annual Performance report which aligns to the Council's Core Purpose and our contribution to achieving the partnership Vision 2030. The reports highlights some of what we have achieved, how we have managed the funding we received, and our priorities looking forward.

This document sets out the Council's Performance in a number of key areas and should be considered in conjunction with the Council's Financial Outturn and reports that have been provided to Overview and Scrutiny Committees throughout the year. During the year Cabinet reflected on the Council's Core Purpose and identified that the existing Core Purpose still holds true and continues to reflect the Council's role in delivering the partnership Vision 2030. Our Core Purpose underpinned by the Council's Framework for Change Programme targets capacity at a carefully sequenced set of key priorities. Over the last three years this programme has not only helped the Council support the delivery of the Borough's 2030 Vision and its own objectives as set out in its Core Purpose, but it has also successfully enabled the Council to set and deliver balanced budgets.

All too often documents like this make grand statements that don't drive the changes needed to make a difference. Sefton Council is determined that as we continue to develop performance reporting we will continue with robust scrutiny alongside this Annual Report.

As the year drew to a close the Council focused on working with our many partners to support our communities in response to the COVID-19 pandemic. The lockdown and subsequent measures continue to have a significant impact on the services that the Council provides to our communities, how we provide them and our workforce that delivers them. The energy and commitment of our workforce, partners and Sefton's many volunteers has been second to none. In next year's report we will share with you how our developing recovery and reset plans are delivering.

I would like to thank all our staff, all ward councillors, volunteers and our partners for their hard work over the year which has helped to achieve the many successes outlined in this report, and I look forward to working together over the next 12 months.



Councillor Paulette Lappin

2

A MESSAGE FROM THE CHIEF EXECUTIVE

Welcome to our first annual performance report.

In my first year as Chief Executive I have been so pleased to be part of a team delivering so much and supporting so many in our communities. I believe that we are well placed for the future and aware of where we need to improve and change what and how we do things. I am confident that our Framework for Change through the Demand Management, Council of 2023 and Growth Programmes will deliver the changes needed and encourage investment into Sefton.

The challenges and pressures that we face are well rehearsed in many Council documents. We are working hard, with our partners, to make improvements in areas such as Children's Services including how we support children and young people with Special Education Needs and Disabilities and their families. Over the coming year we have plans to recruit many more much valued foster carers to support local children, progress our internal ICT transformation, make improvements to our website and so much more.

Our response to the COVID 19 pandemic was swift and our role has been critical in ensuring that we have continued to protect our most vulnerable and support our communities. Our performance report next year will reflect the work that we have done throughout this time. I want to thank all of our staff, volunteers and partners for their dedication and hard work.



Chief Executive, Dwayne Johnson

Core Purpose

The Council's role in delivering the 2030 vision.

Sefton 2030

Protect the most vulnerable: i.e. those people who have complex care needs with no capacity to care for themselves and no other networks to support them. For those who are the most vulnerable we will have a helping role to play, we will challenge others to ensure we all protect the most vulnerable and where we need to we will intervene to help improve lives

Facilitate confident and resilient communities: the Council will be less about doing things to and for residents and communities and more about creating the capacity and motivation for people to get involved, do it for themselves and help one another. We will create an environment in which residents are less reliant on public sector support and which have well developed and effective social support

Commission, broker and provide core services: the Council will directly deliver fewer services but will act as a broker and commissioner of services which meet the defined needs of communities, are person-centred and localised where possible. We will deliver services which can't be duplicated elsewhere or where we add value.

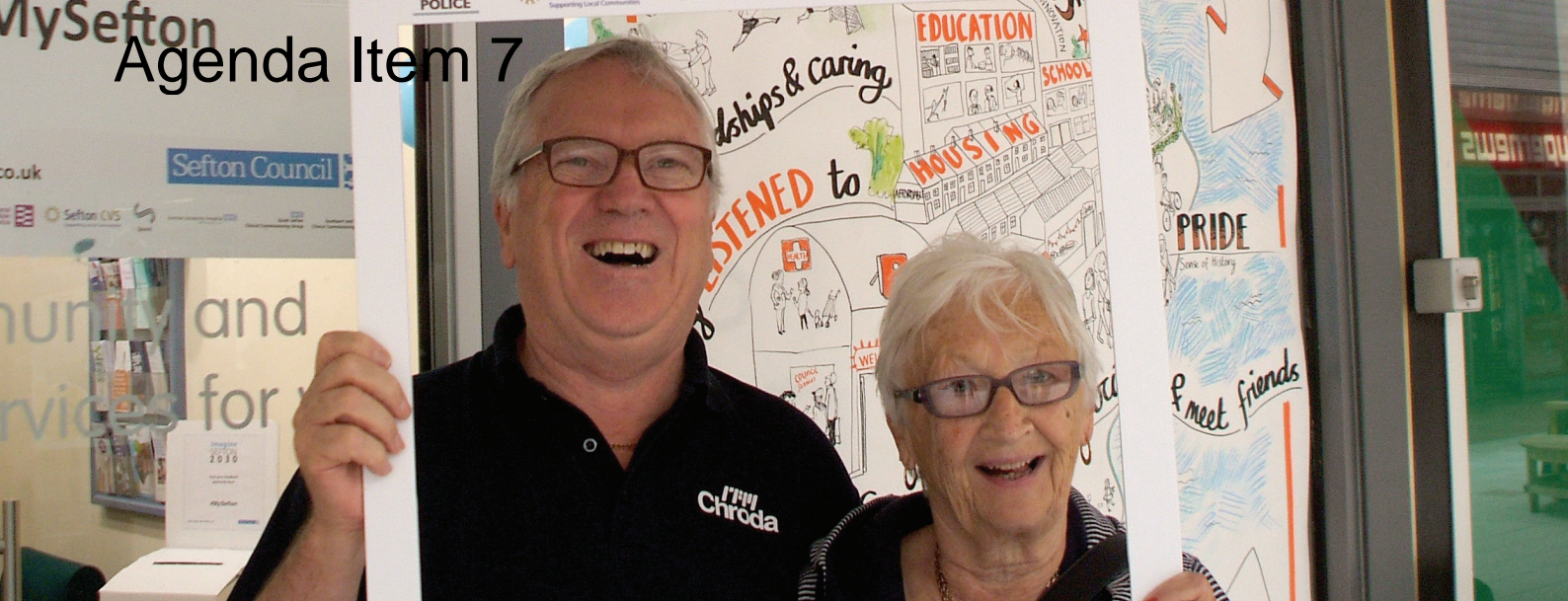
Place-leadership and influencer: making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. This includes strong leadership and influencing partner organisations to work towards common goals and building pride in the borough.

Drivers of change and reform: the Council will play a key role in leading change and reform to improve outcomes for Sefton residents and continuously improve the borough

Facilitate sustainable economic prosperity: that is, people having the level of money they need to take care of themselves and their family; creating the conditions where relatively low unemployment and high income prevail, leading to high purchasing power; and having enough money to invest in infrastructure.

Generate income for social reinvestment: the Council will develop a commercial nature and look to what it can do either by itself or with others to generate income and profit that can be reinvested into delivering social purpose.

Cleaner and Greener: the Council will work with others to maintain Sefton's natural beauty and ensure that its many assets provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 Vision.



TOGETHER A STRONGER COMMUNITY

2019 saw the Public Engagement and Consultation Panel celebrate its 10th year. Through our engagement and consultation activity people are able to influence decisions which affect them and communities work together and with partners to deliver effective change. Consultation this year has informed the Children and Young People’s Plan and the Health and Wellbeing Strategy 2020 to 2025.

The Council’s purpose of **place leadership and influencer** been vital in the response to the COVID-19 pandemic but we could not have done it without our partners and thousands of volunteers across the borough. In Sefton over 1000 new volunteers came forward offering their time and many talents to support over 20,000 people shielding and **protect the most vulnerable** in our communities. Every year thousands of volunteers work tirelessly to support local people and the impact that they have is appreciated and valued by many. Just one example of the value that they add to Sefton is the young people taking part in the Duke of Edinburgh Awards this year donated 19, 344 hours with a social value of £84,146.40!

During the pandemic we worked collaboratively with our partners across Merseyside to make people aware that we are still here and available to support those who need our support for example those suffering domestic abuse.



A BOROUGH FOR EVERYONE

As part of our drive to **facilitate confident and resilient communities** in 2019 we celebrated the Year of Friendship. During the year we shared and information about the many groups that help to make people feel connected, less lonely and reduce social isolation in the Sefton. It was amazing to hear of the groups that have existed for many years and to be able to help to promote some of the newer groups beginning across the borough. Our campaign reached an average of 50 000 accounts each week and was a huge success attracting new members to many groups.

The Council plays a key role in **driving change and reform** to improve outcomes for local people. This year the Health and Wellbeing Board has overseen the delivery of our **SEND Improvement Plan** and we are making significant strides in delivering against this plan. Our first annual Parent Carer Survey of Special Educational Needs and/or Disabilities (SEND) Local Area Provision in Sefton was amongst the many consultations that took place in Sefton this year. The feedback from this survey helped the Council and its partners to develop an integrated Action Plan to **commission, broker and provide core services**.

In January 2020 Cabinet agreed the **Children and Young People's Plan 2020 – 2025** and accompanying Commissioning Strategy. This defines the vision

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and ambitions for children and young people in Sefton. In the same month Cabinet approved the partnership **Early Help Strategy** which aims to ensure Sefton is a good place for children and young people to live and grow up, receive immunisations, have access to a wide range of physical activity opportunities and enjoy overall improving health.

This year has seen us to continue to embed our Localities model which was recognised by the Department of Works and Pensions winning the training programme Aspiring Instructors through which we will develop Sefton's next generation of Sports Coaches and Fitness instructors. This model is just one of the ways that the Council **facilitates confident and resilient communities** providing local people with support and with colleagues in Sefton at Work access to training opportunities. This year the Council demonstrated its commitment to ensuring training and life long learning opportunities in the borough by agreeing the redevelopment of the Cambridge Road Centre.

This year has seen us to continue to embed our Localities model which was recognised by the Department of Works and Pensions winning the training programme Aspiring Instructors through which we will develop Sefton's next generation of Sports Coaches and Fitness instructors. This model is just one of the ways that the Council facilitates confident and resilient communities providing local people with support and with colleagues in Sefton at Work access to training opportunities. This year the Council demonstrated its commitment to ensuring training and life long learning opportunities in the borough by agreeing the redevelopment of the Cambridge Road Centre.

In May some of Sefton's most vulnerable children and young people were recognised for their outstanding achievements at the 19th 'No Limits' awards ceremony. Nominated by social workers, teachers and mentors over 300 children and young people and more than 100 of our foster and kinship carers came together to celebrate their achievements.

We have continued to develop our Integrated Care Teams a real example of One Sefton as the teams include social workers, primary care; mental health practitioners, medicines management, voluntary sector; community matrons, district nurses, allied health professionals, integrated care co-ordinators and many others. The aim is to maximise the use of resources at a 'place' level to improve population health outcomes. The Council has worked hard during the COVID 19 pandemic to protect the most vulnerable and remain accessible to all. We have done this by working with care homes, other social care providers, schools, the voluntary, community and faith sector and our partners.





LIVING, WORKING AND HAVING FUN

Sefton was delighted to be chosen as Borough of Culture for 2020. After engaging with our communities and partners to see what they would like to see from the 2020 programme, we found that there were two key themes that stood out: local history and the environment. In November 2019 thousands of people were dazzled by a huge constellation that lit up Crosby Coastal Park and enjoyed performances, launching our Year of Culture activity.

The focus of our year was to be stories – about us, by us, and for us...all of us! In March 2020 A Nightingale's Song a tale of magic and wonder, of myths and wondrous creatures, spectacular nature, of ships and sailing, of peoples past and present that captures the history of Sefton was projected onto Waterloo and Bootle Town Halls along with The Atkinson. Sadly the COVID 19 pandemic has not enabled us to share our stories in the way that we wanted but we have adapted and delivered alternative virtual events such as the on line Sefton Comedy Hub and Atkinson exhibition.

June saw us celebrate Sefton's sporting heroes at the annual Sports awards. We received hundreds of nominations celebrating a host of volunteers, coaches, teams or individuals from across the borough who have been successful or shown great tenacity in their sport.

The Council's Housing Development Company, Sandway Homes Ltd. Business Plan was agreed through which the Council will **generate income for social reinvestment** and provide local people with housing choices.



VISIT, EXPLORE --- AND ENJOY

The number of visitors heading to Southport increased by 1.5% on the previous year with a 6.5% increase on money spent in the town.

Throughout May as part of the Year of Friendship we celebrated all things active, taking a look at a host of community groups, teams, individuals and organisations who promote healthy bodies, minds and flourishing friendships through keeping fit, playing sport and much more!

Once again, many film companies came to our beautiful borough and film friendly Sefton starred in many national and international series, films and documentaries including the War of the Worlds mini series that was broadcast in Nov 2019.

At the end of the year Sefton, along with many other coastal locations, was significantly impacted by the COVID 19 pandemic in terms of visitor numbers and local people being able to enjoy our local attractions and cultural offer. Many Council facilities needed to close and so this impacted on many members of the local community.



CLEAN, GREEN

AND BEAUTIFUL

In July 2019, in line with its existing commitment to **cleaner and greener**, the Council declared a Climate Emergency and committed to reducing carbon emissions and to acting in line with the scientific consensus that we must reduce emissions to net zero by 2030. Throughout the year the Council has Sefton Council has continued its efforts to reduce the impact that single used plastics have on the local environment, reducing waste and ultimately helping to protect our coast.

In November 2020 Cabinet asked that an Outline Business Case for a Sefton Clean Air Zone be developed that will establish the case for change, evaluates affordability, and aims to identify a commercially viable option or options that offers best value for money and is practically deliverable. The COVID-19 pandemic has slowed this work, however the reduced traffic on Sefton's roads has had a positive impact on air quality.

People value and enjoy our natural environment and want to protect it and enhance it for future generations. Throughout the year our Green Sefton team has worked closely with our partners and many community groups to maintain our much loved green spaces and beaches so that they can be enjoyed by local people and visitors. The good weather during the COVID-19 pandemic led to large numbers of people flocking to our beaches from far and wide and sadly not everyone demonstrated the care and commitment to our natural environment leaving tons of litter behind.



ON THE MOVE

In the summer of 2019 work has started on a multi-million pound M58 improvement scheme. As well as improving journey times between Maghull and North Liverpool, it is hoped the scheme will reduce traffic on the A59 and some residential roads and facilitate sustainable **economic prosperity** and potential future development in the Maghull area.

In June school children from five schools in south Sefton took on air quality experts at Southport Eco Centre. The students grilled the experts on a range of topics that are important to them including the health impacts of air pollution and what needs to be done to promote more active travel. Our Active Travel team has worked hard throughout the year to promote the small change that people can make.



Ready for the Future

OPEN FOR --- BUSINESS

In October 2019 Planning Committee approved proposals by Santander UK to redevelop their Bootle campus and create a new, sustainable, state-of-the-art facility. The multi-million pound complex will be home to over 2,500 staff and become the contact centre and operations hub for Santander UK. The plans include a new public park and new pavilions which will be open to the local community. **The plans are a huge vote of confidence in the borough and the level of investment highlights what an attractive proposition Sefton is to major employers.**

Invest Sefton's Economic Forum was held twice this year, the forum is just one of the ways that the Council supports established and new local businesses to thrive, so **facilitate sustainable economic prosperity.**

The Council throughout the year has played a key role in driving change and reform, February 2020 agreed to adopt an ethical investment policy adopting the principles of

- Sustainable and Responsible – manage the effect on the environment, community and for the good of society
- Value Based – invest in businesses that are aligned with the organisations core values;
- Maximising Impact – achieve a measurable positive, social or environmental impact, in addition to a financial return;
- Green – improving the environment



READY FOR

THE FUTURE

This year the Council become a “Self-Supply” in the water market with our approach including the ambition to reduce water losses/consumption and positively contribute to flood risk management. A positive contribution to the Council efforts to adapt to a changing climate and the **cleaner and greener** drive.

In October 2019 Cabinet approved the Corporate Apprenticeship Strategy and Action Plan for 2019 – 2022. The Council supports its workforce to develop and this year saw 51 new apprentices employed and a further 83 members of the Council’s workforce take up the opportunity to take up an apprenticeship.

In June 2019 Cabinet approved a refresh of the Business Continuity Policy, this has proven invaluable in the Council’s response to the COVID-19 pandemic.

Our IT transformation programme continued, with much of the work focused on improving our ability to improve agile working and this work has enabled us to respond rapidly to the COVID 19 pandemic.

At the end of the year the Council launched Recite Me, a piece of software that adapts the Council [website](#) and the [Sefton Directory](#) for those people with accessibility needs. To tie in with this accessible information on COVID-19 was made available on our website.

The Council has had an excellent record in financial management over the last 10 years that has required it to meet a budget shortfall of £233m. This has been predicated on medium term financial planning and setting multi-year budgets that enable effective planning of service delivery and the inevitable transformation activity.

Reports to Cabinet during the year have highlighted the significant ongoing financial pressures from some of its main demand led budgets, particularly Children's Social Care, Home to School Transport and Locality Services. Despite this pressure, the Council's overspend for 2019/20 was contained at £0.555m, therefore £0.555m of General Balances were required to support the budget.

A key concern for the Council going forward is that the financial settlement for the next financial year (2020/21) included a significant level of one off funding which underpins some of the Council's most critical services. This left the Council with no visibility or understanding of the changes that will come through the spending review, fair funding review or review of business rates retention and the significant political uncertainty and impact of Brexit on the nation's economy, developing a reasonable estimate of the Council's financial envelope for the latter two years of the MTFP isn't possible. The impact of COVID 19 means a greater level of financial uncertainty.

The Council's Framework for Change programme has been developed on the principles of ensuring that the right issues are being addressed i.e. 'what are the right things to do to deliver the Core Purpose'

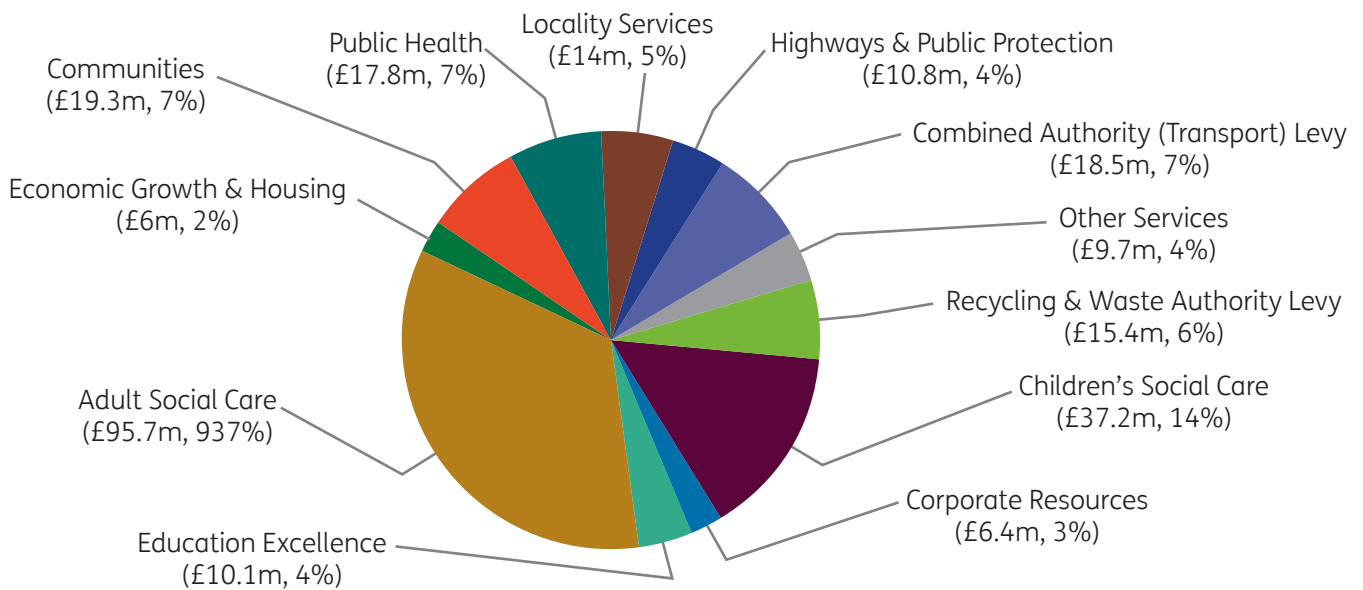
In 2019/20 the Council spent £25.2m on its Capital Programme, investing both in the development and improvement of the Council's infrastructure and supporting the delivery of its key outcomes. This included work on investing in our schools (including projects to improve young people's physical and mental health and support pupils with Special Educational Needs and Disabilities), investing in our highways network (including a new junction on the M58 and improvements to the North Liverpool and A565 corridors and A59 route), and investment in facilities in disabled people's homes.

The Council will continue to invest in our Borough, with the approved Capital Programme for 2020/21 totalling £54m.

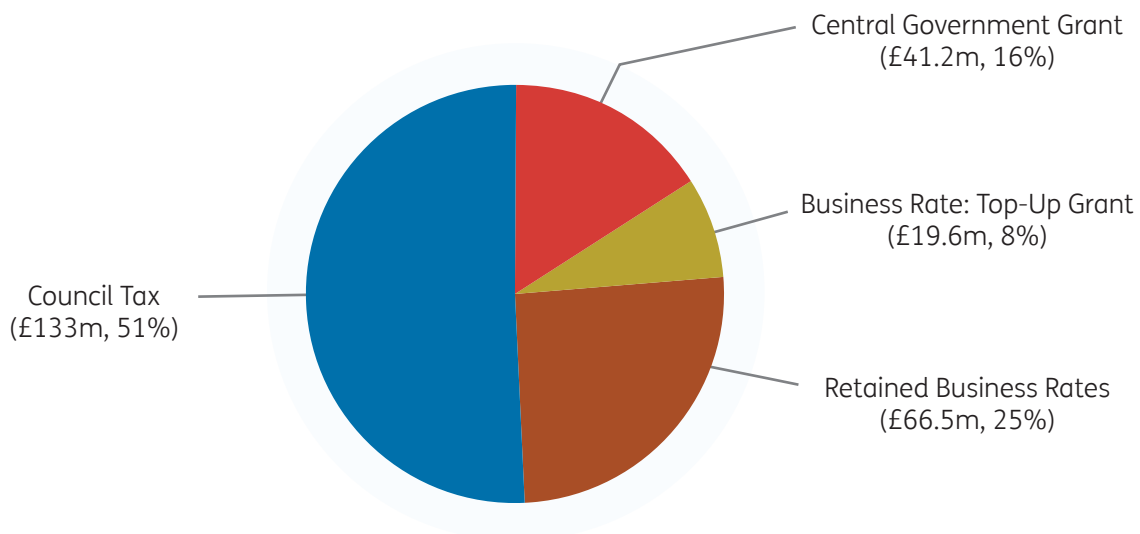


FOCUS ON DELIVERY

Service Expenditure 2019/2020




Sources for funding for 2019-20 Budget Requirement



Council Tax £ millions		
	Collected	Target
18/19	146.4	146.9
19/20	154.8	155.8

Business Rates £ millions		
	Collected	Target
18/19	72.1	71.6
19/20	70.8	71.0

Contact Centre Number of calls 000s	
Sefton 18/19	396.3
Sefton 19/20	329.1


Contact Centre Percent of Calls Answered	
Sefton 18/19	93.1%
 Sefton 19/20	89.5%


Freedom of Information Requests Received	
Sefton 18/19	1,102
Sefton 19/20	1,278


Freedom of Information Percent Answered in 20 Days	
Sefton 18/19	73%
Sefton 19/20	73%

SEND Education, Health & Care Plans completed within 20 weeks	
Improvement 19/20	51.6%

Early Help Number of Episodes Started	
Sefton 18/19	2,976
 Sefton 19/20	3,910

Early Help Percent Re-referred in Year	
Sefton 18/19	20%
 Sefton 19/20	20%

Early Help Percent Ended 'Aim Achieved'	
Sefton 18/19	24%
 Sefton 19/20	19%

Looked After Children Rate (Rate per 10,000 Population)	
Sefton 18/19	98
 Sefton 19/20	105
National	65

Looked After Children (Rate per 10,000 Population)	
Sefton 18/19	409
 Sefton 19/20	427
National	334

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Child Protection Plans (Rate per 10,000 Population)

Sefton 18/19	48
 Sefton 19/20	48
National	44

Percentage of Looked After Children Adopted

Sefton 18/19	15%
Sefton 19/20	13%


Number of Foster Carers

Sefton 18/19	104
 Sefton 19/20	123

Troubled Families Families Turned Around

Sefton 18/19	851
 Sefton 19/20	953

Troubled Families Turn Around Funding

Sefton 18/19	£1.5m
 Sefton 19/20	£1.7m

Adult Social Care Percent of Contacts Signposted

Sefton 18/19	7%
 Sefton 19/20	14%


Adults in Social Care Clients in Long Term Care

Sefton 18/19	4,402
 Sefton 19/20	4,474

Complaints Adult Social Care (% Upheld)

Sefton 18/19	54%
 Sefton 19/20	43%

Library Visits Average Per Month (000s)

Sefton 18/19	75.8
 Sefton 19/20	72.9

19/20 Excludes March

Complaints Adult Social Care (Nos)

Sefton 18/19	127
 Sefton 19/20	95

Library Loans Average Per Month (000s)

Sefton 18/19	59.4
 Sefton 19/20	62.7


19/20 Excludes March


Library Computer Use Average Per Month (000s)

Sefton 18/19	9.9
 Sefton 19/20	9.2


19/20 Excludes March

Leisure Centre Attendance (Millions)	
Sefton 18/19	5.57
 Sefton 19/20	5.31


Overall Tourism Value £ Millions	
Sefton 18/19	555
 Sefton 19/20	591


Day Visitors Millions	
Sefton 18/19	8.4
 Sefton 19/20	8.5

Staying Visitors (000s)	
Sefton 18/19	755
 Sefton 19/20	772


Hotel Rooms Numbers	
Sefton 18/19	1,398
 Sefton 19/20	1,536


Planning Applications Major Determined on Target	
Sefton 18/19	95%
 Sefton 19/20	90%


Planning Applications Minor Determined on Target	
Sefton 18/19	87%
 Sefton 19/20	91%

Building Regulations Plan Checks on Target	
Sefton 18/19	98%
 Sefton 19/20	100%

New Homes Granted Planning Permission	
Sefton 18/19	1,208
 Sefton 19/20	1,021

New Homes Built (Completions)	
Sefton 18/19	600
 Sefton 19/20	659

Homelessness Number of New Cases	
Sefton 18/19	1,120
 Sefton 19/20	1,796

Total Bin Pickups Millions	
Sefton 18/19	7.5
 Sefton 19/20	7.8

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Waste Recycled / Reused Percentage

Sefton 18/19 **35%**

 Sefton 19/20 **34%**

Residual Waste 000s of Tonnes

Sefton 18/19 **70**

 Sefton 19/20 **73**

Bins Not Emptied Percentage of All Pickups

Sefton 18/19 **0.14%**

 Sefton 19/20 **0.12%**

Fly Tipping Clearance Costs £000s

Sefton 18/19 **364**

 Sefton 19/20 **304**

Highway Maintenance Spend in £000s

Sefton 18/19 **6,777**

Sefton 19/20 **6,834**

Highway Defect Repairs Numbers undertaken

Sefton 18/19 **9,968**

 Sefton 19/20 **11,375**

Weed Spraying Spend in £000s

Sefton 18/19 **79**

Sefton 19/20 **135**

Gritting Spend in £000s

Sefton 18/19 **1,004**

Sefton 19/20 **856**

Lighting Faults Fixed within 5 Days

Sefton 18/19 **6,588**

Sefton 19/20 **5,693**

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Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Treasury Management Outturn 2019/20		
Report of:	Executive Director for Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This outturn report provides Members with a review of the Treasury Management activities undertaken to 31st March 2020. Cabinet receives this outturn report to allow monitoring against the Treasury Management Policy & Strategy and Prudential Indicators approved by Cabinet and Council in February 2019. This report is also provided to Audit & Governance Committee, whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management position to 31st March 2020 and the update to 31st May 2020, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully apprised of the treasury activity undertaken to 31st March 2020 and to 31st May 2020 in order to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

Alternative Options Considered and Rejected: (including any Risk Implications)

N/A

What will it cost and how will it be financed?

(A) **Revenue Costs**
None

(B) **Capital Costs**

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None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None
Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.
Equality Implications: There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: n/a
Facilitate confident and resilient communities: n/a
Commission, broker and provide core services: n/a
Place – leadership and influencer: Support strategic planning and promote innovative, affordable and sustainable capital investment projects through application of the CIPFA Prudential Code.
Drivers of change and reform: The Treasury Management function ensures that cash flow is adequately planned and cash is available when needed by the Council for improvements to the borough through its service provision and the Capital Programme.
Facilitate sustainable economic prosperity: Pursuit of optimum performance on investments activities and minimising the cost of borrowing and the effective management of the associated risk continues to contribute to a balanced budget for the Council.
Greater income for social investment: n/a
Cleaner Greener: n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director for Corporate Resources and Customer Services (FD 6062/20) is the author of the report.

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The Chief Legal and Democratic Officer (LD 4244/20) has been consulted and has no comments on the report.

(B) External Consultations

None.

Implementation Date for the Decision

Immediately following the meeting.

Contact Officer:	Graham Hussey
Telephone Number:	0151 934 4100
Email Address:	Graham.Hussey@sefton.gov.uk

Appendices:

None

Background Papers:

There are no background papers available for inspection.

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BACKGROUND:

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. The Prudential Code details a number of measures / limits / parameters (Prudential Indicators) that, to comply with legislation, must be set in respect of each financial year to ensure that the Council is acting prudently and that its capital expenditure proposals are affordable.
- 1.2. A requirement of the Prudential Code is the reporting to Cabinet and Full Council of the outturn position of indicators following the end of the financial year. In accordance with this requirement, this report outlines the 2019/20 outturn for the following Prudential Indicators:-
 - i. Capital Expenditure (Section 2);
 - ii. Capital Financing Requirement (Section 3.1);
 - iii. Gross Debt and the CFR (Section 3.2);
 - iv. Borrowing Limits (Section 3.3);
 - v. Financing Costs as a proportion of Net Revenue Stream (Section 3.4);
 - vi. Treasury Management Indicators (Section 6).
- 1.3. The Treasury Management Policy and Strategy Statements are agreed annually by the Council as part of the budget process. A requirement of the Policy Statement is the reporting to Cabinet and Full Council of the results of the Council's treasury management activities in the previous year. Treasury management in this context is defined as:

'The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4. In accordance with the above this report outlines the results of treasury management activities undertaken in 2019/20 covering the following issues:
 - borrowing strategy and practice
 - compliance with Treasury Limits
 - compliance with Prudential Indicators
 - investment strategy and practice.
- 1.5. The results of treasury management activities in 2019/20 are reflected in the net expenditure on Capital Financing Costs included within the Council's Revenue Budget.
- 1.6. The Capital Programme is also agreed annually as part of the budget process. It sets out the anticipated capital expenditure to be incurred within the year.

2. Capital Expenditure

- 2.1. The original estimate for 2019/20 expenditure together with the actual capital expenditure calculated on an accruals basis for the financial year is as follows:

	Estimate £m	Actual £m
Capital Expenditure	36.542	25.175

- 2.2. Capital expenditure in 2019/20 was £11.367m less than the original estimate reported in February 2019. The Council has therefore remained within the limits for expenditure set at the start of the year. The variation is due to the phasing of capital budgets and grant allocations to future years. These adjustments were approved as part of the monthly budget monitoring for the capital programme during 2019/20.
- 2.3. A full report on capital expenditure and the out-turn position for 2019/20 can be found in the separate Financial and Corporate Performance 2019/20 report also presented at this meeting.

3. The Council's Overall Borrowing Need

3.1. Capital Financing Requirement

- 3.1.1. The Capital Financing Requirement (CFR) reflects the Authority's underlying need to borrow for capital purposes and is based on historic capital financing decisions and the borrowing requirement arising from the financing of actual capital expenditure incurred in 2019/20.
- 3.1.2. The Council is currently internally borrowed meaning it temporarily uses its own cash balances to fund some capital schemes instead of external borrowing which saves the cost of interest payments on loans. This reflects the current national low interest rates for investment of cash balances and the need to find savings for the revenue budget.
- 3.1.3. The actual level of Capital Financing Requirement as at 31 March 2020 compared to the initial estimate for 2019/20 is as follows:

	Estimate £m	Actual £m
Capital Financing Requirement	236.414	230.300

- 3.1.4. As mentioned in paragraph 2.2 (above), the level of capital expenditure for 2019/20 was less than anticipated and therefore the requirement for the financing of this expenditure is also lower.

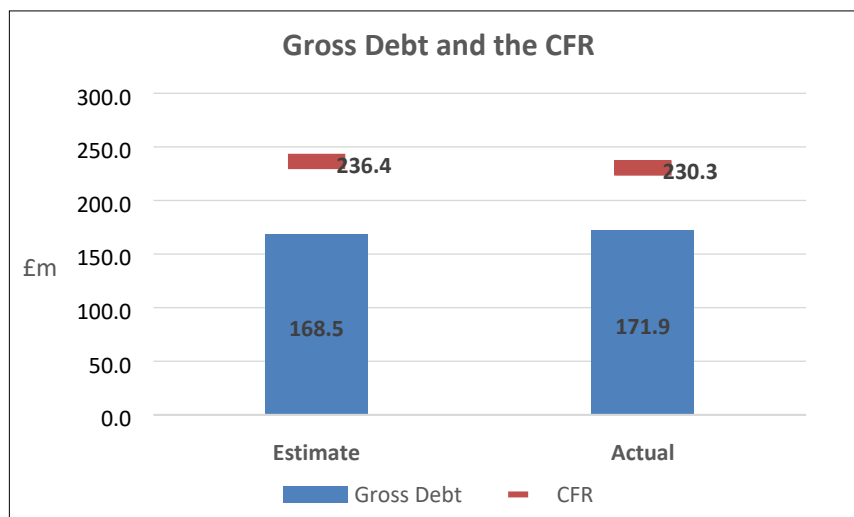
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3.2. Gross Debt and the CFR

3.2.1. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key factor of prudence:

"In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

3.2.2. In the report to Cabinet in February 2019, it was stated that the Authority would comply with this requirement in 2019/20. During the financial year, gross external borrowing did not exceed the total of the Capital Financing Requirement. The chart below shows the out-turn position compared to the original estimate:



3.3. Borrowing Limits

	2019/20 £m
Authorised limit	205.000
Operational boundary	195.000
Maximum Gross Borrowing Position	172.612

3.3.1. The Operational Boundary sets a boundary on the total amount of long term borrowing that the Council should enter into. It reflects an estimate of the Authority's current commitments, existing capital expenditure plans, and is consistent with its approved Treasury Management Policy Statement and practices.

3.3.2. The Authorised Limit sets a limit on the amount of external borrowing (both short and long term) that the Council can enter into. It uses the Operational Boundary as its base but also includes additional headroom to allow for exceptional cash movements.

3.3.3. The Maximum Gross Borrowing Position shows the highest level of actual borrowing undertaken during 2019/20 financial year. This level remained within the Operational Boundary and did not exceed the Authorised limit.

3.4. Financing Costs as a Proportion of Net Revenue Stream

3.4.1. This indicator measures the financing costs of capital expenditure as a proportion of the net resource expenditure of the General Fund.

	Estimate 2019/20	Actual 2019/20
Financing Costs / Net Revenue	4.3%	3.7%

3.4.2. The overall ratio is lower than the original estimate by 0.6%. The financing costs for the repayment of debt incurred in previous years was lower than originally forecast. The net revenue stream for 2019/20 by comparison remained broadly on target hence the reduced ratio. The Council's debt therefore remained within affordable levels.

4. Borrowing Strategy and Practice

4.1. The Council's debt portfolio at the 31st March 2020 and a comparison to the position at the end of last financial year is summarised as follows:

Actual Debt Outstanding	31st March 2019 £m	31st March 2020 £m
Public Works Loans Board	148.692	162.674
Other Long-Term Liabilities	10.158	9.274
TOTAL	158.850	171.948

4.2. The category of other long-term liabilities represents transferred debt from the Merseyside Residuary Body (£2.626m) and finance lease liabilities (£6.648m).

4.3. The Council's PWLB debt activity during 2019/20 is summarised in the following table:

Movement in Year	Actual £m
PWLB opening debt 1 st April 2019	148.692
Less principal repayments	(6.018)
Add new borrowing	20.000
Closing PWLB debt 31st March 2020	162.674

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- 4.4. The policy of internally borrowing, utilising the Authority's cash balances rather than taking out new borrowing, continued with regards to the Capital Programme in 2019/20 as no new expenditure was financed from external borrowing. The Council did however, opt to reverse an element of its internal borrowing for previous years to the value of £20m by taking out a new loan with the PWLB.
- 4.5. The average rate of interest on Council loans with the Public Works Loans Board (PWLB) in 2019/20 and a comparison to the previous year is shown below:

	2018/19	2019/20
Average PWLB Interest Rate in Year	3.86%	3.94%

5. Debt Maturity Profile

- 5.1. This is a profile measuring the amount of borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate:

Fixed Rate Debt Maturity	Upper Limit	Lower Limit	Actual 31st March 2020
Under 12 months	35%	0%	2%
12 months and within 24 months	40%	0%	1%
24 months and within 5 years	40%	0%	27%
5 years and within 10 years	40%	0%	8%
10 years and within 15 years	40%	0%	19%
15 years and above	90%	25%	43%

- 5.2. As can be seen our debt profile highlights that most of our debt is due to mature in 10 years and above, reflecting the internal borrowing position of the Council.

6. Compliance with Treasury Limits

- 6.1. The following Treasury Limits were approved by Council during the 2019/20 Budget Setting process:

	Limit £m	Max. Borrowing 2019/20 £m
Authorised Borrowing Limit	205.000	172.612
Short Term Borrowing Limit	15.0	0.0
Proportion of external borrowing subject to variable interest rates	20%	0%

6.1.1 During the financial year the Council operated within the agreed borrowing limits. No short term borrowing or borrowing subject to variable rates was undertaken.

6.2. Non-Specified Investment Indicator

	Upper Limit	Max. Invested 2019/20 £m
Non-specified Investments	40%	100%

6.2.1. An investment of £5m was made in 2014 with the Church, Charities and Local Authorities (CCLA) Property Fund. During a brief period from 13 to 17 March 2020, this investment represented up to 100% of the Council's total investments and therefore exceeded the 40% limit.

6.2.2. The Council's cashflows are naturally lower towards the end of the financial year and thus there is less surplus cash available to make investments. Temporary fluctuations in cash balances may occur due to the timing of expenditure and whilst the Council awaits further income from central government grants. These fluctuations can be accommodated by recalling short term investments, but this may mean that longer term investments represent a higher proportion of the Council's overall portfolio. Given that the actual level of non-specified investments returned below 40% before year end however, the Council's risk exposure remained low.

7. Investment Strategy and Practice

7.1. The Council invests all available cash balances, which includes school balances and the insurance fund, following a policy of obtaining maximum returns whilst minimising risks.

i. **Externally Managed Investments**

No externally managed funds are held.

ii. **Internally Managed Investments**

The Council's available funds during the year averaged £30.37m and were managed internally with advice from our treasury consultants.

7.2. The level of the Council's investments during 2019/20 and comparable figures from the previous year are summarised in the following table:

	2018/19	2019/20
Total Investment of Cash Balances at year end	£18.00m	£42.36m
Average Investment Balance during the year	£35.10m	£30.37m
Average Return on Investments	1.28%	1.41%

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- 7.3. In 2019/20 a weighted average return of 1.41% was achieved. This is more than the benchmark 7-day LIBID figure of 0.18% and is considered to be an acceptable return. The majority of the funds are invested with major banks and Money Market Funds (MMF's), with the remaining balance of £5m invested with the CCLA Property Fund. The return of 1.41% can be disaggregated into a return of 0.73% on bank and MMF investments, whilst 4.30% was returned by the CCLA investment.
- 7.4. The year on year increase in the average return on investments reflects a minor improvement in Money Market Fund rates during the first half of 2019/20. The actual performance of investments has therefore over-achieved against the total budget for 2019/20 as follows:

Budget Profile	Budget £m	Actual £m	Variance £m
Outturn 2019/20	0.415	0.428	0.013

8. Treasury Position for 2020/21 – Update to 31st May 2020

8.1. Investments Held

8.1.1. Investments held to 31st May 2020 comprise to the following:

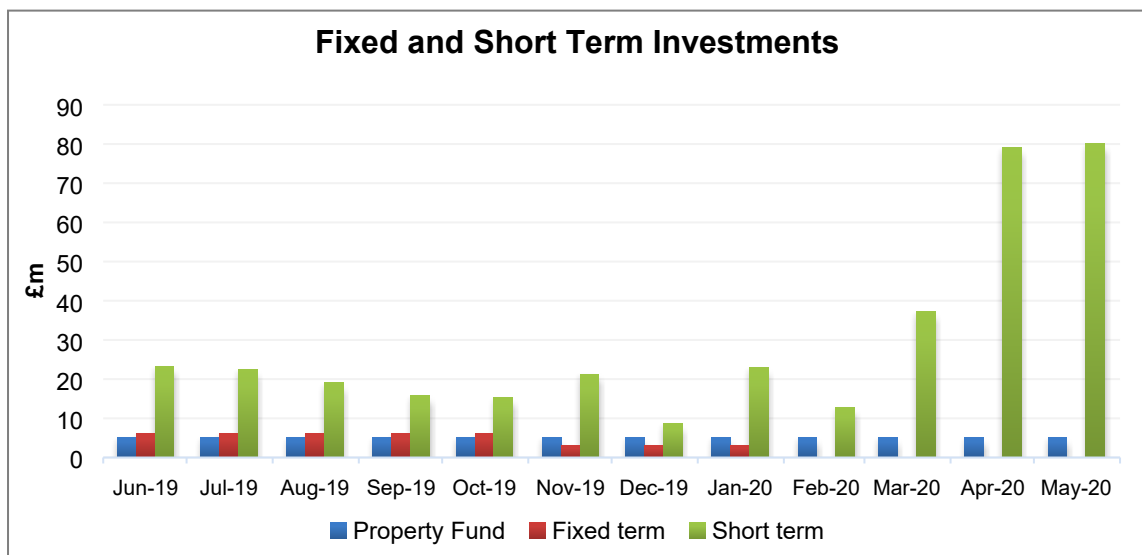
Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	8.43	0.28	n/a	AAA
Amundi	8.43	0.13	n/a	AAA
Aviva	8.43	0.32	n/a	AAA
BNP Paribas	8.43	0.20	n/a	AAA
Goldman-Sachs	4.73	0.11	n/a	AAA
Invesco	8.43	0.29	n/a	AAA
Morgan Stanley	8.43	0.22	n/a	AAA
Federated	7.80	0.32	n/a	AAA
Insight	7.80	0.23	n/a	AAA
Total	70.91			
Deposit Accounts:				
Natwest SIBA	9.20	0.30	n/a	A+
Total	9.20			
Property Fund:				
CCLA	5.00	4.56	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	85.11			

8.1.2. The above cash balances represent the full range of earmarked reserves such as school's balances. The balances also include money received from the government's COVID-19 response fund which is being redistributed to local businesses on a daily basis. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2020/21. The balance of investments is therefore expected to fall significantly over the coming months as the funds are fully distributed.

8.1.3. All of the investments made since April 2020 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £25m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for specified investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.

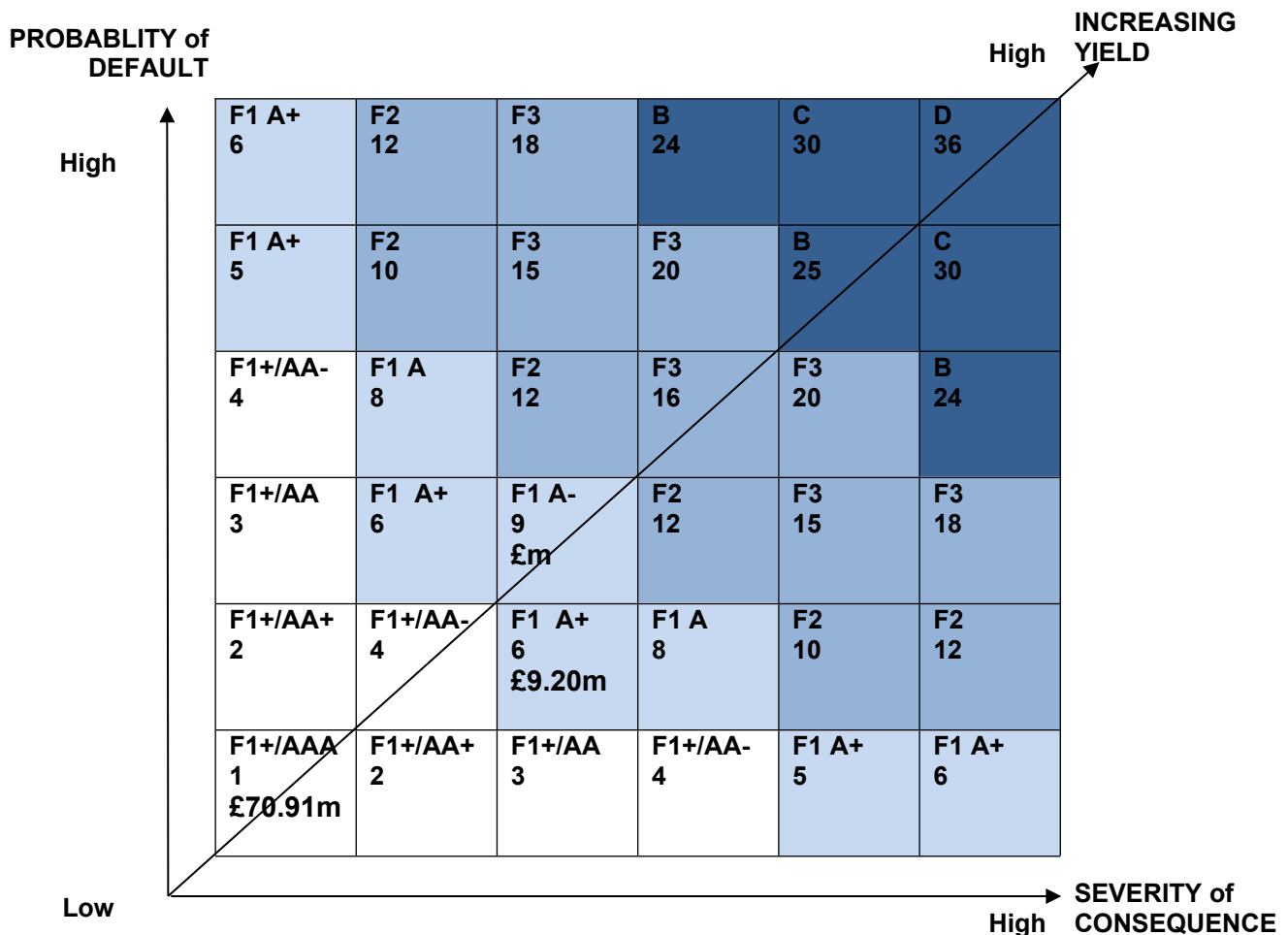
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- 8.1.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 8.1.9.).
- 8.1.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 8.1.6. The Net Asset Value (NAV) of the Property Fund has decreased over a 12-month period to May 2020 from 306.94p per unit to 286.55p per unit, a decrease of 6.6%. Much of this decrease has been during the period March to May 2020 as the COVID-19 crisis has impacted on the property market, weakening values in the retail sector. Trading on the fund has currently been suspended by the CCLA and the Council therefore has little choice but to maintain its position until the crisis subsides.
- 8.1.7. The yield on the Property fund at the end of May 2020 was 4.56% which is consistent with returns received in the past. Rents collected by the fund since the onset of COVID-19 however, have fallen to around 50% but are anticipated to improve to around 75% later in the year. The forecast income from investments (see 8.2, below) has therefore been adjusted to reflect a prudent estimate of a 50% reduction from the property fund.
- 8.1.8. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



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8.1.9. The matrix below shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield when investing:



SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£70.91m
LOW - MEDIUM	5 - 9	Investment Grade	£9.20m
MEDIUM	10 - 20	Investment Grade	£0
HIGH	21 - 36	Speculative Grade	£0

8.1.10. The Council will continue to maximise any investment opportunities as they arise, but in light of current economic conditions and low investment yields it is not envisaged that any substantial increase in returns can be achieved for the remainder of the current financial year. Cash balances available for investment will be held in overnight deposits to allow the council to respond to any exceptional demands for cash as they arise. The possibility for making long term deposits will be reviewed once economic conditions stabilise.

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8.2. Interest Earned

8.2.1. The actual performance of investments against the profiled budget to the end of May 2020 and the forecast performance of investments against total budget at year end is shown below:

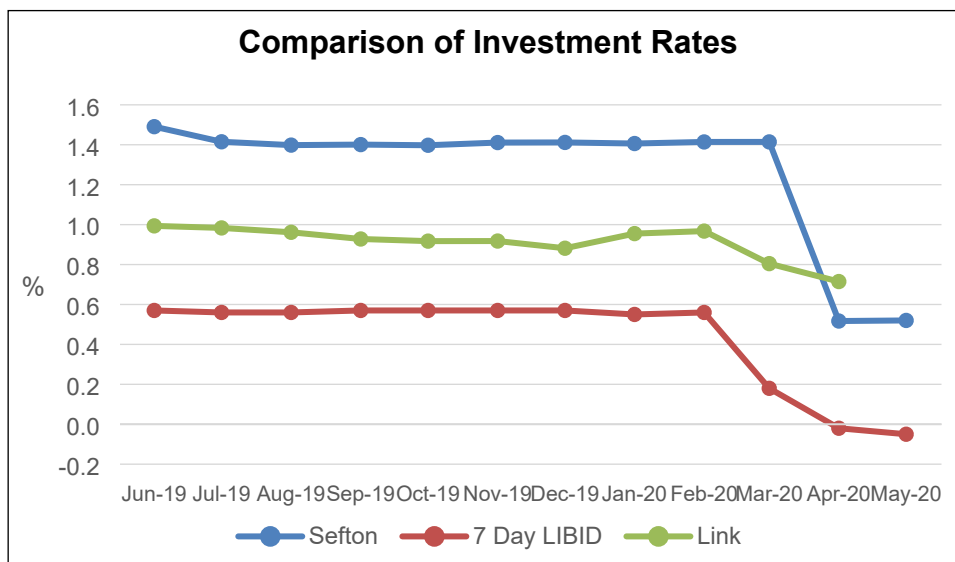
	Budget £m	Actual £m	Variance £m
May-20	0.069	0.042	-0.027

	Budget £m	Forecast £m	Variance £m
Outturn 2020/21	0.415	0.247	-0.168

8.2.2. The forecast outturn for investment income shows a significant shortfall against the budget for 2020/21. The impact of COVID-19 and declining economic conditions in general mean that investment rates are low and yields are expected to be well below the estimate originally forecast in the budget.

8.2.3. As mentioned in paragraph 8.1.10, it is not envisaged that improved rates will lead to a significant increase in the current forecast income from investments during 2020/21 as cash balances are diminishing and held in short term deposits.

8.2.4. The Council has achieved an average rate of return on its investments of 0.52% that has out-performed the 7-day LIBID to the end of May 2020. As can be seen from the chart below, investment rates are declining since March 2020 and this is consistent with the model portfolio provided by our treasury advisors (Link Asset Services).



NB: Link's May data unavailable at the time of writing.

Agenda Item 9

Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Tender for Banking Services		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This report seeks authority to commence a procurement exercise for the provision of banking services.

Recommendation(s):

- 1) Authorise the Executive Director of Corporate Resources and Customer Services to conduct a formal procurement exercise for the provision of banking services for the period of three years from 1 April 2021 to 31 March 2024 with the option of further extensions to be exercised up to a maximum of two years; and
- 2) Delegate authority to the Executive Director of Corporate Resources and Customer Services, in consultation with the Cabinet Member – Regulatory, Compliance and Corporate Services to accept the highest scoring tender in accordance with the approved basis of evaluation and award the contract accordingly and any extension thereof.

Reasons for the Recommendation(s):

The Council's Contract Procedure Rules require that where expenditure is above £189,330 the process must comply with EU Public Procurement Rules. The banking tender is expected to exceed the EU limit.

Alternative Options Considered and Rejected: (including any Risk Implications)

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None

What will it cost and how will it be financed?

(A) Revenue Costs

The cost of banking services will be contained within the Corporate Finance budget.

(B) Capital Costs

None.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): The cost of banking services will be contained within the Corporate Finance budget.
Legal Implications: None.
Equality Implications: There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:n/a
Facilitate confident and resilient communities:n/a
Commission, broker and provide core services: This proposal will ensure that a core element of the Council's activity, that of income collection and making payments to third parties, can be delivered.
Place – leadership and influencer:n/a
Drivers of change and reform:n/a
Facilitate sustainable economic prosperity:n/a
Greater income for social investment: n/a
Cleaner Greener:n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of the report (FD6057/20).

The Chief Legal and Democratic Officer (LD4239/20) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

None.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Tom Walmsley
Telephone Number:	0151 934 4042
Email Address:	thomas.walmsley@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Introduction

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- 1.1 The current contract for banking services expires on 31/3/2021. A new contract is required from this date and the appropriate contract / tender procedures may take some time to complete. In addition, given the complexity of the changeover of banking services to another supplier, the time required to implement may take up to six months. Therefore an early decision on the future supplier is considered essential.
- 1.2 This report sets out the proposed process to be followed, the methodology for assessing the tenders and the timescale of the arrangements.

2 Procurement Process

- 2.1 The Council's Contract Procedure Rules require that where expenditure on a contract is above £189,330 (for goods and services), the process must comply with EU Public Procurement Rules, which are themselves a legal requirement. The Banking and Card Acquiring Tender is expected to exceed the EU limit (over the life of the contract) and consequently, the tender must follow the EU Public Procurement Rules. We have selected the Open Procedure procurement route. This will involve advertising the contract in the Official Journal of the European Union (OJEU). However, a review will be made of any framework agreements for banking services which could be utilised.
- 2.2 It is proposed that the tender will be for a period of three years, with an option for a further two (on the assessment of actual performance). The contract has been placed into two lots, lot 1 for general banking services, and lot 2 for merchant card acquiring services. Tenders can be for
 - Either of lots 1 and 2
 - lots 1 and 2 together.
- 2.3 It is proposed that the contracts are awarded based upon MEAT (Most Economically Advantageous Tender) taking into consideration a percentage between cost and quality. It is intended to award the contract by October 2020.
- 2.4 It is further proposed that the Executive Director of Corporate Resources and Customer Services, in consultation with the Cabinet Member – Regulatory, Compliance and Corporate Services be authorised to accept the Highest Scoring Tender in accordance with the approved basis of evaluation and to report on the outcome to the Cabinet Member – Regulatory, Compliance and Corporate Services.

Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Overview and Scrutiny Function – Information from the Centre for Public Scrutiny		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No – See reasons for the recommendations below	Included in Forward Plan:	No – See reasons for the recommendations below
Exempt / Confidential Report:	No		

Summary:

To consult with the Members of the Cabinet on both the new guidance published by the Centre for Public Scrutiny (CfPS) and on Overview and Scrutiny Committee meetings in Sefton, in general, with a view to providing feedback to the Overview and Scrutiny Management Board, in due course; together with a proposal that the Management Board develop an Executive / Scrutiny protocol for Sefton.

Recommendation(s):

- (1) That the new guidance document by the Centre for Public Scrutiny entitled “Taking Scrutiny Seriously”, as attached to the report at Appendix A, be noted;
- (2) That the Overview and Scrutiny Management Board be advised that Cabinet Members are happy with the way in which the scrutiny function operates in Sefton; and
- (3) That the Overview and Scrutiny Management Board be requested to develop an Executive / Scrutiny protocol for use in Sefton.

Reasons for the Recommendation(s):

Technically, the issue does not meet the criteria of a Key Decision so does not need to appear on the Forward Plan. Nonetheless, a formal decision is required by the Cabinet.

The Council’s Overview and Scrutiny Management Board has requested that the guidance published by the Centre for Public Scrutiny should be forwarded to Cabinet Members and the Board has requested feedback from Cabinet Members on Overview and Scrutiny meetings in Sefton in general.

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The Centre for Public Scrutiny has advocated the development of an Executive / Scrutiny protocol for use by local authorities.

Alternative Options Considered and Rejected: (including any Risk Implications)

No alternative options have been considered because a decision is required by the Cabinet.

What will it cost and how will it be financed?

There are no direct financial implications arising from this report, nor are there any financial implications anticipated with the development of a protocol. Any financial implications that do arise will be reported to the Cabinet at the appropriate time.

(A) Revenue Costs

See above.

(B) Capital Costs

See above.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None
Legal Implications: None
Equality Implications: There are no equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: None directly applicable to this report.
Facilitate confident and resilient communities: None directly applicable to this report.
Commission, broker and provide core services: The development of an Executive / Scrutiny protocol should improve relationships between Cabinet and Scrutiny Members and contribute towards more effective scrutiny in Sefton.
Place – leadership and influencer:

As above.
Drivers of change and reform: As above.
Facilitate sustainable economic prosperity: None directly applicable to this report.
Greater income for social investment: None directly applicable to this report.
Cleaner Greener None directly applicable to this report.

What consultations have taken place on the proposals and when?

In the event that the Cabinet is supportive of the development of an Executive / Scrutiny protocol, it is anticipated that consultations will take place with Overview and Scrutiny Members between September and November 2020.

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6049/20) and the Chief Legal and Democratic Officer (LD4232/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Debbie Campbell
Telephone Number:	Tel: 0151 934 2254
Email Address:	debbie.campbell@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix A – Centre for Public Scrutiny – New Guidance – “*Taking Scrutiny Seriously*”
Appendix B – Executive Scrutiny Protocol – Boston Borough Council

Background Papers:

There are no background papers available for inspection.

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1. Introduction/Background

1.1 The Council's Overview and Scrutiny Management Board is comprised of the Chairs and Vice-Chairs of the four Overview and Scrutiny Committees. Five meetings of the Management Board are usually scheduled during the Municipal Year in order for the Management Board to consider national, regional and local developments, including updates on working groups, "called-in" items, etc. Meetings of the Management Board are not formal and are not open to the public.

1.2 At its last meeting held on 10 March 2020, the Management Board considered a briefing note on new guidance published by the CfPS following the recent survey of scrutiny officers and councillors with an involvement in scrutiny. The briefing note indicated that one of the initial results of the recent CfPS survey had revealed that 31% of respondents agreed there is "parity of esteem between the executive and scrutiny". The CfPS had published new guidance entitled "Taking Scrutiny Seriously", as a result of the perception of scrutiny's "Cinderella status", and a copy was attached to the briefing note. The short guide was aimed at Cabinet Members and senior officers. The Management Board was advised that once the full survey results had been released, these would be made available to the Board.

1.3 Members of the Management Board raised the following matter:

- Feedback from Cabinet Members on both the new guidance and Overview and Scrutiny Committee meetings in Sefton, in general, would be welcomed.

1.4 The Management Board:

RESOLVED: That

- (1) the new guidance document by the Centre for Public Scrutiny entitled "Taking Scrutiny Seriously", as attached to the report, be noted and any further updates be reported to the Management Board; and
- (2) the Chief Executive be requested to consult with the Members of the Cabinet on both the new guidance and Overview and Scrutiny Committee meetings in Sefton, in general, and provide feedback to the Overview and Scrutiny Management Board in due course.

2. Matters for Consideration

2.1 Further to Resolution (1) above, the CfPS new guidance entitled "Taking Scrutiny Seriously" is attached to this report for information and comment.

2.2 Regarding the provision of feedback to the Management Board on Overview and Scrutiny Committee meetings in Sefton, in general, Cabinet Members may wish to consider the points raised within paragraphs 3 – 13 below.

3. Statutory Scrutiny Officer

3.1 The Council's Constitution sets out the functions of the Statutory Scrutiny Officer as follows, (Chapter 9, paragraphs 43 - 47 refers):

“The Council’s Statutory Scrutiny Officer shall be the Democratic Services Manager, who shall:

promote the role of Overview and Scrutiny Committees
provide support for Overview and Scrutiny Committees
provide support and guidance to Members of the Authority, Members of the Executive of the Authority and Officers of the Authority in relation to Overview and Scrutiny.

The Designated Scrutiny Officer may not be the Monitoring Officer, Chief Finance Officer or Head of Paid Service.”

- 3.2 The Council’s Statutory Scrutiny Officer was previously a scrutiny support officer and has a number of years’ experience working on Overview and Scrutiny Committees. She has a strong background in Overview and Scrutiny and her experience brings benefits to the Overview and Scrutiny function.

4 Overview and Scrutiny Training

- 4.1 In recent years a number of training sessions have been offered to Overview and Scrutiny Members, and non-Executive Members in general, and these are summarised below:

- a) *Introduction to Overview and Scrutiny and Chairing Skills* – 5 February 2015 (2 X 3 hours’ sessions - afternoon and evening) – Delivered by North West Employers Support.
- b) *The Role of Scrutiny in Improving Services* - 10 September 2015 (2 x 3 hours’ sessions – afternoon and evening) – Delivered by North West Employers Support.
- c) *The Role of Scrutiny in Improving Services* - Councillors Training Session Monday, 13 June 2016 (2 x 3 hours’ sessions) - North West Employers Support.
- d) *The Role of Scrutiny in Improving Services* - Councillors Training Session - 4 October 2016 (1 x 3 hour’s session) – Delivered by North West Employers Support.
- e) *Chairing Skills for Members* - Friday 9 February 2018 (2 x 3 hours’ sessions morning and afternoon) – Delivered by the Local Government Information Unit.

- 4.2 Cabinet Members, particularly the Cabinet Member – Regulatory, Compliance and Corporate Services, have been extremely supportive of training events for Overview and Scrutiny Members and have encouraged those Members to attend such training.

- 4.3 Arrangements had also been made for the Centre for Public Scrutiny to deliver a further training session on *Scrutiny Essentials and Questioning Skills* on 20 May 2020. Unfortunately, due to the lockdown position in relation to Covid-19, the

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session was cancelled, although the possibility of video conferencing training and development for Members could be explored in due course.

- 4.4 The level of investment in terms of time and expenditure into regular training events, plus support by Cabinet Members for training, demonstrates the commitment and value placed on the Overview and Scrutiny Function.

5. Working Group Final Reports

- 5.1 It is usual practise for Overview and Scrutiny Committees to appoint a Working Group to undertake a scrutiny review of services during the Municipal Year. Members are requested to identify scrutiny review topics that demonstrate that the work of the Committee “adds value” to the Council.
- 5.2 During the October/November 2019 cycle of meetings, the Overview and Scrutiny Management Board and the four Overview and Scrutiny Committees considered a report on the guidance produced by the Ministry of Housing, Communities and Local Government relating to Overview and Scrutiny in Local and Combined Authorities, following on from the Communities and Local Government Select Committee’s inquiry into Overview and Scrutiny.
- 5.3 The Overview and Scrutiny Management Board and the four Overview and Scrutiny Committees all agreed the recommendations contained in the report, including the following recommendation:
- “that Overview and Scrutiny Working Group Final Reports and recommendations be submitted to Cabinet and then Council for final approval;”
- 5.4 Subsequently, both the Audit and Governance Committee and the Council agreed that Overview and Scrutiny Working Group Final Reports and recommendations would be submitted to the Cabinet and then Council for final approval and the Constitution would be amended accordingly. Previously, Final Reports were submitted only to the Cabinet for approval.
- 5.5 Since this change, the Ethical Business Practices Working Group Final Report has been submitted to the Council on 27 February 2020.
- 5.6 The recent change to the Constitution will increase awareness of Working Group outcomes to all Members of the Council and provide them with the opportunity to have the final approval of Working Group recommendations. This is the transferring of a power from the Executive to all Members of the Council.

6. Scrutiny of External Organisations

- 6.1 Scrutiny of external organisations that provide services to residents of the Borough is particularly strong in Sefton.
- 6.2 Some senior representatives of certain external organisations, such as the Sefton Clinical Commissioning Groups, have attended meetings of the relevant Overview and Scrutiny Committee(s) on a regular basis, and have reported on partnership work being undertaken in conjunction with the Local Authority, in addition to a

range of other work undertaken. Other senior representatives attend from time to time, as and when required.

6.3 Since January 2018, senior representatives of the following organisations have attended at least one meeting of the relevant Overview and Scrutiny Committee(s), in order to present information and respond to questions and comments from Committee Members:

- Merseyside Recycling and Waste Authority;
- Liverpool City Region Local Enterprise Partnership;
- NHS South Sefton Clinical Commissioning Group and NHS Southport and Formby Clinical Commissioning Group;
- NHS England (Cheshire and Merseyside);
- Southport and Ormskirk Hospital NHS Trust;
- NHS Liverpool Clinical Commissioning Group;
- North West Ambulance Service;
- Liverpool University Hospitals NHS Foundation Trust;
- Sefton CVS;
- Alder Hey Children's NHS Foundation Trust;
- North West Boroughs Healthcare NHS Foundation Trust;
- Merseyside Police;
- Career Connect; and
- Liverpool City Region Local Enterprise Partnership.

6.4 This attendance at Overview and Scrutiny Committees by senior representatives of external organisations has allowed effective scrutiny of services by Committee Members and has encouraged a good working relationship between the O&S Committee and the external organisation.

6.5 Since January 2018, in addition to scheduled meetings, the following meetings of the Overview and Scrutiny Committees concerned have been organised in order to scrutinise the work of external organisations:

Committee	Meeting & Date	Organisation(s) Scrutinised	Matter Considered
Overview & Scrutiny Committee (Adult Social Care & Health)	Special Meeting - 22 March 2018	NHS England (Cheshire & Merseyside); and NHS South Sefton Clinical Commissioning Group and NHS Southport & Formby Clinical Commissioning Group	The future of Hightown Village GP Surgery
Overview & Scrutiny Committee (Adult Social Care & Health)	Re-convened Special Meeting - 03/04/18	NHS England (Cheshire and Merseyside); and NHS South Sefton Clinical Commissioning Group and NHS	The future of Hightown Village GP Surgery

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		Southport & Formby Clinical Commissioning Group	
Overview & Scrutiny Committee (Children's Services & Safeguarding) (Members of the Overview & Scrutiny Committee (Adult Social Care & Health) had also been invited to attend the meeting as the system supported children and young people aged 0 to 25.	Special Meeting - 01/07/19	NHS South Sefton Clinical Commissioning Group and NHS Southport & Formby Clinical Commissioning Group; Alder Hey Children's NHS Foundation Trust; and North West Boroughs Healthcare NHS Foundation Trust	SEND Ofsted/CQC Revisit

6.6 These special meetings of the Overview and Scrutiny Committees, with their one-item agendas of business, have allowed robust and challenging scrutiny from Committee Members. It also demonstrates that Overview and Scrutiny Committee Chairs have prioritised certain matters, deeming them to be sufficiently important and urgent to warrant holding a special meeting.

6.7 From time to time Overview and Scrutiny Members have undertaken site visits to external organisations. Since 2017 the following visits have taken place by O&S Members:

Committee	Date	Organisation Visited
Overview and Scrutiny Committee (Regeneration and Skills)	23/11/17	Wilton energy from waste plant in Teeside
Overview & Scrutiny Committee (Children's Services & Safeguarding)	10/10/18	Dewi Jones Unit, Waterloo, Alder Hey Children's NHS Foundation Trust – In-patient mental health facility for children and young people aged 5 – 13 Commissioned by NHS England
Overview and Scrutiny Committee (Adult Social Care & Health)	14/12/18	NHS South Sefton Clinical Commissioning Group and NHS Southport & Formby Clinical Commissioning Group - Software Demonstration on Aristotle Business Intelligence

Overview and Scrutiny Committee (Adult Social Care & Health)	10/06/19	Aintree University Hospital
Overview and Scrutiny Committee (Regeneration and Skills)	September 19	A visit to Moorlands Junior School in Sale, Cheshire to look at United Utilities Demonstrator site re: Sustainable Drainage Systems

- 6.8 These visits contribute towards the work of Overview and Scrutiny Committees by providing opportunities for Members to view facilities and services provided, to receive information, and to ask questions. The visits also allow good working relationships with partner organisations to develop.
- 6.9 It is acknowledged that some of the Working Groups established by the Overview and Scrutiny Committees undertake site visits to external organisations during the course of their reviews. A recent example is the Accommodation Strategy/Agile Working Group that undertook a site visit to Wigan Metropolitan Borough Council, prior to submitting its final report to the Cabinet in June 2017.
- 6.10 It is also recognised that some of the Working Groups established by the Overview and Scrutiny Committees produce recommendations aimed at external organisations. A recent example is the Digital Inclusion Working Group that submitted its final report to the Cabinet in December 2018, including recommendations to the Liverpool City Region Combined Authority.
- 6.11 Members of the Overview and Scrutiny Committee (Adult Social Care and Health) usually meet informally each year to consider draft Quality Accounts from a small number of NHS Trusts. This process provides an additional facility to scrutinise external organisations and to hold the NHS Trusts concerned to account. It also allows the Committee to contribute towards the final version of the Quality Accounts in the form of comments.
- 6.12 Both the Overview and Scrutiny Committee (Adult Social Care and Health) and the Overview and Scrutiny Committee (Children’s Services and Safeguarding) have co-opted members included in their membership. This could be an indication of good partnership working, particularly with Healthwatch Sefton as the organisation is represented on both Committees. The Overview and Scrutiny Committee (Children’s Services and Safeguarding) also has an Independent Advisory Member.
- 6.13 It is acknowledged that, from time to time the Chair and Vice-Chair of the Overview and Scrutiny Committee (Adult Social Care and Health) have met informally with the Chief Executive of Southport and Ormskirk Hospital NHS Trust, for private discussions regarding governance and viability of services at the Trust. These visits allow good working relationships to develop between the Council and the Trust. The Chair and Vice-Chair also usually hold quarterly meetings with the Healthwatch Sefton Manager and the co-opted members on the Committee. This allows any issues of concern to be discussed. The Chair of the Overview and Scrutiny Committee (Regeneration and Skills) has held meetings with representatives of United Utilities regarding increases in surface water charges.

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7. Front-Line Scrutiny

- 7.1 During September 2018, the Overview and Scrutiny Committee (Children's Services and Safeguarding) considered a report on "Enhancing Elected Member Involvement" that proposed opportunities for a wider range of Members to engage with Children's Social Care, to enhance understanding of front-line delivery, and to take advantage of the intake of new councillors following the elections to further raise the profile of the corporate parenting role. The Committee agreed the suggested approach, namely to introduce a rota of front-line visits by Elected Members to Children's Social Care Teams.
- 7.2 Since the beginning of 2020, a number of front-line visits have been arranged and undertaken by individual Members of the Committee to the various Children's Social Care Teams. This allows Members to learn more about the service and to meet the social workers. The discussion also allows social workers to raise any issues of concern with the Member concerned.
- 7.3 Unfortunately, due to the coronavirus situation, the front-line visits have had to be suspended. It may be possible to introduce socially-distanced visits by Members in the future.
- 7.4 The front-line visits to Children's Social Care Teams have increased the effective scrutiny of Children's Services and Safeguarding measures.

8. Cabinet Member Update Reports

- 8.1 In order to keep Overview and Scrutiny Members informed, the Overview and Scrutiny Management Board has previously agreed for relevant Cabinet Member Reports to be submitted to appropriate Overview and Scrutiny Committees.
- 8.2 A number of Cabinet Members regularly attend Overview and Scrutiny meetings to present their Cabinet Member Reports relating to both their portfolios and the remit of the particular Overview and Scrutiny Committee. This regular attendance provides an opportunity for Scrutiny Members to question and, if necessary, to challenge Cabinet Members directly. Regular attendance demonstrates the value placed on Overview and Scrutiny by Cabinet Members.

9. Key Decision Forward Plan and Pre-Scrutiny

- 9.1 The Key Decision Forward Plan, which is updated each month, sets out the list of items to be submitted to the Cabinet for consideration during the next four-month period.
- 9.2 The Overview and Scrutiny Management Board has previously requested that only those Key Decisions that fall under the remit (terms of reference) of each Overview and Scrutiny Committee should be included on each O&S agenda for consideration.
- 9.3 Overview and Scrutiny Members are provided with the opportunity to pre-scrutinise items from the Key Decision Forward Plan which fall under the remit of the Overview and Scrutiny Committee. Members are able to request a report on a Key Decision to be submitted to a future meeting.

- 9.4 The pre-scrutiny process assists Cabinet Members to make effective decisions by examining issues beforehand and making recommendations prior to a formal determination being made.
- 9.5 In practice, very few Key Decisions are pre-scrutinised in Sefton. The most recent example of the pre-scrutiny process was undertaken by the Overview and Scrutiny Committee (Children's Services and Safeguarding), concerning the Development of Family Wellbeing Centres, in December 2017.
- 9.6 The lack of pre-scrutiny could be an indication that the process is working well, and that Overview and Scrutiny Members do not consider that, in the vast majority of cases, issues require examination before a formal decision is taken.

10. "Call-In" of Items

- 10.1 Non-Executive Members may "call-in" decisions that have been made by the Cabinet but not yet implemented. The relevant Overview and Scrutiny Committee will consider any "called-in" items and whether the decision taken was appropriate. The Overview and Scrutiny Committee may request the Cabinet or individual Cabinet Member to reconsider the decision.
- 10.2 In practice, very few items are "called-in" in Sefton. The most recent example of a "called-in" item related to the Maghull Masterplan, in March 2019.
- 10.3 "Called-in" items tend to fall under the remit of the Overview and Scrutiny Committee (Regeneration and Skills) and it could be said that the Committee Members have become "expert" at dealing effectively with such items.
- 10.4 The absence of many "called-in" items could be an indication that the process is working well in Sefton and that there is a consensus of agreement around most Executive decisions.

11. Work Programmes and Input by Heads of Service

- 11.1 Overview and Scrutiny Committees receive and consider a draft Work Programme at the beginning of each Municipal Year. The programmes are produced in liaison with appropriate Heads of Service whose roles fall under the remit of each Committee.
- 11.2 In producing the draft Work Programme Heads of Service are requested to include appropriate items, including any policy/strategy items.
- 11.3 Heads of Service are requested to attend meetings of Overview and Scrutiny Committees, where appropriate.
- 11.4 Heads of Service are also requested to consider and propose scrutiny topics for review by the relevant Overview and Scrutiny Committee.
- 11.5 By inviting Heads of Service to contribute towards the Work Programme of items submitted to the Committee for consideration during the Municipal Year, this could be an indication that there is a positive culture amongst Heads of Service towards

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Overview and Scrutiny in Sefton. It also helps to ensure that the work of Overview and Scrutiny “adds value” to the Council and that the quality and level of support offered to both the Executive and Overview and Scrutiny is comparable.

12. Liverpool City Region Combined Authority Overview and Scrutiny Committee

- 12.1 Following guidance produced by the Ministry of Housing, Communities and Local Government relating to Overview and Scrutiny in Local and Combined Authorities, updates on the Liverpool City Region Combined Authority Overview and Scrutiny Committee (LCR CA O&S) are included in the Work Programme report considered at each Overview and Scrutiny Committee meeting.
- 12.2 A representative of the Council’s Democratic Services Team usually attends meetings of the LCR CA O&S, in order to report back on developments. Councillor Dowd, who along with other Members serve on the LCR CA O&S, is the Council’s appointed Scrutiny Link between the two bodies.
- 12.3 This reporting of updates on the work of the LCR CA O&S suggests that Sefton Overview and Scrutiny Committees are kept up-to-date and are well informed of scrutiny activity at City Region level.

13. Overview and Scrutiny Committees in Sefton

- 13.1 Overview and Scrutiny in Sefton has historically been served by four Committees that focus on key areas of Council and partner activity. These are:
 - Adult Social Care and Health;
 - Children’s Services and Safeguarding;
 - Regeneration and Skills; and
 - Regulatory, Compliance and Corporate Services.
- 13.2 Membership of Overview and Scrutiny Committees tends to be stable, although this obviously depends on election outcomes.
- 13.3 This stability of membership suggests that, over time, Overview and Scrutiny Members are able to become “expert” in the remit of their particular Committee with a good knowledge of the range of issues involved.

14. Scrutiny / Executive Protocol

- 14.1 The new guidance document by the Centre for Public Scrutiny (CfPS) entitled “Taking Scrutiny Seriously”, is attached to the report at Appendix A.
- 14.2 The CfPS guidance refers to recent statutory guidance produced by the Ministry of Housing, Communities and Local Government relating to Overview and Scrutiny in Local and Combined Authorities.
- 14.3 The statutory guidance suggests that councils agree a protocol between the executive and scrutiny to set out how relationships work.

14.4 The CfPS guidance indicates that “most councils do not have a protocol like this in place, although some are planning them. The sizeable number of councils where no such plans are in place is concerning.”

14.5 Although Sefton does not have an executive/scrutiny protocol, Chapter 6 of the Constitution is specifically dedicated to the scrutiny function and sets out the following:

- A. Overview and Scrutiny Committees
 - Terms of Reference
 - General Role
 - Specific Functions
 - Policy Development and Review
 - Scrutiny
 - Finance
 - Annual Report
 - Officers
 - Proceedings of Overview and Scrutiny Committees
- B. Overview and Scrutiny Procedure Rules
 - Number and Arrangements for Overview and Scrutiny Committees
 - Membership of Overview and Scrutiny Committees
 - Advisory Members
 - Education Representatives
 - Meetings of Overview and Scrutiny Committees
 - Quorum
 - Chair of Overview and Scrutiny Committees
 - Work Programme
 - Agenda Items
 - Policy Review and Development
 - Reports from Overview and Scrutiny Committees
 - Consideration of Overview and Scrutiny Reports by the Cabinet
 - Rights of Overview and Scrutiny Members to Documents
 - Members and Officers Giving Account
 - Attendance by Others
 - Call-In of Decisions
 - Call-In and Urgency
 - The Party Whip
 - Procedure at Overview and Scrutiny Committee Meetings
 - Membership and Terms of Reference for Overview and Scrutiny Committees

14.6 Enquiries with other Merseyside Authorities reveal that they are at a similar stage to Sefton, in that they do not yet have a protocol between the executive and scrutiny to set out how relationships work, although most are considering the matter.

14.7 An example of an Executive/Scrutiny protocol, from Boston Borough Council, is attached to this report. The aim of the protocol is to clarify relationships between the executive and scrutiny and to help ensure the smooth conduct of overview and scrutiny business and encourage effective communication between overview and scrutiny and the executive.

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- 14.8 Given that the Centre for Public Scrutiny guidance suggests that a protocol is a positive step and that other Merseyside Authorities are considering the matter, consideration could be given to developing a Sefton version of an executive/scrutiny protocol. This could be developed with input from both Overview and Scrutiny Members and Cabinet Members, and the views of Cabinet Members are sought on this.
- 14.9 In the event that the Cabinet is supportive of the development of an executive / scrutiny protocol, a draft document could be produced and circulated for comments to Overview and Scrutiny Committees during the September 2020 cycle of meetings, prior to consideration of by the Overview and Scrutiny Management Board in November 2020. If the draft document is supported by Overview and Scrutiny Members, it could be submitted to the Cabinet for approval in December 2020.



Taking scrutiny seriously

Parity of esteem between scrutiny and the executive:
a short guide for local government Cabinet members and senior officers

governance **reflection** plan **con**
scrutiny intervention **function**

Taking scrutiny seriously

**Parity of esteem between scrutiny
and the executive:**

a short guide for local government

Cabinet members and senior officers

structure overview action authority
strategic issues decision-making

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Who should read and act on this document?

We see the primary audience for this document being:

- The “golden triangle” of senior statutory officers. These individuals have particular duties towards a council’s governance framework alongside their wider leadership responsibilities;
- Council leaders and other Cabinet members. Political leadership is crucial to effective scrutiny. Commitments to supporting the scrutiny function and a recognition of the political dynamic within which it operates, have to come from the top.

The Centre for Public Scrutiny (CfPS) is a national centre of expertise on governance and scrutiny. We passionately believe that better governance and scrutiny leads to more effective decision-making, reduced risk and ultimately improved outcomes. Our work spans corporate decisions impacting on the public, to how tax payers’ money is spent. We focus on behaviours and culture, as well as design and delivery.

To find out more about the range of support that is available to councils visit www.cfps.org.uk

To find out more or to arrange an initial conversation about how the scrutiny self-evaluation framework or the Scrutiny Improvement Review could help your council please email info@cfps.org.uk or call 020 7543 5627.

INTRODUCTION

Overview and scrutiny has now been a feature of local government in England for 20 years. But there are still mixed views about its values and effectiveness. Scrutiny should be – and is, in many places – a strategic function of the authority. It should be central to the organisation’s corporate governance, a crucial cog in the decision-making machine. Most importantly, it should provide councillors not in decision-making roles with the opportunity to publicly hold to account Cabinet – and, beyond the council, to investigate and inquire into issues of interest and relevance to local people.

In some places, scrutiny is not living up to this ambition. It is all too easy to place the burden for tackling this challenge – for improving scrutiny – onto scrutiny councillors and the officers who support them. However, the reality is different. Fundamentally, success in scrutiny hinges on the commitment of those in leadership positions. It is about the mindset, attitudes and values of those in decision-making positions – about the council’s political and organisational culture.

This guide is about providing you – as a senior statutory officer or member of Cabinet – with the tools you need to improve scrutiny. You don’t want scrutiny to fail – but sometimes it can be difficult to understand the way that the power imbalance between scrutiny and the executive impacts on its effectiveness, and the number of levers that are in your control to make things better.

In May 2019 the Government published statutory guidance on overview and scrutiny, which this paper draws upon. In June 2019 the Centre for Public Scrutiny (CfPS) published the latest edition of the “Good scrutiny guide”, which goes into more detail on the guidance’s themes. A key component of the guidance was the importance of culture to the success of scrutiny. Without an open, transparent and accountable culture within a council, scrutiny will struggle. This paper outlines what this means in practice, and how those in decision-making positions can take active steps to promoting this culture. We carried out a comprehensive survey of scrutiny councillors and practitioners across England and Wales in late 2019 which gave us particular insight into these and related issues – we have used this insight to inform our thinking in this paper.

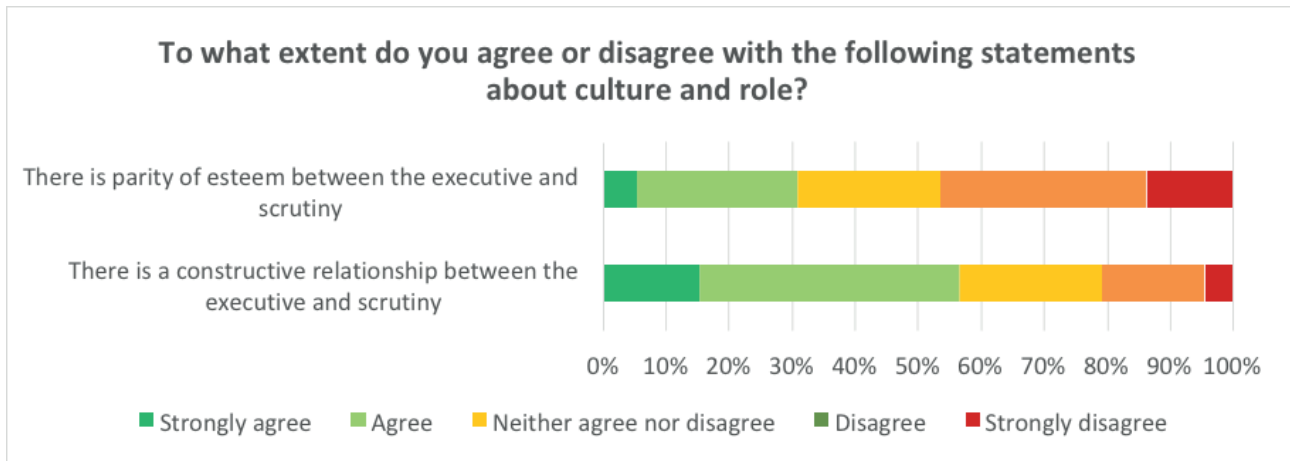
We have produced more information on political culture earlier this year, which can be found at www.cfps.org.uk

Parity of esteem

“Parity of esteem” means that the scrutiny function of a council deserves the same respect, and has the same importance in the governance system, as executive, decision-making activities. Requests from scrutiny and attempts by scrutiny to engage with, and recommend changes to, policies, plans and activities should be treated with the same respect and consideration as if they came from a Cabinet member.

The idea of parity of esteem is what underpins a positive culture of scrutiny in a local authority. Scrutiny is a strategic function of the council, and a critical part of a strong local governance framework.

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In our survey of scrutiny councillors and practitioners, we asked about the extent to which people agreed that there was a parity of esteem between the executive and scrutiny, and whether a constructive relationship between scrutiny and the executive exists. As you will see from the results above, while constructive relationships appear to be common – but not widespread – it is on parity of esteem where worries and concerns are clear.

THINGS TO THINK ABOUT – AND ACT ON

Step 1: reflection

Listening to scrutineers' views

Scrutiny councillors and the officers who support them are likely to have thoughts about how you can work together to improve things.

In many councils, scrutiny's relationship with the executive feels transactional – it is about requesting reports and information and securing responses to recommendations. If scrutiny and the executive don't take the time periodically to step back and think about the overall purpose of scrutiny, small misunderstandings and instances of friction can build up into something more.

Actively listening to scrutiny councillors (and to the officers who support them) has to be an important part of this.

Reflecting on how you talk about scrutiny in your authority

Many leaders and other senior decision-makers “talk the talk” on scrutiny. It is easy to talk in the abstract about scrutiny and wanting to make it work – it's more difficult to take concerted, meaningful action. Both words and actions from leaders have a significant effect on how those elsewhere in the organisation engage with scrutiny.

It is too easy for inadvertent action on either scrutiny's part or the executive's part to have a significant, negative effect on how scrutiny works.

Scrutiny can involve a culture clash – what can sometimes be poorly directed attempts to oversee or challenge executive activity can come up against a corporate sense of singular direction and purpose. Under these circumstances it is easy to reach a culturally-driven conclusion that the problem lies with scrutiny. But an overly executive-minded council may also need to challenge its prevailing culture.

The recently published statutory scrutiny guidance focuses heavily on culture, recognising that it is the most important factor in scrutiny working properly.

Focusing on the barriers?

“We want scrutiny to work, but...”

- Members are too political
- Scrutiny looks at the wrong issues, in the wrong way
- Scrutiny's recommendations are unrealistic
- Members don't understand the issues properly / don't read their papers.

It is easy to push the onus on improving scrutiny onto scrutiny councillors and the officers who support them. In truth, tackling the kinds of issues above – common criticisms of scrutiny – is something that the executive also needs to take on. Improving scrutiny is about improving corporate governance more generally – it is a whole council affair. A more positive culture around scrutiny is about recognising this sense of common endeavour.

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It is common for councils to focus on “managing” scrutiny – that is, seeing it as an unpredictable risk factor when it comes to council decision-making and governance, and working accordingly. This involves a defensive approach to scrutiny – preparing reports and engagement that anticipates, and seeks to mitigate, problems further down the line. “Taking things through scrutiny” is seen as a necessary, but unproductive, gauntlet through which to run – an annoying part of the process and one that does not seem especially useful.

Sometimes scrutiny can be ineffective because relationships have broken down, or are in a poor state. From the perspective of senior officers and members, scrutiny under these conditions may feel irrelevant, tinkering at the edges of things and not engaging in matters of critical local importance. Often this happens because of long-term disengagement from “backbench” councillors, which itself derives from an inability for scrutiny’s recommendations to hit home, an inability to secure information from the council and others in a timely manner, and the lack of an ability to have frank, candid conversations about things like performance problems.

The responsibility for addressing these matters rests on the executive just as much as on scrutiny councillors. The start of the process is in having a conversation about the fundamental purpose of scrutiny.

Thinking about scrutiny as a key strategic function of the council

Councils have a number of strategic functions which usually sit at the corporate centre of the institution. The size of this “corporate core” has, in many cases, reduced significantly in the past decade. It may include functions like audit, corporate policy, corporate performance, communications and legal services.

Scrutiny can and should form part of this corporate core. Scrutiny can bring additional capacity to help councils to understand and address complex problems. It can also provide assurance to a council’s leadership; members’ unique perspective and insights can help to bring constructive challenge especially on contentious issues.

But scrutiny cannot carry out this role effectively unless the support is there, and until there is agreement and a common understanding between scrutiny and the executive about what that work will look like in practice – what scrutiny’s practical role is. The next section expands on this critical point.

Step 2: action

Working together to take action

Improving scrutiny need not be difficult or complex. It is generally a matter of dialogue and conversation.

The recently published statutory guidance on scrutiny, produced by MHCLG in May 2019, provides a useful basis for dialogue around scrutiny’s role. Responses to the guidance should not be about taking the guidance to a scrutiny committee to be noted, or making some minor cosmetic adjustment. It should provide a vital opportunity – where necessary – for a more fundamental reset of relationships.

There are a few things which we think can make a difference, and which require executive-side leadership to have an effect.

- Setting out a clear role for scrutiny – a positive vision of what scrutiny is here to do, which might be used to focus its role;
- Developing an executive-scrutiny protocol – which can help to anchor the relationship on a common set of expectations;

- Put together a regular information digest for scrutiny – developed to align with scrutiny’s role, and used to bring focus and direction to the work programme by giving members an accurate and holistic sense of how local people experience services;
- Think about the visibility of scrutiny to the wider authority;
- Put in place (proportionate, and sustainable) resources to support scrutiny on an ongoing basis.

More insight on these and other improvement measures can be found in CfPS’s “Good scrutiny guide”, our scrutiny self-evaluation framework and in our offer to independently review scrutiny (the “Scrutiny Improvement Review”, or SIR).

Setting out a role for scrutiny

Having a positive vision of what scrutiny might achieve might help to understand how it could work differently. We think that the executive and scrutiny working together to articulate a role for scrutiny – something that goes beyond just saying that scrutiny is here to “hold the executive to account” – could be productive.

For these purposes scrutiny’s role could be:

- To assist the council to understand and act on the big strategic risks it faces
- To assist the council to better understand the views and concerns of local people
- To support the proportionate and productive review of performance and finance information
- To assist in the development of major, strategic policies.

Scrutiny’s role needs to be different from council to council. It will depend on the council’s priorities, the challenges faced by the local area, members’ own interests and other local factors.

Scrutiny’s role has to be understood by scrutiny councillors themselves, but also by the executive. Ideally, scrutiny’s role will be chosen to engage meaningfully with where a niche or gap exists that it can usefully fill.

Agreeing a clear role for scrutiny is about focusing and directing limited resources to maximise scrutiny’s effectiveness. We recognise the tension here between this and ensuring that scrutiny retains an overarching role in looking at all matters which affect “the area and the area’s inhabitants”, as set out in legislation. It would not be appropriate to constrain scrutiny – but focus is about maintaining a watching brief over services and then, where a matter arises which might be particularly relevant to scrutiny’s role, it can be escalated. We expand on this in more detail below.

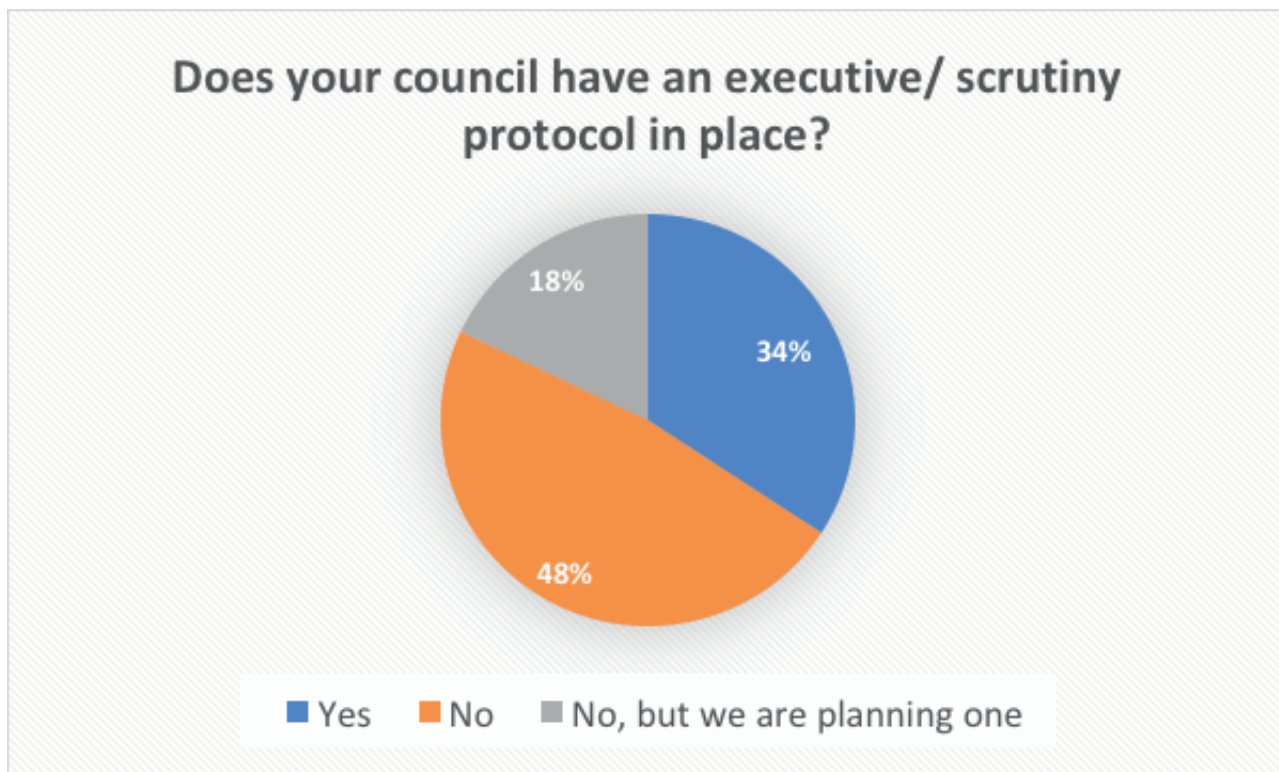
An executive scrutiny protocol?

The statutory scrutiny guidance suggests that councils agree a protocol between the executive and scrutiny to set out how relationships will work.

This is not about identifying a generic protocol and applying it to your local situation; such efforts will probably not yield results. In our experience the value in protocols between scrutiny and the executive lies in the frank and candid conversations that need to precede them, rather than the end result. This conversation can help mutual objectives to be established – they can help in the refinement of scrutiny’s role discussed above, and in agreement over things like information access, discussed below.

This type of protocol provides a key mechanism for addressing the kind of cultural concerns we mentioned in the sections above.

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Most councils do not have a protocol like this in place, although some are planning them. The sizeable number of councils where no such plans are in place is concerning.

An “information digest” for members?

Something else that the guidance suggests is that an information digest be prepared for scrutiny councillors.

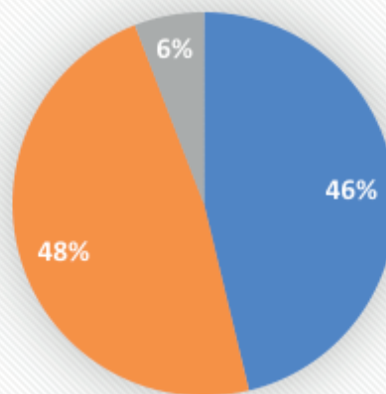
Scrutiny councillors have significant information access rights, which go well beyond the Freedom of Information (FOI) rights of ordinary citizens. But it is clearly not appropriate for members to embark on poorly informed fishing expeditions. It is a poor use of resources for them to receive frequent, generalised updates on council business, particularly at committee.

The idea of an information digest exists to provide part of the solution to this problem. Members would – based on their agreed role – along with officers agree a set of frequently produced management papers which, taken together, would give them a reasonably accurate and holistic sense of services across the area (those delivered by the council and by others). This might, for example, include:

- Regularly produced performance data (monthly, where available);
- Similar financial information including audit reports where relevant;
- Risk registers;
- Collations of corporate complaints information;
- The schedule of key decisions, including background papers relating to those decisions;
- Project milestones and pipeline information for key projects produced by the council’s Principal Monitoring Officer, if it has one.

Taken together, this information can give councillors information accurate enough to determine what, if any issues, they might need to delve into more deeply. Circulating this information in a digest has two purposes – it frees up time in committee which would otherwise be used to take updates on these matters, and it means that this committee time can be focused on issues that really matter.

Does your council have arrangements in place for sharing key sources of information about performance etc with councillors “outside” committee (e.g. an information digest)?



■ Yes ■ No ■ No, but we are planning one

Just under half of councils have such a digest in place. Given the critical importance to effective information sharing with scrutiny, acting on this has to be a priority.

More visibility for scrutiny and the work of members generally?

It's a fact of life that many officers – even senior ones – have limited regular engagement with members. At a more junior level, engagement may well be extremely sporadic and when it does happen may relate to casework issues.

This has led, in some councils, to a situation where members' roles and motivations are misunderstood. This tracks back to our comments in the previous section about reflection on how scrutiny is discussed in the authority.

More visibility for members generally, and for scrutiny members in particular, could provide a better way. This might include measures such as:

- More regular member briefings on matters of local interest and priority, away from formal committees (used in concert with information digests);
- The assignment of individual scrutiny councillors as “rapporteurs” to follow the work of individual council departments; councils might wish to revive the once-common practice of having departmental link officers to develop and maintain a more productive working relationship with these councillors;

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- Organisational development to take account of the need to explain the work and role of scrutiny to the rest of the council – and to partners. Tensions and difficulties, and misunderstandings, will often rest of a lack of knowledge – and the more that scrutiny, as a function, is visible (and is seen to be both visible and valued) the more effective it is likely to be.

Resourcing scrutiny?

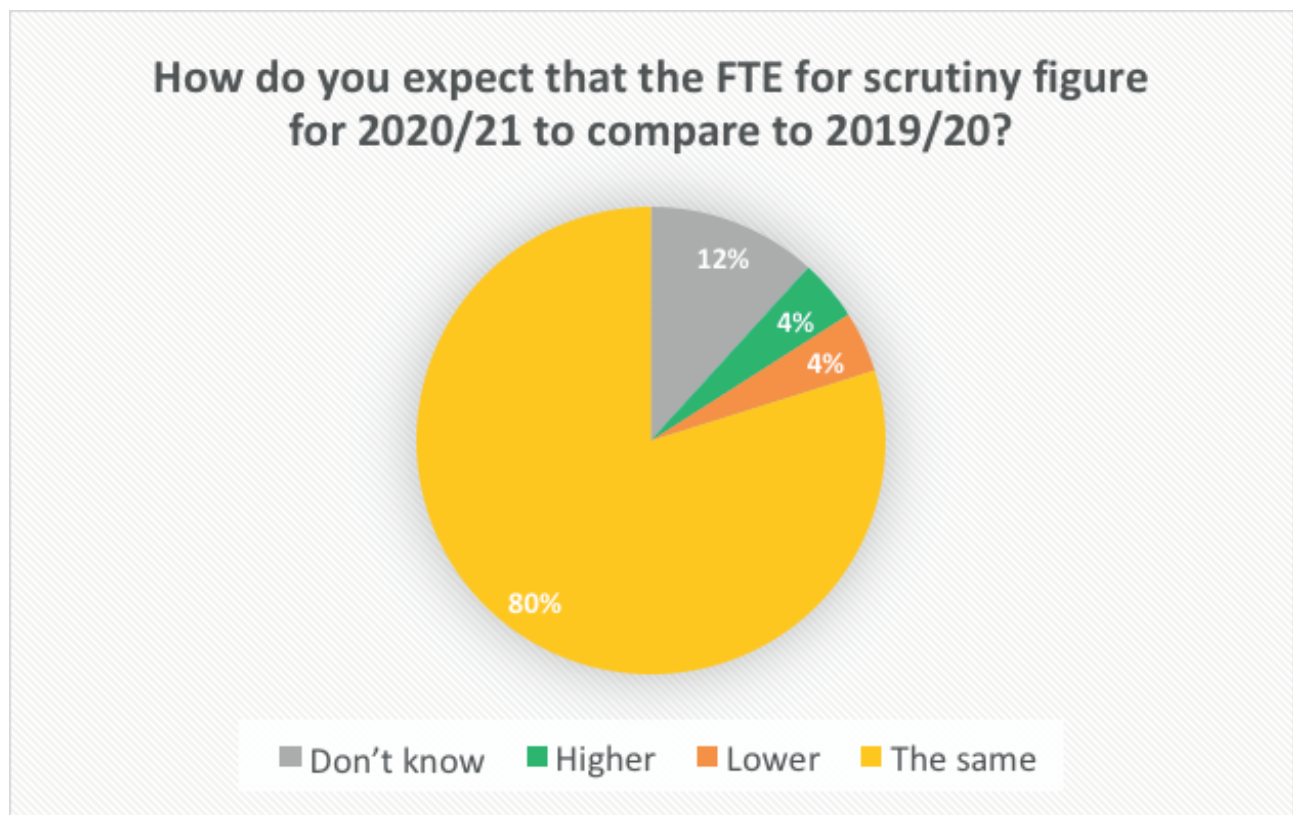
In many councils, scrutiny no longer has a dedicated officer resource.

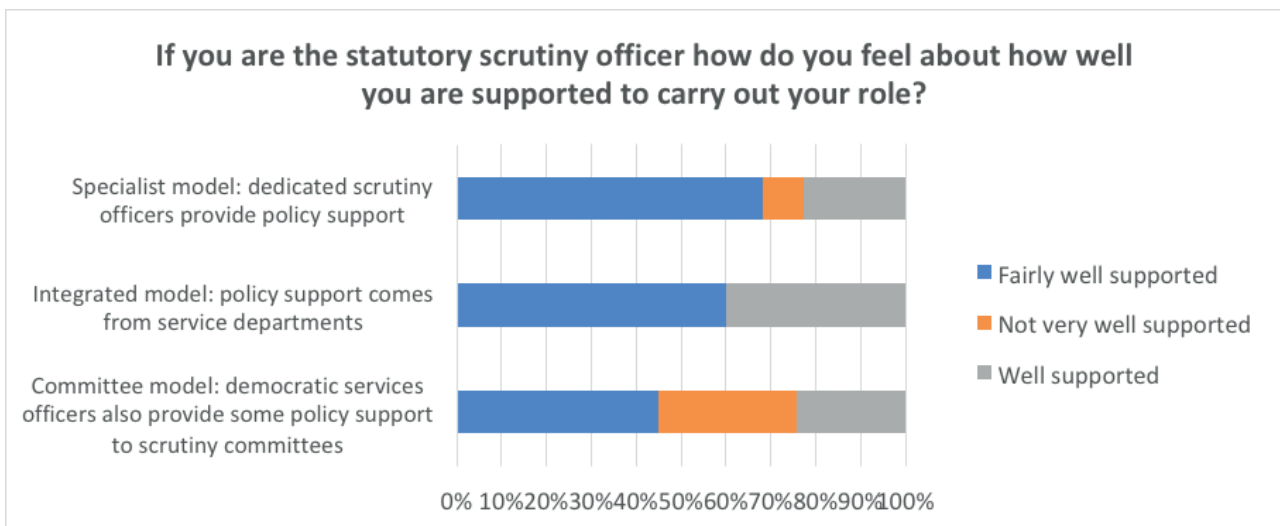
CfPS continues to argue that a dedicated officer resource is critical for successful scrutiny, rather than other models of support.

The measures set out above are about refining scrutiny's role, ensuring that the executive is making a commitment to it as relevant and valuable. But even within that renewed focus, there's a need for professional officers to help to support members.

Anecdotally, we have found in our support to scrutiny and governance across councils in England and Wales, that reducing resources for scrutiny paradoxically serves to increase the resource burden on the council. This is because members' policy queries tend to then go direct to senior officers who have to expend time and effort in dealing with them; requests for reports and information are expressed more expansively and with less reference to matters which might add value, further limiting scrutiny's impact while increasing workload for officers in service departments.

This may not be the same everywhere – but it is a possibility that deserves investigation and it tends to be supported (although not strongly) by data collected through the 2019 CfPS Annual Survey of Scrutiny in Local Government.





Stability is the theme for scrutiny’s overall resourcing in the coming year, but this does hide a significant year on year reduction in support from 2010 onwards. The extent to which officers in the crucial statutory scrutiny role feel supported is also an issue – with concerns particularly arising for those councils which have chosen to resource scrutiny through a combined democratic services team.

What you can do to act

If you are reading this paper as a senior, statutory officer – part of the “golden triangle” - there are a range of things that you will be able to do now to foster and develop the kind of political and organisational culture in your council which will be more supportive of scrutiny. These include:

- Arranging time to speak to scrutiny chairs and the officers who support them about the support that they feel they need in order to carry out their work effectively;
- Supporting these people to have conversations with each other and with you and your colleagues about scrutiny’s overall role and focus;
- Working together to set out expectations and content for an executive-scrutiny protocol;
- Being proactive about information sharing – putting in the time to reflect on the information held by the authority and how it can be shared with scrutiny more effectively, and in a more timely way;
- Acting to put in place the right resource to ensure that scrutiny can work properly.

If you are a Leader or a Cabinet member, your role is likely to lie in thinking about how you talk to and about scrutiny, and how you engage with it on a practical basis. You can participate in and drive the conversations mentioned above. You can also use your political capital to demonstrate how you are prepared, as someone in a leadership position, to take scrutiny seriously.

CfPS has a couple of tools which can help you in thinking about scrutiny, and how you can work to support it. These include:

- The scrutiny self-evaluation framework. This is a process which you and (with your support) scrutiny practitioners themselves can use to identify where improvements might be necessary;
- The Scrutiny Improvement Review (SIR). This is something that CfPS can provide. A CfPS expert can carry out a short, focused review of scrutiny in your authority and make suggestions for change. Depending on your council, part or all of this work may be funded by the Local Government Association.

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77 Mansell Street London E1 8AN
telephone **020 7543 5627** email info@cfps.org.uk twitter [@cfpscrutiny](https://twitter.com/cfpscrutiny)



EXECUTIVE / SCRUTINY PROTOCOL



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Protocol on Cabinet – Overview and Scrutiny Relations

1. Introduction

- 1.1 The aim of the protocol is not intended to change the respective constitutional positions, roles or responsibilities of either the Cabinet or the Overview and Scrutiny Committees.
- 1.2 It is to clarify relationships between the two and help ensure the smooth conduct of overview and scrutiny business and encourage effective communication between overview and scrutiny and the Cabinet.
- 1.3 This Protocol applies to all Members of the Overview and Scrutiny Committees, any Member who may sit on a Scrutiny Task and Finish Group, Working Group or Inquiry Session and all Members of the Executive (comprising the Leader and the various Cabinet Members).
- 1.4 It provides guidance on the way in which both types of Members interact to enable the Authority to carry out the Overview and Scrutiny function. The Protocol also outlines the framework and procedures underpinning the operation of scrutiny and provides guidance on role of officers who support this process.
- 1.5 The key responsibilities of overview and scrutiny at the Council are to:
 - Hold the Cabinet and Corporate Management Team to account for their decisions;
 - Review Council policy, the way policies are implemented and their impact on local people;
 - Scrutinise decisions before they are made and before they are implemented; and
 - Contribute to the development of policy by investigating issues of local concern and making recommendations to the Cabinet (and Council's partners).

2. Objectives

- 2.1 To enable Overview and Scrutiny Members, Officers and Cabinet Members to fully understand their powers, roles and responsibilities in relation to the Overview and Scrutiny function, so as to maximise their personal effectiveness.
- 2.2 To establish a positive framework and the necessary procedures to enable scrutiny to work effectively.
- 2.3 To promote an ethos of mutual respect, trust and courtesy in the interrelationships between Scrutiny Members and Cabinet Members and to foster a climate of openness leading to constructive debate, with a view to ensuring service improvements.

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- 2.4 To create a culture of holding the Executive to account on behalf of the electorate, by monitoring the effectiveness of the Council's policies and through the regular review of its performance in relation to service delivery.
- 2.5 To define and clarify the role of the Executive as an integral component of the scrutiny process.

3. Holding the Executive to Account

- 3.1 One of the underpinning principles of Overview and Scrutiny is the ability of non-Executive Members to hold the Executive to account. A key method of ensuring accountability is through critically and routinely considering the performance and decisions taken by the Executive.
- 3.2 To facilitate this approach, the Scrutiny Committees may challenge the Executive about decisions, which it has taken collectively, or Officer Key Decisions. The Scrutiny Committees may also consider any relevant performance information in respect of the delivery of services. In addition, the Committee may query or make recommendations in relation to decisions which the Executive is proposing to take, as set out in the Forward Plan.
- 3.3 The Executive will be required to consider any recommendations or views expressed by the Scrutiny Committees and to take such action it sees fit. The Chairman or Vice-Chairman, or if unavailable, a representative of the relevant scrutiny committee shall attend the Cabinet meeting to present the report and/or recommendations. Where any decision taken by the Executive is not in accordance with advice provided by the Committees, the relevant Cabinet Member, or if unavailable an Executive Member Colleague, shall attend the following meeting of the committee to provide an explanation of the reasons for that decision to the Committee concerned.

4. Powers of the Overview and Scrutiny Committees

- 4.1 Section 3 of Part 3 (Responsibility for Functions) of the Council's Constitution, sets out the relevant powers of the Overview and Scrutiny Committees, which include:-
 - The power to review or scrutinise decisions made, or other actions taken, in connection with the discharge of Executive functions;
 - The power to make reports or recommendations to the Executive with respect to the discharge of any Executive functions;
 - The power to assist the Council and the Executive in the development of the policy framework and budget, subject to the limitations set out in the Budget and Policy Framework Procedure Rules; and
 - The power to require Members of the Executive to attend before it to answer questions.

5. Overview and Scrutiny Committee Agendas

- 5.1 The agenda of each Scrutiny Committee meeting will include an item on the Committee's Work Plan to enable the Committee's priorities for scrutiny for the remainder of the Municipal Year to be included and prioritised.
- 5.2 The Cabinet Member may be invited to comment on the Committee's proposed priorities within the Work Plan to inform the selection process and to undertake a co-ordinating role by providing advice to the Committee about any potential conflict between proposed scrutiny topics and areas of planned policy development.
- 5.3 The Cabinet Member may also advise the Committee about instances where it may be requested by the Executive to assist in policy development. Members may at any time propose items for inclusion in the Committee's Work Plan. Such topics may include not only Council Services, but also any relevant item, which affects the Borough or its residents.
- 5.4 The agendas of the Scrutiny Committees will include quarterly performance monitoring information at relevant times during the municipal year. The purpose of this item is to assist Members to monitor the recent performance of services within its remit against key targets and to make recommendations or to implement a more detailed scrutiny review in relation to those areas of identified weakness.

6. Attendance by Executive Members at Scrutiny Committees (including 'Call-In' meetings)

- 6.1 Cabinet Members will normally be expected to attend meetings of the Scrutiny Committees, for the purposes of being held to account in relation to decisions taken and to answer questions in relation to proposed decisions.
- 6.2 Cabinet Members are encouraged to avail themselves of every opportunity to gauge the views of non-Executive Members on any issues falling within their remit. A close working relationship and an open exchange of views will be of particular importance to the Cabinet Member and Scrutiny Members, where consideration is being given to the development of the Council's budget or policy framework.
- 6.3 Cabinet Members will normally be expected to attend any meeting of a Scrutiny Committee at which it is intended to consider a Call-In request in relation to his/her area of responsibility.
- 6.4 At Call-In meetings, the purpose of the Cabinet Member's attendance is to answer questions of fact and not to present the item. Cabinet Members need to be careful not to be drawn into the debate, so as to avoid any possible allegations of becoming involved in the scrutiny of their own decisions which may bring them into conflict with the Code of Conduct. It is therefore important to draw the distinction between answering questions of fact and becoming involved in the Committee debate into the issue in question.
- 6.5 Unless there are extenuating circumstances, the relevant Cabinet Member should always attend a Call-In meeting. It is accepted however that Officers

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are often better placed to present greater detailed information that led up to the decision and this is deemed to be acceptable although it should always be the decision maker that is held to account.

6.6 The following procedure should take place at Call-In meetings:

- The Members who called in the decision should speak first.
- The Chairman would then invite the Cabinet Member (decision maker) to respond.
- The Committee can then ask questions of the decision maker who may ask a relevant officer to supply further information if necessary.
- The Committee debates the issue and votes on the outcome.

6.7 In the event of a situation where the relevant Cabinet Member cannot attend a Call-In meeting, the Leader of the Council or Deputy Leader should attend in their absence. In the event of both the Leader and Deputy Leader being unavailable, they should nominate another Cabinet Member to attend and be accountable for the decision.

7. Ethos of the Meeting

7.1 All Members should promote an atmosphere of openness at Scrutiny Committee meetings and should strive to ensure that questioning and debate takes place within a climate of mutual respect and trust between Scrutiny Committee Members, the Cabinet Member and other participants.

7.2 Scrutiny Committee Members should be prepared to ask searching questions of Cabinet Members, who in turn should be willing to respond to any question put. It should however be stated that Scrutiny Committee Members should be aware of and show an understanding of the fact that Cabinet Members may not be in a position to answer every question immediately or in detail.

7.3 Cabinet Members should, in so far as possible, anticipate and be prepared to answer questions on decisions taken, or proposed to be taken, which fall within their remit. Cabinet Members should also value the contribution of Scrutiny Committee Members who raise questions under these headings and respond in an appropriate and professional manner.

7.4 Cabinet Members should normally be authorised by the Committee to speak upon any item on the agenda which falls into their portfolio area of responsibility and may at any time offer to assist the Scrutiny Committee by the provision of factual information or advice in relation to the matters under discussion.

7.5 The Chairman of the meeting shall at all times ensure that the conduct of the meeting shall be fair and that all participants are treated courteously.

7.6 The Chairman, supported by the officers, should provide leadership and guidance to the Committee on all scrutiny matters and should promote the

Committee's role to improve services and monitor the effectiveness of Council policies.

8. Supporting Overview and Scrutiny Reviews

- 8.1 These are reports with recommendation that have resulted from the work of a Task and Finish Group, Working Group or Inquiry Session who will have spent time considering background information, witness evidence, and formulating their recommendations.
- 8.2 The Chairman or Vice-Chairman of the parent scrutiny committee will be invited to present the final report at a Cabinet meeting.

The Cabinet can expect a report that:

- Has clear, concise recommendations;
 - Identifies potential areas for improvement; and
 - Highlights implications including financial, legal, equality, policy, of the recommendations and where possible identify solutions as appropriate.
- 8.3 The relevant Portfolio Holder(s) can assist the review in a number of ways including:
- At the outset of the review, when the Task and Finish Group is considering the scope, methodology and witnesses to give evidence;
 - During the review when the Portfolio Holder can be invited to give evidence;
 - At the end of the review after the Task and Finish Group has produced the first draft of the report.
- 8.4 During the review period the Chairman of the Task and Finish Group is recommended to meet with the Portfolio Holder and Officers:
- To discuss the proposed scope, methodology and sources of evidence for the review and ascertain if the Portfolio Holder has any suggestions to make;
 - To highlight and examine areas of potential agreement or disagreement in relation to the report's findings and recommendations to ascertain if any areas of disagreement can be resolved at the draft report stage, or identify if any further work needs to be done by the Task and Finish Group.
- 8.5 Although this dialogue is encouraged, it is recognised that the overview and scrutiny committees and their Task and Finish Groups are independent of the Cabinet and as such agreement may not be possible on all the findings and conclusions in a draft report.

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- 8.6 It is recognised that senior officers have a valuable role to play in the scrutiny process in terms of the provision of factual evidence for a review. At the commencement of an internal review, the Chairman of the Task and Finish Group will notify the relevant Head of Service who will then contribute to the review in terms of supplying information and helping to identify suitable witnesses.
- 8.7 The Head of Service will be given the opportunity to comment and/or make recommendations on a completed draft report in terms of any factual errors. The decision as to whether to incorporate any suggested amendments will remain with the Task and Finish Group.
- 8.8 The responsibility for the implementation of scrutiny recommendations that have been approved by the Executive will rest with the relevant Head of Service who will also be responsible for providing regular updates on progress to the Scrutiny Committee.
- 8.9 A completed scrutiny report, together with any comments provided by Officers will be forwarded to the Executive who will consider whether or not to implement the recommendations contained within the report.
- 8.10 If the content of a report, including any recommendations, is likely to impact on any external organisation, the Executive will have the opportunity to pass comment, including whether or not it endorses the recommendations, before the report is passed to the external body.

9. Attendance by Officers at Scrutiny Committee and Task and Finish Group meetings

- 9.1 Meetings of the Scrutiny Committees will be attended by the assigned Lead Officer and Heads of Service or Service Managers with responsibility for any agenda item under discussion. The role of the Lead Officer will be to assist the Committee through the provision of professional advice and to ensure access to relevant information and personnel.
- 9.2 The attendance of other relevant officers at either Scrutiny Committees, Task and Finish Group or Working Group meetings, or Inquiry Sessions will be at the request of the Chairman, who will have regard to the appropriate level of seniority of attendees. In general the relevant officer should not be below the level of Service Manager.
- 9.3 An officer in receipt of a request to attend a Scrutiny meeting should make reasonable efforts to do so. Where an officer is unable to attend on a particular date he/she should notify the Chairman or Lead Officer as soon as possible, in order to agree the most appropriate course of action, which may include the attendance of an alternative representative.
- 9.4 Officers in attendance at Scrutiny Committee meetings should be prepared to assist the Cabinet Member in the provision of information to the Committee in response to any question raised.

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- 9.5 Relevant Officers will normally be expected to attend any meeting of the Scrutiny Committee at which it is intended to consider a Call-In request in relation to his/her service area.

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Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Discretionary Business Grants update		
Report of:	Head of Economic Growth and Housing	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regeneration and Skills		
Is this a Key Decision:	No	Included in Forward Plan:	No- The scheme was only introduced on 1 May as an emergency grant fund. Cabinet Member Regeneration & Skills and the Leader of the Council have both approved the proposals reported to Cabinet on 25 June and the subsequent revisions
Exempt / Confidential Report:	No		

Summary:

To inform members, in accordance with the Constitution of the Council, of the decision of the Leader to exercise his powers to make urgent decisions because of the necessity to revise and deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton.

Recommendation(s):

That Members note:

(1) the report and the necessity for the Leader of the Council to exercise his powers under the Council's Constitution to make urgent decisions to revise and deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton

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Reasons for the Recommendation(s):

To inform members, In accordance with the Constitution of the Council, of the decision of the Leader of the Council to exercise his powers to make urgent decisions because of the necessity to revise and deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response as to delay would cause them further financial hardship and distress.

Alternative Options Considered and Rejected: (including any Risk Implications)

Delay approval of the revisions until the date of this Cabinet meeting. This was rejected as to delay any further would have caused business recipients further financial hardship and distress and potentially place many businesses at risk of contraction or closure. This cuts across the purpose and rationale behind the scheme

What will it cost and how will it be financed?

(A) Revenue Costs

There are no financial implications for Sefton Council. The fund is being delivered under Section 1 of the Localism Act 2011. The government has allocated an additional 5% to that identified for the previously announced Business Grants Schemes. For Sefton this amounts to £2,237,000. New Burdens funding will be available to support the Council in meeting the cost of the administration of the scheme – the level of funding has yet to be determined by the Government

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

A team led by InvestSefton and including staff from Sefton@Work; Housing; Planning; Taxi Licensing, Corporate Resources and Customer Services and Regeneration will administer the scheme until all monies are expended.

Legal Implications:

Equality Implications:

The Council is not seeking to make specific allocation of funding based on protected characteristics or on any specific analysis of need – this is emergency funding and the

time taken to appraise the issues or need would result in a greater number of business failures.

However, by seeking to protect jobs, this fund seeks to support people who would otherwise fall into poverty and economic exclusion. Equally, the groups most dramatically affected by the potential for economic decline created by large scale business failure will be the borough's most excluded.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:

By seeking to protect businesses and jobs, this fund seeks to support people who would otherwise fall into poverty and economic exclusion. Equally, the groups most dramatically affected by the potential for economic decline created by large scale business failure will be the borough's most excluded

Facilitate confident and resilient communities:

Grant will help protect and support business sustainability and survival

Commission, broker and provide core services:

Grant will help those businesses and organisations seeking to deliver future commissioned or core services

Place – leadership and influencer:

Grant will help protect and support business sustainability and survival

Drivers of change and reform:

N/A

Facilitate sustainable economic prosperity:

Grant will help protect and support business sustainability and survival; will help with re-opening of Sefton economy

Greater income for social investment:

N/A

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Cleaner Greener

Grant will help those businesses and organisations supporting this sector

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6052/20) and the Chief Legal and Democratic Officer (LD4235/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultations and discussions have taken place with LCR Local Authority Discretionary Business Grant leads

Implementation Date for the Decision

Immediately following the Cabinet Meeting

Contact Officer:	Mike Mullin
Telephone Number:	Tel: 0151 934 3442
Email Address:	mike.mullin@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1 Introduction

- 1.1 In accordance with the Constitution of the Council the Leader exercised his powers to approve the delivery of emergency Government Covid19 Discretionary Grant funding to businesses at a briefing by officers on 5 June. These actions were reported to Cabinet on 25th June.
- 1.2 One of the decisions was to Delegate approval to the Executive Director of Corporate Resources and Customer Services and Head of Economic Growth & Housing to review and vire any unspent allocations between each funding stream two weeks after launch. The scheme has now been operational since its launch on 11th June and has made the following progress as at 2 July 2020.

Total budget	£2,237,500
No of applications received	330 online applications
Total amount sought	£1,407,000
No of applicants providing supporting evidence	235
No of applications reviewed (including those requiring further evidence/follow up)	210
No of applications passed to stage 2 for final check and payment	96
No of businesses paid	68 paid
Total grants paid	£278,000
No of applications rejected	14 rejected
Total grants rejected	(this will increase) £54,500
Balance of funding remaining if all current applications paid	£885,000

- 1.3 Members will be aware of the speed at which the scheme was developed in order to get as much emergency funding paid to businesses as possible. The scheme was established using Mandatory criteria set out Government with the Council exercising its discretionary powers, in line with official guidance, to allocate 10% of the total £2,237,500 to support businesses in the Visitor Economy, which is considered as being the most severely hit in economic terms as a result of the pandemic.
- 1.4 After the initial influx of applications (111 in first two hours of launch), the scheme has stabilised. Members will be aware that grant levels were based on numbers of employees to make the scheme as expansive as possible and allow greater take up of grants across the borough. However, take up has been surprisingly lower than expected and this has been reflected across other Local Authority areas who are reporting fewer applications than envisaged despite wide coverage of the scheme both locally and nationally. The take up of the higher grant (£7,500) has also been lower than expected with the majority of awards averaging £3,500 going to micro businesses, many only employing small numbers of staff.
- 1.5 Based on the current level of applications there is likely to be a surplus in the region of £900k to £1m of grant. To maximise the allocation of monies available officers have reviewed the application criteria and have identified some changes to grant employment levels and revisions which would support those businesses who marginally fall short of approval but will play a significant role in the re-opening of the economy. The changes are:

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(i) Amend existing grant levels as shown below:

Full time equivalent jobs	Current Grant Levels	New Grant Levels
1 or less	2,500	3,500
2-4	3,500	5,000
5-9	5,000	7,500
10 to 50	7,500	10,000
Bed & Breakfasts	1,000	3,500
Visitor Economy Grant		
10 to 20	7,500	10,000
21-40	10,000	25,000
40-50	25,000	No change

1.6 Based on current application levels, and considering any that are ineligible or rejected, this would increase the current grant expenditure forecast from £1.3m to £1.9m. Factored into this is the opportunity to ‘top-up’ grants already paid to businesses using the new grant levels.

(II) Extend grant support to businesses in premises who do not pay rent but are able to evidence other fixed costs

1.7 During the review it was noted that many businesses in shared commercial or other community run spaces such as Children’s out of school/early learning centres that have rent free arrangements and unable therefore to evidence a lease or rental agreement. However, they can demonstrate other fixed costs such as utilities; building insurance, business rates and other associated fees. It was felt that based on the current scheme criteria these businesses were being penalised as the focus has been on rental costs and/or commercial leases. By revising this condition, the scheme would be able to assist these businesses.

1.8 Members will be aware that an existing approval of virement of any grant monies between the four streams to meet any shortfall or increased demand to be approved by Executive Director of Corporate Resources and Customer Services and the Head of Economic Growth and Housing.

2 Decision of the Leader of the Council

2.1 The Leader of the Council was asked to exercise his powers under the Council’s Constitution to make urgent decisions because of the necessity to revise and deliver emergency grant funding to Sefton businesses as part of Sefton’s Covid19 response as to delay would cause further financial hardship and distress. In accordance with the Constitution the matter will be reported to the next meeting of the Cabinet on 30 July 2020

2.2 A briefing report was produced and discussed with Cabinet Member Regeneration & Skills on 6 July 2020. The report was approved by the Leader of the Council on 7 July 2020. The report:

- (i) Updated the Leader of the Council and Cabinet Member Regeneration & Skills on progress with the Discretionary Business Grants scheme
- (ii) Sought approval to revise the Discretionary Business Grant scheme to help maximise the take up of available grant funding

2.3 Recommendations

The Leader of the Council was asked to:

- (i) Note progress with the Discretionary Business Grant
- (ii) Approve revisions to the Discretionary Business Grant criteria to help maximise the take up of available grant funding for Sefton businesses, namely:

(A) Amend existing grant levels as shown in below:

Full time equivalent jobs	Current Grant Levels	New Grant Levels
1 or less	2,500	3,500
2-4	3,500	5,000
5-9	5,000	7,500
10 to 50	7,500	10,000
Bed & Breakfasts	1,000	3,500
Visitor Economy Grant		
10 to 20	7,500	10,000
21-40	10,000	25,000
41-50	25,000	No change

- (B) Extend grant support to businesses in premises who do not pay rent but are able to evidence other fixed costs

2.4 Approval was received on 7 July 2020 following briefings to Cabinet Member Regeneration and Skills and the Leader of the Council. Upon this approval officers have:

- Revised Discretionary Grant scheme guidance accordingly and publish an updated version on the Council’s application website
- Produced appropriate communications through media/social media and InvestSefton mailing list
- Worked with the Early Years team to promote to those centres located in school or non- domestic premises who can evidence fixed costs
- Introduced a closure date for the receipt of applications of 17 July and will undertake a further review in the event of any underspend
- Vired monies between the four grant streams accordingly with approval from the Executive Director of Corporate Resources and Customer Services and the Head of Economic Growth and Housing.

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